

Reducing Poverty and Economic Distress after ARRA

July 2010



Earlier this year, the Urban Institute and the Georgetown Center on Poverty, Inequality, and Public Policy brought together senior federal and state officials, leading policy experts, and researchers to propose and debate ideas for combating poverty and its harmful effects after the American Recovery and Reinvestment Act (ARRA) expires in 2010. Papers presented during “Reducing Poverty and Economic Distress after ARRA: The Most Promising Approaches” reflect on lessons learned from the recession, ARRA, and the changing economic, fiscal, and political landscapes to set out clear rationales for the authors’ recommendations and offer concrete policy ideas for Congress, the White House, and states.

Promising Antipoverty Strategies for Families—Summary

Maria Cancian, Daniel R. Meyer, and Deborah Reed

Effective antipoverty strategies need to recognize the complexity and dynamism of the American family. Many poor children live with just one parent, and single-parent families are more vulnerable to economic downturns. If these single parents are to meet their family and work obligations, they need workplace and safety net supports. Provisions in the stimulus act were an important starting point, but the needs they address are long-standing and require a sustained response.

FAMILY CONTEXT

The American family has changed dramatically in recent decades. The majority of American children will live at least some part of their childhood in a family that doesn’t include both biological parents. Forty percent of children were born to unmarried mothers in 2007 (Hamilton, Martin, and Ventura 2009), and many married parents will get divorced before their children turn 16.

At the same time, more married and unmarried mothers work, so fewer children have a parent at home full time, regardless of family structure. Over two-thirds of married women with preschool-age children worked during 2006 (Cancian and Reed 2009). Coinciding with welfare reform in 1996, employment rates for single mothers rose substantially; over three-quarters of single mothers of preschool-age kids now work at least part of the year (Cancian and Reed 2009).

Even though more women are working, poverty rates for children remain stubbornly high. Single-mother families are at a disadvantage not only because they are

usually supported by one worker, but also because women are still paid less than men on average.

The recession compounded the vulnerability of single-parent families and hit some groups harder than others. Unemployment rates rose more quickly in absolute magnitude for unmarried mothers than for married mothers, for those with younger children than for those with older children, and for blacks than for whites. Unemployment rates were generally lower for fathers, but they increased as much or more than for mothers.

SUPPORTING PARENTS’ WORK AND FAMILY OBLIGATIONS

The nation’s antipoverty strategy, which is based on work, would be more effective with programs and policies that enable parents to work and care for their children. This is particularly critical for single parents, who generally don’t have another adult to rely on for financial and child care support.

Affordable child care is an essential building block of a work-based antipoverty strategy. The American Recovery and Reinvestment Act (ARRA) provided significant financing for child care and early education and reduced the earnings required to qualify for a child tax credit, which can offset the cost of care. Ten states used ARRA funds to expand the time during which parents can receive child care subsidies while they search for work. But despite ARRA, fiscal pressure has forced many states to cut subsidies.

Working parents also need family-friendly workplace policies. Many low-wage workers don’t receive basic benefits like sick leave and are less likely to work for employers large enough to be covered by the Family and Medical Leave Act. Paid leave programs should be

expanded and the unpaid leave mandate should cover more employers. Policies that require employers to provide paid sick leave should also be considered.

Earnings supplements and other work supports are also essential as many workers don't make enough to provide for a family. A safety net that is built on work must consider public jobs of last resort for parents who cannot find employment.

ARRA has helped parents by providing expanded funding for child care, a more generous earned income tax credit (EITC), incentives to extend unemployment insurance coverage to low-income workers with families, and additional Medicaid funding. But the benefit expansions are temporary while the problems are long-standing.

CHILD SUPPORT REFORMS

Child support can raise the incomes of single-parent families, but only 41 percent of poor single mothers receive the full child support ordered by the courts, and 31 percent receive nothing at all (U.S. Census Bureau 2008, table 4). The child support system could help single parents by allowing families to keep the child support payments they receive instead of using collections to offset welfare costs.

The system can start by allowing families that receive Temporary Assistance for Needy Families (TANF) funds to keep all the current and past-due child support payments they receive and by no longer charging non-resident fathers for the medical costs associated with childbirth. Child support enforcement agencies will lose revenue because of these reforms, so policymakers should consider funding those agencies through general revenues rather than diverting money meant to provide for kids.

Resident parents' efforts to work are helped by a range of programs, some of which could be expanded

to help nonresident parents. Key reforms include providing an EITC for nonresident parents paying child support, expanding access to health insurance and housing benefits that are currently only available to resident parents, and providing jobs of last resort.

Finally, the child support enforcement system should recognize that nonresident fathers often have multiple child support obligations. Many, if not most, parents of low-income children are part of complex families where one or both parents have children with more than one partner (Cancian, Meyer, and Cook forthcoming). Failing to consider this underestimates the challenges nonresident fathers face when trying to support their children.

The recession highlighted the importance of anti-poverty programs, but the needs they address will remain even after the economy recovers. The nation's work-based antipoverty strategy needs a boost from policies that acknowledge the complex and changing nature of American families, aid parents' efforts to work and care for their children, and enforce child support while helping disadvantaged fathers meet their obligations.

REFERENCES

- Cancian, Maria, and Deborah Reed. 2009. "Family Structure, Childbearing, and Parental Employment: Implications for the Level and Trend in Poverty." In *Changing Poverty, Changing Policies*, edited by Sheldon Danziger and Maria Cancian (92–121). New York: Russell Sage Foundation.
- Cancian, Maria, Daniel R. Meyer, and Steven Cook. Forthcoming. "Evolution of Family Complexity from the Perspective of Children." *Demography*.
- Hamilton, Brady E., Joyce A. Martin, and Stephanie J. Ventura. 2009. "Births: Preliminary Data for 2007." National Vital Statistics Reports 57(12). Hyattsville, MD: National Center for Health Statistics.
- U.S. Census Bureau. 2008. "Custodial Mothers and Fathers and Their Child Support: 2007, Detailed Tables." Washington, DC: U.S. Census Bureau. <http://www.census.gov/hhes/www/childsupport/chlds07.pdf>.