Low-Income Children, Their Families, and the Great Recession—Summary

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Even though children in the United States have higher poverty rates than adults and the elderly, federal spending on kids is disproportionately small and has been shrinking for years. The recession threatened to eat away further at those investments, prompting the president and Congress to temporarily boost funding for some two dozen federal programs that benefit children.

To support the development of children in low-income families, we recommend making some of those provisions permanent. We also propose new investments in the preschool and postsecondary years when public spending is at its lowest, while also experimenting with new initiatives to support low-income children.

POLICY OPPORTUNITIES AFTER ARRA

Absolute poverty rates are significantly higher for children (19.0 percent) than for adults (11.7 percent) or the elderly (9.7 percent) (DeNavas-Walt, Proctor, and Smith 2009). Because poverty can do the most long-term harm at young ages (Heckman 2000; Heckman and Masterov 2007) and because children cannot work their way out of poverty, children have a special practical and moral calling for government attention.

The American Recovery and Reinvestment Act (ARRA) devoted $153 billion to children and children’s programs, not including provisions that helped families in general. The majority of that funding was spent on education, mostly helping states avert budget cuts and teacher layoffs in the wake of the recession. Other investments in children support health, nutrition, and tax benefit programs, among others. About half of ARRA’s funding for kids was targeted to those in low-income families.

We recommend continuing or expanding some ARRA provisions, particularly those that protect children from the effects of a slow recovery. ARRA provisions mitigating state budget cuts should be supplemented to maintain funding for education and other priorities. Policymakers should further consider keeping the child tax credit expansion and the Making Work Pay credit. Those two tax credits alone kept an estimated 1.1 million children out of poverty in 2009, according to the Center on Budget and Policy Priorities. In addition, we propose raising the child tax credit for infants birth to age 3 and better targeting the Making Work Pay credit to low-income working families.

Upcoming reauthorizations and new initiatives in the president’s 2010 budget proposal provide opportunities for boosting investments in low-income children. Obama’s budget proposal included funding for home visiting programs to help new families and Promise Neighborhoods, a comprehensive birth-through-college program (based on the Harlem Children’s Zone) for children in the poorest communities. Reauthorizations for Temporary Assistance for Needy Families and for the Elementary and Secondary Education Act also offer chances to shape the policy agenda to help children in low-income families.

TRANSITION PERIODS

Public investment in children is lowest during the two periods when it matters the most: before starting school (birth to age 4) and after leaving high school (age 17 to 21, roughly). Low-income children are at the greatest disadvantage during these transitions, which have long-
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Increasing Pell grants and looking into new incentive-based programs to help students from poor and disadvantaged backgrounds complete their degrees.

In the long term, we need to set a national goal of investing in children from birth to age 21 and promoting developmental equity for low-income children and youth during these two transition stages when they systematically fall behind.

EXPERIMENTING WITH NEW IDEAS

To complement these policy actions, we need a new national research agenda, funding creative new experiments in poverty reduction and education. These experiments can point the way to more effective antipoverty policies and practices.

Promising initiatives include low-cost early interventions, such as the Family Check-Up and the Videotape Interaction Project, that seek to improve parenting. New York City is already experimenting with using incentives as an antipoverty strategy through its conditional cash transfer program. And social-emotional learning—which promotes social awareness, decisionmaking, and other behavioral skills—is already having a positive effect on student learning in small-scale experiments.

REFERENCES


