Low-Income Children, Their Families and the Great Recession:

What Next in Policy?

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Introduction

Children can't vote. And households with children are a declining proportion of all American households. These two facts help explain the political weakness of children and those who advocate on their behalf, and the disproportionately small share of federal spending devoted to children (Isaacs et al. 2009). Nonetheless, and to state the obvious, children are 100 percent of our nation's future. Today's children are tomorrow's parents, citizens, and workers. Robust private (family) and public (government) investments in children's health, education and development are central to achieving our nation's long-term interests.

What should happen, then, when a severe recession compromises the ability of both families and government to invest in children? In particular, what should happen when this severe economic downturn follows a period of declining investment in children and a broader unraveling of the safety net for low-income families?

The current administration has demonstrated through its actions that it strongly believes that the federal government should act quickly and countercyclically to at least maintain, and ideally to improve, the quantity and quality of investments in children and youth, especially those in the most economically distressed families and communities. In February 2009, President Obama signed the Children's Health Insurance Reauthorization Act, providing coverage to an additional 4 million children. He also signed the American Recovery and Reinvestment Act (ARRA), which provided billions of dollars of federal investment in K–12 education and the expansion of the children's tax credit. These and other investments were passed in the first heady rush of a new administration taking office and as parts of an economic stimulus package designed to counter the "Great Recession."

Unfortunately, early in 2010 things are getting even tougher. Because the economy has not yet begun to generate new jobs for low-income parents nor increased revenues for state and local governments, investments in low-income children and youth will decline unless the federal government acts. But increasing federal investments in low-income children and their families will require: deploying scant resources away from other objectives; raising taxes during a recession; and/or continuing high levels of deficit spending. We begin this paper simultaneously acknowledging the urgent need for, and the great political difficulty of, investing more and better in low-income children, youth, and their parents.[1]

Premises

Several features of the nature and distribution of poverty and economic distress among children and families inform our analysis of current policy and our recommendations for action:

1. The economic downturn is undoubtedly increasing the economic distress of low-income families. Severe economic distress in turn decreases parents' ability to invest in their children's nutrition, health and education, increases parents' harsh and punitive parenting, and exposes more low-income children to higher levels of toxic stress (Gershoff et al. 2007). Since Glen Elder's studies of the children of the Great Depression, we've known that personal (job loss), regional (plant closures), and national economic setbacks impair families' abilities to invest in their children and promote their well-being (Elder 1999; Kalil 2009). There is very likely to be a

similar cohort effect of the Great Recession on the developmental trajectories of this generation's children and youth. Children and families are resilient, but not infinitely so (Masten 2001). Government can aid children and their families both to weather this downturn and to lay the foundation for more robust and effective policies and programs going forward.

2. In the United States, official (absolute) poverty rates are significantly higher for children (19.0 percent) than they are for adults (11.7 percent) and the elderly (9.7 percent) (DeNavas-Walt, Proctor, and Smith 2009). Among children, poverty rates are highest among the youngest (21.8 percent for families with children under age 6) (DeNavas-Walt et al. 2009). Because poverty is highest at the point in the life cycle where it can do the most long-term damage (Heckman 2000; Heckman and Masterov 2007), and because children cannot lift, work, or earn their way out of poverty, children have a special practical and moral call on government's attention.

3. Public investments in children are lowest during two periods when they matter the most: before children enter universal publicly supported schooling (birth to age 4) and after they leave publicly supported secondary school (roughly age 17 to 21). Nearly 60 percent of all public expenditures on children are spent on K–12 education; they can be as high as 80 percent of all state and federal spending combined in some states (Isaacs et al. 2009). Federal and state government expenditures for children birth to age 3 average about $4,000 per child, a fraction of the approximately $10,000 per child in public investments on children over age 3. Consequently, the gap between low-income families and middle- and upper-income families in their ability to invest in children is closed most effectively in the K–12 years. Low-income children are at the greatest disadvantage before they ever enter school and after they leave secondary school. These also happen to be developmentally crucial stages and key periods of transition with long-term consequences as they are the periods that shape children's education paths and young adults' employment paths. The accumulated early developmental disadvantage in school readiness creates an early gap that is difficult to overcome and further widens in the school years. Because investments in low-income children may be especially cost effective in their earliest years (Shonkoff and Phillips 2000), the age inequities in public investment appear especially irrational.

4. Policy should focus on improving the economic well-being of children across the full spectrum of those in need. The categorical head count approach to measuring and monitoring poverty (household income below the line, yes or no) that still dominates policy discourse does not adequately address the true nature of the problem. Research and practice clearly demonstrate the limits to such an approach. Income poverty is clearly continuous and ranges from the extreme poor (< 50% of the federal poverty level, or FPL) through the poor (< 100% of FPL) to the near poor (< 200% of FPL) (Allegretto 2005). Research across a broad range of health, educational, and developmental outcomes indicates that a clear socioeconomic gradient in the relation between family income and children's outcomes. Throughout the income range, from destitution to family self-sufficiency (on average, above 200% of FPL), the greater the family income, the better the children's outcomes (Keating and Hertzman 1999). Thus, there is no magic associated with policies that push families from barely below the categorical poverty threshold to barely above the threshold.

5. Poverty is multidimensional, and policymakers should take this into account when crafting policy responses (Haveman 2009). Absolute income poverty is but one dimension of disadvantage. Relative income poverty (income inequality), "capability" poverty, asset poverty (wealth minus debt), persistent poverty, and income volatility also influence family dynamics and children's well-being (Haveman 2009; Aber, Jones, and Raver 2007). In addition, many other

factors often associated with poverty exert very powerful influence on children's well-being: including parents' marital status, education, and mental health;[2] children's exposure to family and community violence; relative concentration of poverty in the community; and the quantity and quality of basic and supplemental health and educational services in the community (Shonkoff and Phillips 2000). Many researchers and policymakers in Europe and developing countries are strong proponents of developing and using multidimensional measures of poverty both to enhance our knowledge of influences on human capital *and* to inform policy (Tomlinson & Walker, 2009; Walker, Tomlinson & Williams, 2009; Alkire 2007; Alkire and Foster 2009). Multidimensional concepts and measures of poverty can improve government's ability to target the most vulnerable populations of children and families and can improve our ability to monitor and evaluate the impact of policies on child and family well-being.

6. Policy development has not incorporated the latest scientific findings on child development. Recent research has improved our understanding of how and why economic disadvantage and toxic stress (e.g., from exposure to violence or neglect) affects children physically, cognitively, and psychologically (Keating and Hertzman 1999). Lack of appropriate cognitive stimulation affects the growth and networking of neurons (Shonkoff and Phillips 2000). Exposure to violence and uncontrollable stress influences the functioning of the body's hypothalamic-pituitary-adrenal (HPA) system, which controls reactions to stress and regulates many body processes, including mood, energy, digestion, and immune responses (Shonkoff, Boyce, and McEwen 2009). These and other neurobiological, cognitive-attentional and social-emotional processes are the "causal pathways" from poverty and violence to impaired child development. But programs and policies lag very far behind in using this new scientific information to design and implement more effective prevention and service strategies (O'Connell, Boat, and Warner 2009).

Each of these facets of the nature and distribution of poverty and economic distress among children and families has implications for our analysis of current policy as well as our recommendations for action. As we make clear below, we believe the following:

1. Because poverty is both continuous and multidimensional, our national and subnational measurement strategies should take this into account. And our policies and programs should be evaluated not solely by their impact on absolute income poverty, but also by their impacts on other dimensions and correlates of poverty as well as their impacts on children's health, education, and development.

2. One major criterion by which actions to address the Great Recession should be evaluated is their effect on children and youth, most especially those in greatest economic distress. Consequently, in the next section of this paper, we analyze the provisions of both ARRA and the president's first budget and their impacts on children in general and low-income children in particular.

3. The youngest children are poorest because their young parents are poorest. Some families age themselves out of poverty with increased employment and earnings over time, but considerable damage can be done to children's health, education, and development in their earliest years. These observations suggest another way of thinking about "time-limited welfare." Substantial new investments should be made in low-income children age birth to 4 and low-income youth age roughly 17 to 21. We view these new investments as a step along the path toward "developmental equity": our national support for children, including low-income children, from

birth to maturity. We discuss several priority investments in the "Policy Opportunities" section of the paper.

4. To improve the economic well-being across the full spectrum of economic distress, some new investments should focus on neighborhoods and families with children in greatest need, and some new investments need to address the variation in need for support from extreme family poverty to family economic self-sufficiency.

5. There is an urgent need for a policy research and development agenda that draws on the considerable scientific advances in our understanding of the impact of economic distress and toxic stress on child development. Areas for priority attention are proposed in the "Creative Experiments" section of the paper.

In the next three sections of this paper, we specify

- key elements of ARRA and the president's first budget that protect and promote the well-being of low-income children, youth, and parents;
- other policy levers and opportunities to protect and promote the well-being of low-income children, youth, and parents, including the upcoming reauthorization of Temporary Assistance for Needy Families (TANF) and the Elementary and Secondary Education Act (ESEA); emerging initiatives targeting early child development and health; place-based initiatives; and initiatives directly targeted on family finances; and
- modest investments that government can make today in creative experiments that will yield new knowledge for maximum effectiveness tomorrow. These experiments should focus on developing and testing of low-cost, high-impact interventions delivered via existing platforms; the science and practice of incentive-based strategies; and redefining the role and function of schools to meet the social-emotional-behavioral health needs of children in addition to promoting cognitive development and academic achievement.

Provisions to Support Children in ARRA and the President's First Budget(s)

The President and the current Congress have made an unprecedented level of short-term investments to support children in the midst of the economic downturn and potentially to invest in their future, particularly through provisions of the 2009 American Recovery and Reinvestment Act and the President's proposal for the 2010 federal budget.

Government programs for children are funded through combinations of federal, state and local sources in proportions that vary according to program area. Health is a domain in which the federal government pays the lion's share of the costs, while for education, it is states and localities, and for social welfare programs it is a more balanced combination of the two. We note this because ARRA represents a complex set of investments into a complex system within the particular context of declining revenues at each level of government, but which the states and localities have more difficulty bearing in the short-term.

Key ARRA Provisions to Support Children (Including Low-Income Children)

ARRA significantly increases public resources through approximately two dozen federal programs that benefit children. In doing so, the stimulus legislation responds to the particularly severe impacts

of the recession on both children's well-being and the revenues for state and local programs that serve children. An estimated $153 billion of the $787 billion in ARRA, or approximately 20 percent of the total, is dedicated to children and children's programs (First Focus 2009).[3] (There are other major elements of ARRA that we don't include in this total of funding because they are not specifically targeted to children, such as the share of the Making Work Pay tax credit and large increases in unemployment insurance, further add an addition $70 billion of ARRA funding that supports families with children.[4] These initiatives help families support their children, even if these benefits are for working or unemployed adults and do not depend on the presence of children or vary based on the presence of children.) This is significantly more than the estimated 10 percent share of expenditures in the federal budget currently directed to children ($368 billion of the $3.7 trillion in federal outlays and tax expenditures in 2008) or the children's share of federal domestic spending alone (excluding defense spending), which is estimated as 15 percent of the total (Isaacs et al. 2009).[5] Another way to look at the extraordinary amount of resources ARRA added toward meeting children's needs is that the estimated $153 billion is more than 40 percent of the $368 billion in expenditures on children in 2008 (though not all the ARRA funds are meant to be spent in a single year).

We discuss some major program areas grouped in categories in descending order of their magnitude. Greater detail on specific programs and spending is available in table 1.

Education and early education

The ***majority of ARRA spending on children is for education***, marking by far the largest investment of federal resources for public education in the nation's history and nearly doubling the federal budget for the Department of Education. ARRA provides more than $86 billion in education-related funding, including more than $70 billion for Department of Education programs serving children (18 and under), mostly in K–12 public education, and more than $16 billion in financial assistance for higher education students, such as Pell grants and the federal work-study program. In addition, ARRA adds almost $5 billion in funding for children's early care and education, mostly through Department of Health and Human Services (HHS) programs.

Table 1. ARRA Provisions That Support Children (billions of dollars)

Area	Total ARRA funding		ARRA funding supporting children	
Education and Early Education				**$86.3**
State Fiscal Stabilization Fund	$53.6		85%[a]	
Race to the Top program		*$4.35*		*100%*
Innovations Fund		*$0.65*		*100%*
Pell Grant program	$15.9		49%[b]	
Special education funding to states	$11.7		100%	
Title I grants to school districts serving low-income children	$10.0		100%	
School improvement grants	$3.0		100%	
Head Start and Early Head Start	$2.1		100%	
Child Care Development Fund/Block Grant	$2.0		100%	
Education technology state grants	$0.65		100%	
Early intervention services	$0.5		100%	
Teacher quality grants	$0.3		100%	
Statewide educational data systems	$0.25		100%	
Education for homeless children and youth	$0.07		100%	
Tax Programs				**$30.7**

Child tax credit expansion	$15	100%	
Earned income tax credit expansion	$4.7	100%	
Incentives to hire disconnected youth	$0.23	50%	
Qualified School Construction Boards	$9.9	100%	
Qualified Zone Academy Bonds	$1	100%	
Opportunity tax credit	$14	NA	
Health and Nutrition			**$28.7**
Medicaid	$87.0	20%	
Supplemental Nutrition Assistance Program (SNAP)	$20.0	50%	
Community health centers	$2.0	37%	
Special Supplemental Program for Women, Infants, Children (WIC)	$0.5	100%	
Emergency Food Assistance Program	$0.2	NA	
National School Lunch Program	$0.1	100%	
Income Assistance			**$4.8**
Temporary Assistance for Needy Families (TANF) Emergency Contingency Fund	$5.0	75%	
Child support enforcement	$1.0	100%	
Training			**$1.4**
Workforce Investment Act youth training programs	$1.2	100%	
Job Corps	$0.3	55%	
Youth Build	$0.1	100%	
Supports for Vulnerable Families and Communities			**$1**
Child welfare payments to states for foster care	$1	100%	
Community Services Block Grant	$1	4%	
Homeless prevention	$1.5	NA	
TOTAL ARRA FUNDING FOR CHILDREN		**$153 billion**	

Notes: The estimates of the percentage of spending devoted to children are rough. To develop these estimates, we rely on the basic allocation methodology that Isaacs and colleagues have used for their Kid's Share series, whereby 100 percent of the allocations for services specifically for children (e.g., Head Start, child welfare, most education programs) are counted. For other programs where services and benefits go to children and adults (e.g. Medicaid, food stamps), the specific share of the total funding going to children is counted. For benefits that derive to families or households where eligibility is specifically limited to families with children (e.g., the earned income tax credit, the child tax credit, or the dependent care tax credit), the full allocations are counted as serving children, while for other benefits that derive to individuals regardless of the presence of children and do not vary with children (e.g., unemployment insurance and tax credits not tied to the number of children), no allocations are counted as designated for children. Finally, most program spending reflects the amount spent on children under age 19, but Pell grants include spending on youth up to age 22 and Workforce Investment Act Youth Training programs include spending on youth up to age 25.

a. Of the $53.6 billion in the State Fiscal Stabilization Fund, $40.6 billion is payments to states and local school districts and $5 billion funds the Race to the Top program and Innovations Fund.

b. According to data from the Department of Education 2007–08 end-of-year report, 49 percent of Pell grant recipients are age 22 or younger.

The bulk of ARRA funding for education goes to states to avert budget cuts and teacher layoffs. The ***State Fiscal Stabilization Fund*** includes $53.6 billion; $40.6 billion of this fund is for states to use to restore budget cuts and avoid funding reductions and teacher layoffs in K–12 education. Among the educational programs funded through ARRA are $5 billion for strategic initiatives to reward best practices and innovations in lowest-performing schools through two new efforts, the ***Race to the Top program*** and the ***Investments in Innovation Fund.*** ARRA also includes $26.6 billion in additional funding for existing Department of Education programs, with

some significant share directed to schools serving children from low-income families, along with increased flexibility and encouragement in the legislation for local education agencies (LEAs) to use education resources such as Title I and teacher quality grants for preschool education.

In addition to the Education Department resources, ARRA adds more than ***$4 billion in resources for*** early childhood care and education programs in the ***Head Start, Early Head Start, and Child Care Development Fund (CCDF) programs*** administered out of the Department of Health and Human Services. Head Start and CCDF resources have eroded over many years because of flat funding levels and protracted declines in their funding in real dollars. So, for example, while Head Start and Early Head Start see a more than 8 percent increase in their fiscal year (FY) 2009 and 2010 funding levels as a result of ARRA infusions, this follows an eight-year period in which annual funding declined by nearly 10 percent in real terms.

Tax benefit programs

The two most direct ARRA tax provisions that support children in low-income families are the $15 billion ***expansion of the child tax credit (CTC)*** and the $4.7 billion ***expansion of the earned income tax credit (EITC***). Additionally, significant shares of three broader tax provisions that are not targeted at children and families provide relief and support to low-income families with children. One is the largest new tax program created by ARRA, the $116 billion Making Work Pay credit (MWPC); 45 percent of benefits go to families with children, and more than ***16 percent go to low-income families with children.*** The other two provisions are the $14 billion opportunity tax credit, which offsets families' education costs and which the ARRA makes partially refundable to low-income families, and part of the nearly $5 billion for tax exclusion of some unemployment insurance payments.

Health and nutrition

Like in education, the ***majority of ARRA spending in health is to protect health care services by helping states meet program costs.*** ARRA does so by increasing the share of Medicaid costs picked up by the federal government as more people become eligible for this program because of the recession. Of the total $87 billion in Medicaid expenditures in ARRA, approximately $18 billion is aid to states to cover Medicaid expenses for eligible children.

Twenty billion dollars in ARRA funding is dedicated to the ***Supplemental Nutrition Assistance Program*** (SNAP) (formerly known as the Food Stamp program) to increase benefit levels and to cover the increase in eligible recipients due to the recession. About half, or $10 billion of the increase in SNAP funding from ARRA, goes toward ***meeting the food needs of children in low-income households***. Donna Pavetti reports that the 13.6 percent increase in benefit levels and $4.5 billion in spending through September has kept 1.1 million individuals out of poverty, including 500,000 children (Pavetti 2009). ARRA provides another $750 million for the Special Supplemental Program for Women, Infants and Children (WIC), the National School Lunch Program (NSLP), and food pantries.

Other program areas

While education, early care and education, tax benefits, and health and nutrition represent the lion's share of ARRA funding supporting children, several other programs— including income support, youth employment and training, community-based services, and child welfare—are also funded in ARRA to help support children.

Income support. The most directly relevant income assistance provisions (besides the tax provisions and significant increases in unemployment insurance, which also provide income assistance) is the ***$5 billion*** in ARRA funding for a ***Temporary Assistance for Needy Families (TANF) Emergency Contingency Fund.*** This fund provides states with up to 80 percent of the costs for increases in basic assistance, non-recurrent short-term benefits, and subsidized employment in FY 2009 and 2010. The added ARRA funding could provide an added 14 percent of TANF funding in these years (if the emergency contingency fund is fully used), though this follows a nearly 40 percent decrease in funding (in real terms) for TANF since 1997. An additional ***$1 billion*** in ARRA funds is for ***payments to states for child support enforcement*** to help states enforce the obligations owed by noncustodial parents. ARRA covers an additional 12 percent of program costs and restores the prior level of federal match (Center for Law and Social Policy 2009). Finally, some portion of the $40 billion in ARRA for the unemployment insurance (UI) program also supports low-income parents with children. ARRA provides a significant increase in UI benefits, extends payments to recipients, and encourages states to adopt program reforms, and nearly 40 percent of those receiving UI benefits are unemployed parents with children. The increase in UI benefits may not strictly be considered children's spending according to the methodology generally used to determine children's related spending because it is not targeted to children, and the benefit in no way depends upon or varies by the presence of children; nonetheless, it is a particularly important source of support to many families with children during the economic downturn.

Youth employment and training. ARRA provides approximately ***$1.5 billion*** in training resources specifically dedicated to helping youth who may be out of school and work and who need skill development to become successfully and stably employed. Of this total, $1.2 billion provides additional resources for the ***Workforce Investment Act youth training programs***, $250 million is for the ***Job Corps*** program, and $50 million is for the ***Youth Build*** program.

Services directed at vulnerable communities or populations. ARRA provides about $4 billion for community supports and block grant funding to communities; $1 billion for ***payments to states to pay for foster care services***; $1.5 billion for ***homeless prevention*** services, some of which will go towards keeping families with children housed.

We wish to make two final points about the ARRA provisions supporting children. First, some funding is specifically targeted to support children in low-income families with children, while other funding supports children generally. The ARRA funding targeted to low-income children includes money to restore cuts in or provide a greater degree of federal support for means-tested benefits such as Medicaid and SNAP. It also includes funding for programs targeted to low-income children, such as Head Start and Title I, or to low-income families with children, such as the TANF contingency fund, CCDF, CTC, and EITC. A significant share of ARRA funding supports all or a broader set of children (which generally includes and in some cases may disproportionately include children in lower-income families). The funding includes payments to avert state and local school budget cuts, the Making Work Pay tax credit, and UI benefits. We estimate that ***about half the funding for children is targeted to children in low-income families, and half is more broadly targeted.***

The second point about ARRA funding is that most of it "protects" children by providing relief specific to the downturn, while a smaller portion provides further protection or "promotes" greater or new supports for children. The funding that protects children from the impacts of the economic downturn includes fiscal relief to states for education and Medicaid and counter-cyclical

spending for services in greater demand during the recession, such as SNAP and UI. ARRA funding to promote children's well-being and maybe offer some potential down payment for additional investments to counter the worse circumstances that poor children and families may face in a recession includes new funding for Early Head Start; and greater investments for schools with many low-income children, such as the Department of Education's Race to the Top discretionary grants to promote best practices and the Investments in Innovation Fund to bring promising practices to scale.

Which ARRA Provisions Supporting Children Should We Continue or Expand?

Unfortunately, given the depth of the recession and the very modest pace of the recovery thus far, a frank answer to this question is that many ARRA measures that support children need to be continued for some time longer just to continue to buffer children from the impacts of a slow recovery. This is particularly true for those provisions that protect children from program cuts in the states, since the bleak fiscal outlook of most states' budgets at this point may extend past early 2011. For instance, it is very unlikely that most states would be able to return to the level of education funding they were providing before the ARRA federal dollars helped mitigate the deeper cuts that states and localities would have endured without the State Fiscal Stabilization Fund, which ends next year. From a pragmatic standpoint, by early 2010, the federal government must consider what resources are needed for this and some other programs in FY 2011 beyond what is currently in the stimulus package.

Besides a continuation of those provisions needed to protect children during a slow economic recovery, we believe that additional program elements should be continued or expanded because of their potential to support and promote children's well-being. Our list includes building upon and further targeting several of ARRA's tax provisions, especially the CTC and the MWPC, to meet the needs of children in low-income families. Next, several other ARRA provisions can serve as building points for broader investments in Early Head Start, a broadened expansion in child care subsidies, continued expansions in child nutrition programs, and stronger integration of these programs into state and local health care and education systems. We discuss these ideas further in the "Policy Opportunities" section.

New Initiatives Included in the FY 2010 Budget and Other Opportunities or Policy Levers to Support the Needs of Low-Income Children

To build a policy agenda for addressing poverty among children, youth, and families in a post-ARRA environment, it is important to consider some of the policy initiatives in President Obama's FY 2010 budget, as well as potential program reauthorizations that may provide opportunities for shaping the poverty policy agenda as it affects children. The president has proposed two signature efforts to support the development of children born into disadvantaged circumstances: a nationally funded, state-developed and -administered ***Home Visiting*** program, and a ***Promise Neighborhoods*** initiative to develop 20 communities where concentrated resources and program integration promotes a service model (based on the Harlem Children's Zone model) to prepare children from birth through college to meet their promise.

The administration's FY 2010 budget includes a proposal for a new home visiting initiative with an initial investment of $124 million. This is a significant increase for home visiting funding,

and it has been met with broad political support. There has been significant discussion in the research, policy, and state and local program communities regarding the efficacy of home visiting models. A significant home visiting program has also been included in the House and Senate health care reform bills that will be reconciled in conference.

Congress passed the FY 2010 budget with the president's request of $10 million for his Promise Neighborhoods initiative that would support planning and designing of program models among competitive sites. In addition, the president's FY 2010 budget proposed funding for ***Early Learning Challenge Grants*** including $300 million in the first year. Through this competitive grant application program, states would be encouraged to develop comprehensive systems integrating multiple federal and state funding streams to promote high standards for learning in the first five years of life. Legislation creating the program with annual funding at about $1 billion has passed the House, and has been awaiting action in the Senate.

There are several other important opportunities to shape the policy agenda to support low-income children through upcoming program reauthorizations. One important opportunity is the second reauthorization of the TANF program since its creation in 1996 as part of the welfare reform law. (Since other authors, such as Pavetti, discuss some poverty issues and opportunities that might surround the reauthorization, we mention it here mostly as a reminder of the program's importance and its impacts for children.) In this round of reauthorization, Congress should adjust this program to provide a real safety net for very poor families when they need it, and to act as a counter-cyclical counterweight to provide assistance for the most marginally employed families with children. Another major opportunity is in the reauthorization of the ESEA (including the No Child Left Behind, or NCLB, law), which may start as soon as spring 2010.

Policy Opportunities to Protect and Promote the Well-Being of Children in Low-Income Families

There are likely to be several policy levers and opportunities by which to protect and promote the well-being of low-income children, youth, and parents in the coming months and years. In particular, last year's stimulus efforts present a unique foundation to build upon for furthering an agenda to support and promote the development of children growing up in disadvantaged circumstances. Besides the levers discussed already, health care reform could present opportunities for improving families' access to services for children and improve integration of services within the health system. We encourage sharp focus on three promising avenues: emerging initiatives targeting early childhood and postsecondary development, place-conscious initiatives, and initiatives directly targeted on family finances.

Initiatives Targeting Early Childhood and Postsecondary Development

There is near-universal consensus that our country should improve both the quality and quantity of our investments in education and training of children to raise their employment and earnings potential. What has been missing is a national commitment to investments at the two ages where public support is weakest and where children must fall back on family resources: the early childhood and postsecondary years.

To date, both in first five years of life and in the postsecondary years, we have developed partial and stop-gap approaches where systemic responses are needed. The health and development of low-income children and youth is threatened because their families are unable to make the

necessary investments. Both scientific research and practical experience indicate that we should not ration fundamental access to education and training, as we do not ration access to K–12 education, in these critical developmental stages when the individual's educational course and employment trajectories are taking shape. Until we adequately capitalize public investments in these stages, low-income children and youth will always fall behind. Thus, our main overarching policy recommendation is for the United States to set itself on a course to provide equal access to key developmental and educational experiences to all children from birth to age 21. The following policy proposals are next steps in that direction for children and youth from low-income families, many building on first steps in ARRA.

Early Head Start expansion

Additional ARRA funding for Early Head Start nearly doubled the program's size. We consider this a down payment for a substantially larger investment along the lines of the president's stated goal to quadruple the size of the program in his first term. Such a bold expansion of Early Head Start can help to address many needs of the disadvantaged children in the poorest families in socially isolated communities from very early on in an intensive, holistic, and ongoing way. A robust EHS program in some of the poorest communities can also be a part of the Promise Neighborhoods initiative and one of potentially several platforms through which to develop state-based home visiting programs, bringing some cohesion and synergies to the administration's key initiatives. EHS can serve as a primary service system for children in their earliest years since the program provides regular services to children from birth (or before birth with prenatal services) until age 3. The EHS program model includes several complementary components meant to improve children's early development, including intensive early services to promote socioemotional and cognitive development for infants and toddlers, programs to help parents identify and support their children's needs over time, and referrals to developmental services to meet children's specific needs.

EHS expansion represents one important investment in the needs of some of the most disadvantaged children from the earliest possible opportunity. At the same time, we offer two important qualifications concerning our support for this expansion. First, because EHS is still relatively small and young, more evaluation and research should be undertaken while ramping up the funding for this program. While the EHS model has been rigorously evaluated and shown effective in improving developmental outcomes for low-income children (Mathematica Policy Research 2002), further improvements in the program's service models can be achieved by more rigorously developing and testing program models to inform the continued broader expansion of EHS.

Second, because this intensive, comprehensive service model is relatively costly, and funding is likely to be limited, these services should be targeted to the low-income children most likely to benefit from such a service model. EHS eligibility is currently based primarily on income, with nearly all qualifying families having incomes below the poverty level. Despite its effectiveness, however, before ARRA the program served less than 3 percent of the potentially eligible population.

To retarget the limited reach of Early Head Start even under a relatively large expansion in the coming years, we suggest basing eligibility guidelines on the level of children living in poverty in communities and making EHS available to more families living in those communities, most of whom are low-income working families. This change would allow the program to provide services to more children in the most disadvantaged communities, regardless of family income. At the outset, we would target EHS expansions to communities where more than 30 percent of children live in poor families. This change should simplify eligibility determination and reach more children in the

highest risk communities with comprehensive services. Targeting EHS expansion to the most disadvantaged communities could build an effective infrastructure for program delivery while making it easier to determine program eligibility. Currently, eligibility for most families is based on income, which can be cumbersome to document and which creates rough and arbitrary cutoffs for developmental services needed over a broader gradient.

In this instance, our goal is to focus on neighborhoods and families with the greatest needs, which we think is right for this intensive and comprehensive service approach. It does, however, mean concentrating these particular resources so they do not meet the needs of the many children in families that may be equally poor or low income but do not fit into this geographic categorization. We make an explicit calculation that as Early Head Start is expanded from a relatively small program, in which less than 1 of 30 who are income eligible can access the program, we can only afford to do so much in the next few years. Even with the strong program growth proposed by the president, such an expansion could mean 1 in 8 may receive services, requiring some decisions about targeting. We should focus first on babies and toddlers who begin at the toughest starting points in life and warrant an early and intensive service intervention, which if effective can also have the largest payoff. Also, other more broadly based policy recommendations for expanded income supports that build on the ARRA tax provisions and greater and more consistent access to health care and child care assistance are the right approach for protecting and promoting the broader set of children in low-income families.

Guaranteed child care subsidies for low-income working families with young children

To provide broad-based support for families with young children, we recommend further expanding CCDF and building on initial funding increases in ARRA by offering low-income families a child care assistance guarantee. Such an expansion should go hand in hand with creating stronger incentives for states and providers to make significant quality improvements and mandating integration efforts for early childhood programs.

As many low-income families know, working in a low-wage job is not beneficial for many parents without subsidized child care. Lack of subsidies can contribute to child care and job instabilities. Particularly for many mothers who earn low wages, the market costs of many child care options can consume a large part of their incomes so their options are severely constrained. And, the care they can afford and they often use can be very low quality and unstable (Chaudry 2004; Smith 2002). Without low-cost care options or subsidies, work alone fails to enable low-income families to meet their basic needs and support their children's development.

As became vividly apparent in much of the recent discourse on health care reform, the near-poor and those with moderate incomes can least afford health care; the same is true for child care. The cost of meeting these primary needs is often beyond the means of working families, and they have limited avenues to get the care they need in order to work. While stable child care certainly supports the employers that hire low-income parents, most employers—especially small businesses—do not have the resources or capacity to address their employees' child care needs on their own. As in health care, there is an ample case for more government support to help parents afford care and to address the quality of the child care system.

The additional $2 billion in ARRA funding for the Child Care Development Fund provides approximately a 25 percent increase in federal program funding for FY 2009 and FY 2010. In President Obama's 2011 federal budget request, he seeks an additional $1.6 billion that would be added to the baseline. Previously, several years of flat-level funding eroded the real value of federal child care investments, and the number of children being served declined (Center for Law and Social Policy 2009; First Focus 2009). Like with the Early Head Start funding, we believe this level of investment should not only be continued, it should also be considered a step toward full funding for a child care development fund that provides a guarantee of child care assistance to all young children (between birth and age 5) in low-income families where parents are working (two working parents or a single working parent). We suggest allowing states to "cash out" their current amount of federal block grant funding for school-age care and build a separate, holistic local- or state-designed out-of-school program, and thereby refocus the child care development fund and subsidy system on the early years when child care is most expensive for families.

As a starting point, we propose that the federal government guarantee child care assistance for all low-income working families with young children, in which each parent in families earning up to 250 percent of the federal poverty level would have to work at least 25 hours a week to be eligible for child care subsidies. Parents would need to continue to periodically recertify their continued employment and income through simplified means such as mail or web-based processes. All parents receiving subsidies would have to contribute a significant share of their income toward the cost of child care, and this share would be adjusted for changes in income at recertification. Broadened income eligibility and the guarantee of child care assistance for low-income families could be phased in to address the potentially large increase in funding this could represent and the uncertainties about what percentage of eligible families would take up subsidies. The phase-in would also allow child care markets to adjust in order to provide greater access to families that may choose to use higher quality care options that were previously unavailable.[6]

The total cost of child care for low-income families should not be borne by the public sector alone. Indeed, child care subsidies for low-income families who otherwise could not afford access to quality child care has been and should be a shared public and private expense. State and federal governments should look at child care assistance as a way to facilitate greater, more equal access to broader care options for more families. And families should be required to pay out of pocket for the care they choose, with support from government to ensure that they have a wide range of quality choices available, including subsidies for higher-quality, higher-cost care that families could not afford on their own.

The new "guarantee" system should include national criteria for addressing what low-income parents pay for child care. We believe that low-income parents should only pay between 6 and 10 percent of their earned income for child care, similar to the average family expenditures for child care. Our goal is to limit this share to less than 10 percent, and to require a smaller percentage of income from those families who are very low income (below 100% of FPL). Near the income cutoff of 250 percent of FPL, we expect many families would likely be paying close to 10 percent of their income for child care expenses.

Any effort to expand CCDF to offer low-income families a child care assistance guarantee should include two additional components: quality improvement and mandated integration efforts for early childhood programs.

Ensuring quality care: One significant concern about moving toward a larger child care subsidy system that offered guarantees of assistance, similar to what has been proposed for health care, is that it can be seen as throwing more money into a child care system that by most accounts offers fairly low-quality child care that does not significantly promote the development of most of the children it serves. We propose that in exchange for receiving the added federal resources that would support a child care guarantee, states should be required to develop strong, externally validated quality rating systems for all forms of subsidized child care. These ratings would be made available to parents, and child care reimbursement levels would reflect the quality of care, with a tiered reimbursement that pays more for higher quality care.

Integrating early childhood programs: A second, very important concern is that building up the child care subsidy system could exacerbate the problems of a hodgepodge of early childhood care and education program services that is difficult for families to navigate and that sometimes leads to inefficient and poorly targeted program services. Integration efforts for early childhood programs must be part of any significant expansion in child care development funding. Child care subsidies offer parents and state programs enormous flexibility to build around existing program services like state pre-kindergarten programs and Head Start services (which have rigorous program quality standards) to meet the needs of working parents that these programs as stand-alones do not often meet. However, if administration of these programs is splintered, or if the resources offered by each are used simply to supplant rather than truly supplement the efforts of the others, the combination of these resources may turn out to offer less than the sum of the parts, and new resources would move us no closer to a functioning early care and education system that adequately serves the many children who need one.

Initiatives targeting youth age 17–21

As we have emphasized, the other age where there is a significant gap in public investment between low-income children and other children is after they leave publicly supported secondary school and before they achieve "adult status," roughly age 17–21. The stimulus bill addresses some needs of low-income youth as they transition to young adulthood with nearly $1.5 billion in additional funding for youth employment programs and a large increase in funding for Pell grants. Like ARRA's early childhood investments, these increases set the right direction, but much more can and should be done if our nation is to achieve developmental equity in this critical life stage. Our recommendations in this area build upon the analysis and recommendations advanced by Holzer and Nightingale (2007), Haskins and Sawhill (2009), and others.

Two large and diverse subgroups of low-income youth would benefit greatly from effective investments in their human capital development. The first are young people who leave secondary school but are ***unlikely ever to go to college***. Most of these youth have low skills that will prevent them from accessing non-poverty-wage jobs in the 21st century American economy. The bad news is that the large policy initiatives that have addressed the employment and training needs of low-skilled workers (JTPA, Job Corps) have proved ineffective, especially for young men. The good news is that several new strategies (that combine direct work experience with classroom study) show considerable promise. The strategy with the strongest evidence base is the creation of Career Academies. Critical features of Career Academies include small (150–200 students) schools within schools that enable students to have the same classes, teachers, and counselors; a curriculum that combines regular academic classes with technical, employment-related courses; and partnerships between schools and local businesses that provide youth with direct work experience. Rigorous,

random assignment tests of Career Academies indicate long-term impacts on employment, earnings, marriage rates, and custodial parenting for men. Another strategy is apprenticeships: three to four years of structured learning via jobs and courses in preparation for specific professions. Descriptive research suggests these too may prove effective, but they have not yet been tested using rigorous designs.

The second subgroup is low-income ***college-bound youth***. Several bodies have made concrete recommendations to simplify the financial aid application process, which the Obama administration is acting upon. Reforming and increasing the size of and access to Pell grants (the major federal grant aid program) is also necessary. Finally, to address the alarming and disproportionate college dropout rates among low-income students, more than financial aid is needed. New incentive-based programs to help students from poor and disadvantaged backgrounds complete the requirements to obtain a terminal degree (an associate's degree from community college, a bachelor's degree from a four-year college) appear particularly promising.

Developing Place-Conscious Initiatives

Our proposed expansion in Early Head Start and redesigned program eligibility to be based on the overall need of children within the community rather than individual indicators of poverty represents both an effort to target early childhood development and a strategy to develop a place-conscious model for these services, in part to help build the service infrastructure and integration of services in communities of greatest need. Beyond early childhood development services, other services and programs could be concentrated and coordinated in particular communities, including the president's Home Visiting and Promise Neighborhood initiatives, both of which would likely have strong place-conscious elements, including opportunities to build upon and integrate with a growing set of Early Head Start programs in the same communities.

With significant expansion, an EHS system of child development and parenting services could serve as one potential anchor or hub in very low income areas for families needing developmental assistance for children. As a hub program in the most distressed and resource-poor communities, EHS could help families make needed links to programs serving very young children such as WIC, Part C Early Intervention, Home Visiting, health care, child care subsidies, and mental health services. A strengthened health care system, home visiting program, or WIC agency might serve this role of primary service hub in a wider range of low-income communities. Even in those neighborhoods where EHS programs might have a growing presence, its reach is not as great as the health system. Consequently, providers such as prenatal clinics, birth hospitals, and pediatric primary care practices are key access points for potentially determining children's service needs and accessing service systems, and a platform to reach children right from birth.

Initiatives Directly Targeted on Family Finances

Given the significant expense of child care for many low-income working families, averaging as much as 16–20 percent of low-income working families earnings, expanded access to a child care assistance guarantee would do much to improve the finances of low-income working families, while adding a pillar of support for the quality and stability of children's early care environments.

Tax provisions that support family finances and help keep children out of poverty

Much more economic security is needed to help families support the development of children in poor and low-income communities. So the ARRA provisions that may prove critical to continue or expand to address the needs of children growing up in poverty includes several of ARRA's tax provisions. Most important to consider for their anti-poverty impacts and further potential are the child tax credit expansion and the Making Work Pay credit. An analysis by the Center on Budget and Policy Priorities shows that an estimated 1.1 million children were kept out of poverty in 2009 by these two tax credits alone (600,000 by the CTC and 500,000 by the MWPC); another 300,000 were kept above the poverty level by the EITC expansion in ARRA.

The Making Work Pay tax credit was one of the broadest reaching and most expensive provisions in the stimulus plan. It built off the president's campaign pledge of a broad-based tax cut for nearly 90 percent of all U.S. workers, by providing an income tax credit for the first few hundred dollars of Social Security payroll taxes paid by all but the very wealthiest wage earners.[7] Because of the president's and the Democratic congressional majority's commitment to this tax credit we think there is a fair to good chance the tax credit will be made permanent, or at least extended. Should it need to be scaled back to reduce some of its fiscal impact, however, we think it could be better targeted to serve low- and moderate-income workers or working parents.

One possible way to target the tax credit is to provide the full credit to just the lowest three quintiles of workers. The low- and moderate-income recipients of the credit represent 61 percent of the cost of the provision, thereby reducing the fiscal impact by nearly 40 percent. Limiting eligibility for the tax credit to working parents with children would reduce the fiscal cost by 55 percent, and limiting eligibility to just working parents in the lowest three income quintiles reduces the fiscal cost by more than 70 percent, resulting in a cost of $16 billion annually. Some of this reduction in the cost of making the provision permanent could even be used to increase the value of the tax credit to the original $500 proposed by the president and in the original stimulus package.

Of course, continuing the tax credit at the same time the deficit has ballooned, as well as considering scaling it back to target fewer taxpayers, are politically difficult from a number of vantage points, to say the least. But the MWPC represents a very progressive advance in taxation and targeting it further is worth keeping on the table to help children and working parents.

The ARRA expansions of the CTC were targeted to the lowest income families with children, including new benefits for some of the poorest families who had not been able to qualify for the CTC, and some increase in benefits to other low-income families. Making permanent the ARRA provisions for the CTC is an important first step. We consider the CTC a very efficient avenue to provide families whose children are most economically and developmentally vulnerable with greater financial security, particularly in the earliest years of their children's lives. We propose a bold revision of the credit to make the CTC more progressive and refundable and age-varying.

Secure family finances in children's early years: an expanded child tax credit for children from birth to age 3. Given that poverty levels are highest and parental employment and income are most unstable in children's first years of life, we suggest further expanding the child tax credit to supplement family resources during this interval, when parenting demands are the greatest and the developmental consequences for children can be most positively influenced. We recommend

providing a larger federal refundable child tax credit to assist with the added costs that come with caring for an infant or toddler and with the expected disruptions in parental employment and earnings. These resources can also provide a buffer to allow mothers and/or fathers to take additional time to parent exclusively or to find and arrange for better child care when children's needs for secure attachments and stability are of greatest importance.

We suggest a differentially higher child tax credit of $3,000 targeted to low-income families with children younger than 3 up to 200% of FPL, and then declining gradually over higher levels of family incomes to the current $1,000 level for families with incomes over 400% of FPL. All families would get at least the equivalent of what they currently receive in the child tax credit, with many getting significantly more in their children's first three years.

We would further want to consider ways to supplement these income resources with greater income supports and flexibility for families in the first months of children's lives. To ensure that parents have adequate time and resources to provide a stable and nurturing home environment for their young children, we would encourage the federal government and states to experiment with models for paid parental leave programs for new parents. Several states have begun to consider and design paid parental leave programs. The largest program is California's Paid Family Leave (PFL) program, which was implemented in July 2004, where parents can receive a fraction of their prior year's earnings (up to a maximum level) through a state fund of employee and employer contributions that provides workers with at least two months of paid parental leave. This and other models should be evaluated for their impacts on children, workers, and employers.

Creative Experiments Today for Maximum Effectiveness Tomorrow

Today's top priorities are continuing and expanding some key provisions of ARRA targeted at low-income children and families and improving policy via reauthorization of PRWORA and ESEA and introduction of selected new legislation. Preventing setbacks for children and youth of the Great Recession requires concerted action on multiple fronts over the next three to five years. As important as the immediate and intermediate timelines are, it is also vital that we use the current crisis as an opportunity to plan for the future. Poverty is not intractable, and the health, education and development of low-income children can be enhanced much more effectively than we have done to date.

We recommend that the short-term policy actions described above be complemented with a dramatically reinvigorated research and development agenda. The nation can fund creative new experiments in poverty reduction and human capital development at relatively modest cost over the next few years. If designed well and evaluated rigorously, such new experiments can point the way to more effective policies and practices that can be supported when our economy recovers and increasing federal and state revenues permit significant new investments in low-income children, youth, and parents.

Research has identified numerous possible targets for creative experiments over the past decade. We discuss three sets of initiatives that have shown considerable promise in small-scale efforts and that are worthy of investment to test their impact when revised (based on results to date) and scaled.

Rapid Reengineering and Scaling of Low-Cost, High-Impact Early Interventions

Over the past decade, while the antipoverty policy front has been relatively static, there have been interesting and important trials of interventions for low-income families that strive to achieve relatively high impact on early child and parent development at relatively low cost. Two such interventions are the Family Check-Up (FCU) and the Videotape Interaction Project (VIP). FCU is an intervention administered through the WIC program. It recruits parents of young children into three to four "motivational interviews" that help parents identify challenges and set goals for themselves and their children and that motivate parents to seek the services necessary to meet those challenges (Dishion et al. 2008). The intervention is based on a strong evidence-based approach of motivational interviewing. When this relatively brief intervention was embedded in an existing service platform, children in the families that received the FCU reported decreased levels of child behavior problems and improvement across several parenting measures in subsequent assessments one and two years after the intervention.

VIP is an intervention administered through pediatric primary and preventive care practices. An early childhood specialist videotapes mothers and their infants and toddlers in free play for 10–15 minutes before regular well-baby visits and reviews the videotape with mothers for 10–15 minutes after the visit. During the review, the specialist identifies and positively reinforces stimulating verbal interaction and positive emotion exchange. Results of two trials of VIP indicate that VIP leads to significant improvements in children's language development and behavioral development by age 3 (Mendelsohn et al. 2007).

Both FCU and VIP are modest in cost in part because they are supported by the infrastructure of a major program (WIC or Medicaid- and SCHIP-supported well-baby care). Thus, they only involve the marginal costs of adding this intervention to the platform. And because each intervention is short, quite focused, and builds on existing service platforms, attrition from intervention is much reduced. Nonetheless, the programs appear capable of achieving impacts on low-income children's health and development of about the same size as much more expensive early interventions. Thus, interventions like FCU and VIP that aspire to high-impact and low-cost offer considerable promise. The challenge is to identify the best candidates among such interventions and to learn to scale them within service systems at fidelity. Rapid reengineering and scaling is necessary for such small-scale interventions to have impacts on large populations of low-income infants and toddlers. If the administration decides to embark on such a course, it will require new forms of collaboration between developmentalists and early interventionists with systems managers and systems engineers. And, to be crystal clear, we are recommending these low-cost, high-impact strategies as complements to, not substitutes for, more expensive early intervention strategies like Early Head Start and Nurse Home Visiting.

The Science and Practice of Incentive-Based Strategies

In addition to progress on innovative early interventions, progress has been made over the past decade in designing and testing various incentive-based strategies to enhance the well-being of low-income children and families. These new strategies have been inspired by advances in such fields as behavioral economics and motivational psychology (Ryan and Deci 2000; Thaler and Sunstein 2008). In the words of Thaler and Sunstein, can we paternalistically structure "nudges" that help low-income parents and children "do the right thing"? Cash incentives have been tested to promote adherence to health and medical regimens (Marteau, Ashcroft, and Oliver 2009; Volpp and Das 2009), to improve children's educational performance (Slavin 2009), and to promote work and

education efforts of low-income parents (Riccio et al. 2008; Michalopoulos, Robins, and Card 2008). Perhaps the most ambitious effort to date combines all three types of incentives as part of holistic conditional cash transfers (CCTs) (Aber 2009). Originally developed in Mexico and Brazil in the 1990s, CCTs have spread to many other countries in Latin America, South Asia, and Africa. Holistic CCTs have three objectives: to reduce income or consumption poverty in the short term, to incentivize family investments in children's human capital development in the intermediate term, and to improve poor children's human capital in the longer term. The first adaptation and rigorous test of a holistic CCT program in the global north is under way in New York City as part of Mayor Michael Bloomberg's antipoverty initiative. By February or March 2010, the early impacts of Opportunity NYC/Family Rewards will be available. Other trials of incentive-based approaches are advancing in education, health, and employment. In light of both the positive impacts and the limits of CCTs mounted in other countries, continued investment in the scientific understanding and practical improvement of incentive-based approaches to poverty alleviation should be a prominent part of the nation's research and development agenda over the next three to five years.

Rethinking the Role, Function, and Design of Schools: Whole School Reform Meets Social-Emotional Learning

Since the United States spends the largest share of its public expenditures toward children on education, it is vital that we achieve the maximum return on our investment on schools educating low-income children. There is a vast education reform movement afoot that focuses on important issues like improved standards, high-quality curricula and instruction, accountability, teacher preparation and teacher effectiveness, and "paternalistic schools" (like some charter schools). Surprisingly, one of the most promising approaches to school reform has bubbled up from front-line practice and small-scale research over the past two decades but has yet to influence the national education policy debate. It is social-emotional learning (SEL). SEL is a set of school-based practices, ideally delivered by teachers that foster the development of five interrelated cognitive, affective, and behavioral competencies: self-awareness, self-management, social awareness, relationship skills, and responsible decisionmaking. Over the past two decades, 213 school-based, universal SEL programs involving 270,000 students ranging from kindergarten to high school have been rigorously tested. A major meta-analysis has recently been completed and, to our mind, puts this approach to school reform prominently on the policy map (Durlak et al. forthcoming). This analysis reveals that SEL programs not only positively impact SEL skills directly (average effect size = .57) but also student attitudes toward school, positive social behaviors, conduct problems and emotional problems (average effect size = .22–.24). Most surprisingly to some skeptics, SEL also has an average .27 effect on academic achievement. This effect is equivalent to an 11 percentage point gain in achievement for students in SEL schools (or like moving the average child from the 50th to the 61st percentile). In short, SEL appears to have as strong an impact on academic learning as do most interventions that successfully target *only* cognitive or academic progress. In addition, SEL initiatives educate the whole child. As Nobel-laureate Heckman has argued, the "soft social skills" targeted by SEL are at least as influential in future educational attainment, employment, and lifetime earnings as are the "hard cognitive skills" (Heckman 2000).

The challenge now is to develop the capacity to support and scale SEL. This will require training and technical assistance to districts and states and continued rigorous evaluation of SEL initiatives as they are adapted and brought to scale to ensure high quality and good impact. Congressman Dale Kildee (D, Michigan; Chair of the House Subcommittee on pre-K, K–12, and higher education) and Congresswoman Judy Biggert (R, Illinois) have introduced the Academic,

Social, and Emotional Learning Act of 2009 (ASELA) to begin to provide resources for technical assistance and evaluation efforts in SEL. In addition to ASELA, the principles and practices of SEL should be incorporated into the reauthorization of ESEA expected in 2010 or 2011.

In summary, there are many promising leads on how to promote the health, education, and development of low-income children that have been rigorously evaluated and shown good results but at small scale. High-impact, low-cost early childhood interventions like FCU and VIP, holistic incentive-based strategies like Opportunity NYC/Family Rewards and new approaches to school reform that target the whole child have shown promise to date. Other strategies have shown such promise as well. Which of these strategies can be effectively scaled at fidelity and delivered at a cost the nation can afford? These are the types of strategies and questions that we believe deserve to be at the heart of a reinvigorated research and development effort in the second decade of the 21st century in the United States.

Conclusions

Children and youth from low-income families are suffering disproportionately because of years of declining investments in programs serving them and because their families are less ready to cope with the Great Recession. ARRA and the president's 2010 budget both clearly recognized that without significant federal investments, an entire generation of low-income children and youth would fall farther behind their peers. In this paper, we argue that children have both a special moral and pragmatic call on government actions; many provisions of the ARRA and the president's 2010 budget need to be continued and/or expanded; there are other key legislative opportunities to invest more and better in low-income children and youth, especially the upcoming reauthorizations of ESEA and TANF; the nation must continuously and rigorously experiment with new and even more cost-effective strategies to invest in low-income children, youth, and parents; and it will NOT be possible to achieve all we have recommended in the near term because of severe political and fiscal constraints.

We conclude, then, by arguing for two overarching policy priorities, one in the short term, one in the longer term.

Priority # 1. Buffer Low-Income Families with Children from the Worst of the Recession and Continuing Recovery (but do so with an eye toward the future)

We suggest immediate action to continue or make permanent several features of ARRA either through a second stimulus bill or more likely through normal federal budgeting.

Federal aid to states

Because of the dire conditions of state budgets, not only is the recovery in jeopardy, but children, especially low-income children, may be worse off in 2010 than they were in 2009. States co-fund and deliver critical benefits and services to low-income and economically distressed families with children.

- Increases in the TANF Emergency Contingency Funds can and should be used by states to support public-sector jobs.

- Increases in support for Medicaid and CHIP can and should be used as a down payment on health care reform.
- Extending unemployment insurance benefits until the economy has generated a sufficient number of new jobs will help families and states keep more children from experiencing extreme economic distress.

Tax policy

The expansions of both the child tax credit and the earned income tax credit in ARRA were good policy in a national economic emergency and will remain very good policy during and after recovery. These policies are America's best tools to significantly reduce the U.S. child poverty rate (which was the highest among any economically advanced democracies before the recession and will be higher soon).

Research and development

Funds to design, mount, and rigorously evaluate large-scale state experiments are relatively modest, can be spent quickly and effectively, and hold out the promise of more effective antipoverty efforts in the future. We believe three broad types of initiatives are timely and ready for action: (1) low-cost, high-impact early interventions; (2) new incentive-based health, education, and work policies; and (3) scaling up proven models of social-emotional learning in schools. But other options may be ready for action as well.

Priority # 2. In the Longer Term, Target New Investments to Promote Developmental Equity

In this paper, we have made the case that the preschool and postsecondary years are the stages of life in which public investments in children are lowest and, therefore, low-income children are comparatively most disadvantaged. In this paper we recommend several policy changes that would begin to offset these age inequities in public investment.

Age 0–4

- Dramatic place-targeted expansion of Early Head Start.
- Expansion of the Child Care Development Fund to create, in effect, a child care guarantee.
- Further age-targeted and means-adjusted expansion of the child tax credit.

Age 17–21

- Expansion of Pell grants for college-bound low-income youth.
- Scaling up evidence-based approaches to human capital formation for non-college-bound youth—that is, apprenticeship programs and career academies.

Our short-term priority—to buffer low-income families with children from the worst of the damage from the recession and delayed recovery—needs to be coordinated with our longer-term priority—to set a national goal of equal access to fundamental educational experiences from birth to age 21 and began to build the system of investments required to achieve "developmental equity" for low-income children and youth at the two periods of life when they systematically fall behind: the birth to school years and the postsecondary years. If the short- and longer-term political and fiscal compromises that must be made over the next two to six years can be made with this ultimate goal

in mind, we can use these years both to respond effectively to the Great Recession and define the future in a way our children deserve.

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[1] While the analysis by Haskins and Sawhill (2009) is not the focus of this paper, we fundamentally agree that paying for increased investments in the long term is best done via modest changes in programs for the elderly. In the shorter term, we believe that emergency investments in low-income children and families will require additional deficit spending beyond the ARRA and fiscal year 2010 budgets.

[2] Certainly two of the biggest "reasons" for family poverty are non-marital births and lack of a job at non-poverty level wages with decent benefits. These issues are addressed by other authors in this paper series (see Cancian for marital status; Johnson and Carnevale for jobs). Thus, we have chosen not to address them in this paper, despite their enormous importance to children's well-being.

[3] First Focus uses a similar methodology and finds $144 billion in ARRA provisions supporting children. Our calculations vary only by our inclusion of a share of the allocation for Pell grants serving individuals up to age 22 given our interest in funding for youth age 17–21.

[4] The $70 billion calculation includes 45 percent of the $116 billion Making Work Pay tax credit that goes to households with children, and 40 percent of both the $40 billion of increase in unemployment insurance benefits and the $4.7 billion for the unemployment insurance income tax disregard that goes to unemployed workers who have children.

[5] While our method for calculating the children's share of ARRA appropriations is meant to mirror the analysis Isaacs and colleagues use in their Kid's Share report, we are not making apples-to-apples comparisons. Their report thoroughly analyzes federal outlays and expenditures for the given year, while ours simply estimates the amount being appropriated for ARRA over more than a single year. Also, we include a few programs that Isaacs and colleagues do not, such as Pell grants that serve older youth. All the same, our analysis that shows 20 percent of the intended ARRA funds, or 18 percent if one excludes the funding for older youth, is significantly more than the approximately 10 percent of the total annual budget that is directed toward children.

[6] Obviously, some combination of the graduated implementation and phase-in of costs could be employed, though it would add more complexity. The move to a guarantee could be implemented gradually by increasing the minimum income eligibility cutoff in phases. For example, the cutoff could move up to 200% of FPL in the first year, then 225% of FPL in the next year, and up to 250% of FPL in the following year. The changes could also be implemented by rolling out the guarantee for an age cohort, then increasing the guarantee for more children as they age. For instance, if the guarantee for care assistance were enacted later in 2010 or 2011 as the ARRA provisions are expiring, and if the first group of eligible families was those who had eligible children born on or after January 1, 2009, the expansion would likely cover children younger than age 3. Then, in the subsequent few years, the limit would gradually expand to cover all those under age 5. Starting with infants and toddlers expands funding more gradually and ensures that the children who could most benefit from new care opportunities and greater stability will receive them sooner.

[7] In the 2008 presidential election campaign, Barack Obama suggested he supported a broad-based tax cut for working Americans, in which workers would receive an income tax credit equal to 6.2 percent of earned income (the employee share of Social Security payroll taxes) up to a maximum credit of $500 per worker or $1,000 for couples where both worked. This was included in the House-passed stimulus bill, but the maximum credit was reduced to $400 per worker or $800 for couples in the Senate bill, and this was later adopted in conference and part of the final ARRA. The annual cost of the final, approved Making Work Pay tax credit is $58 billion or $116 billion for the 2009 and 2010 tax years covered by ARRA.