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Jen: Comments due COB Monday noon. - Jyu

Chapter 3:

The Economic Well-Being of Children

I Introduction

Despite the strong growth in the economy, the share of children in poverty has increased from 14% in 1969 to 20% in 1996. This increase in child poverty is attributable to an increase in the share of children living in single-parent families and to a decline in wage growth at the bottom of the income distribution.

Since 1993, however, these trends have reversed. The child poverty rate has decreased by two percentage points from 1993 to 1996 and the share of children living in single parent families has stabilized. These trends have been associated with improvements in other measures of children's material well-being. Since the early 1990s, the incidence of hunger has decreased, the share of children living in inadequate housing has decreased, and there has been an increase in the consumption of critical health services such as prenatal care and immunizations. There have also been notable improvements in children's health status, reflected in declines in infant and child mortality rates and in decreases in the incidence of low birth-weight births.

Despite the improvements, many children remain economically vulnerable. In 1996, one in five children lived in families with incomes below the poverty level, one in four lived with a single parent, one in three lived in inadequate housing, one in seven did not have health insurance, and one in thirty-three lived in a household with an insufficient food supply. These factors place children at risk of both contemporary and future hardship, as many of these factors may be critical to the social and economic development of children.

The current administration has adopted a range of strategies to improve the economic and social well-being of children. The first is to increase financial support for single parents by strengthening the child support enforcement system. The second is to increase support for working parents through the Earned Income Tax Credit and through subsidies for child care

expenses. The third is to expand children's health insurance coverage through the Child Health Block Grant. The final strategy is to enrich children's educational opportunities, by expanding the Head Start program and by establishing higher standards for elementary and secondary schools.

The first part of this chapter describes recent economic and demographic trends which have influence the well-being of children. This section is followed by a discussion of programs designed to improve the economic status of families with children. The second part of this chapter includes information on specific aspects of child well-being: the availability of food, the adequacy of housing, the accessibility of health care and health insurance, and the quality of children's educational environment. Each of these sections also include discussions of recent policies intended to improve child well-being.

II. Changes in Family Composition and Work Effort of Mothers

A. Changes in Family Structure

Although the share of children living in single parent families has increased more than three times since 1960, it has recently stabilized, remaining at 27% from 1993 to 1995. These trends are critical to children's well-being because children in single parent families are more likely to be poor, and they are more likely to be disadvantaged as young adults.

As shown in figure 1, the share of children living in single parent families has increased from 9% in 1960 to 27% in 1993 and has remained at 27% through 1995. The 18 percentage point increase in the share of children living with a single parent from 1960 to 1995 reflects both a 10 percentage point increase in the share of children living with a divorced or separated parent and a 9 percentage point increase in the share living with an unmarried parent. During the same period, the share of children living with a widowed parent declined by 1 percentage point. By 1995, 16% of all children lived with a divorced or separated parent, 9% lived with a never married parent, and only 1% lived with a widowed parent. Although the fraction of children living with a

single father has been increasing, most children living with one parent lived with their mother in 1995 (87%).

[Insert Figure 1]

This increase in the share of children living in a places children at increased risk of economic deprivation for several reasons. The first is that children living with a single parent receive lower levels of financial assistance from the absent parent than children in comparable two-parent families. Research on the impacts of divorce and separation has shown that at the time of divorce or separation, the income of fathers (typically the absent parent) relative to their needs increases, while the income of mothers and children relative to their needs declines.[1]

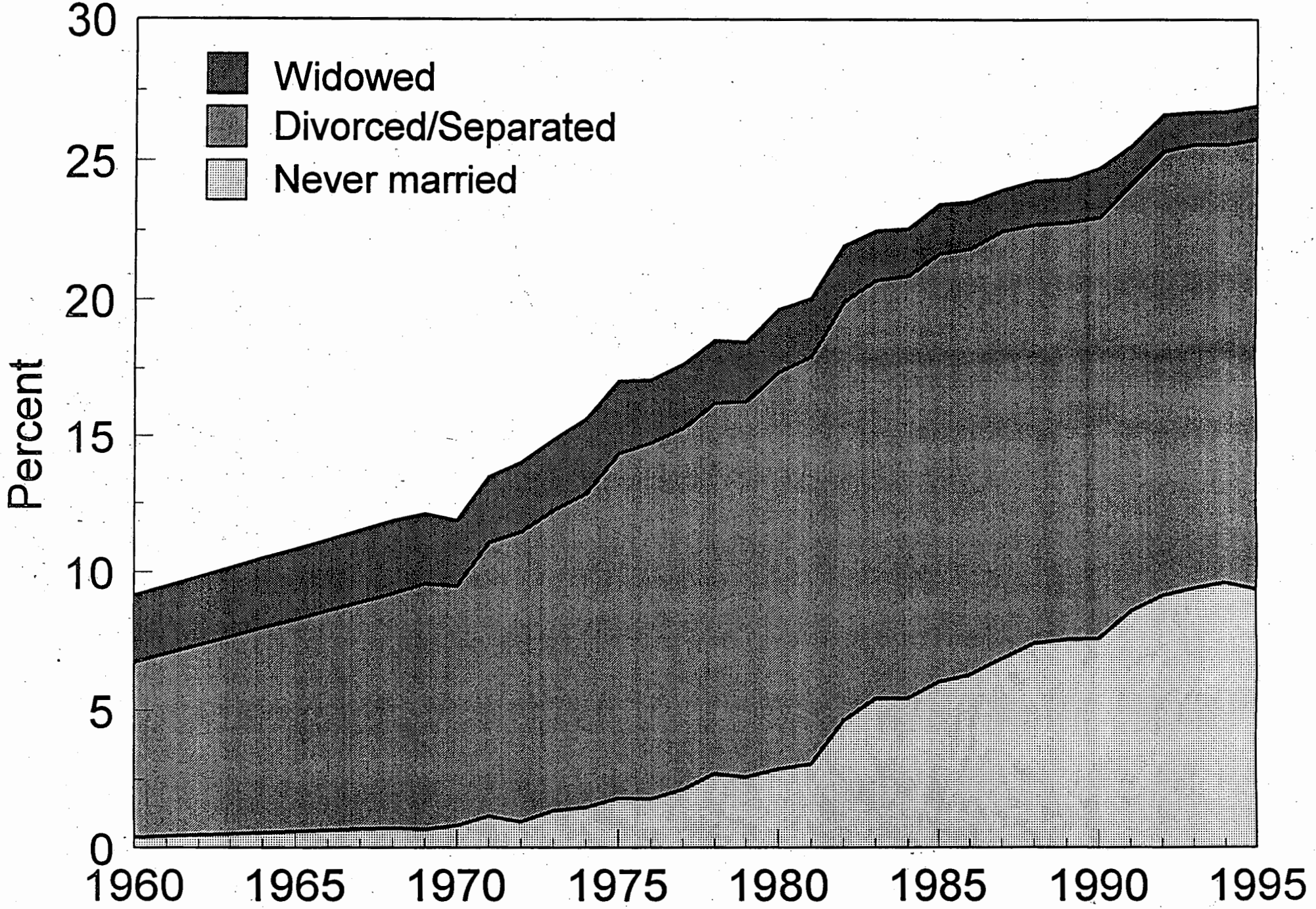
Second children in single parent families receive less parental attention and guidance than children in two parent families, because they have much lower levels of contact with the absent parent. For example, a recent survey found that young adults raised in single mother families reported low levels of contact with their absent fathers: 24-36% reported no contact with their father between the ages of 1 and 18, whereas 60-90% reported that they saw their father less than one time per week. In addition, children in single parent families may receive less attention from the care-taking parent, who must juggle the dual roles of supporting the family and caring for children.

Finally, children in single parent families may have weaker ties to the community because their family is more likely to move to a new household following divorce or separation. This may disrupt the child's ties to school and the community, and thus diminish access to critical community resources.

Research has suggested that growing up in a single parent family is linked to longer-term measures of the child's well-being. A recent study suggests that, even after controlling for race, parental education, location, and number of children in the family, children raised in single parent families are much more likely to drop out of school and to have a teen birth than children in two

Figure 1

Percent of Children Living with One Parent



parent families. In addition, children in single parent families achieve somewhat lower scores on standardized academic tests and are somewhat less likely to complete college.

Some of these difference in outcomes for children in single parent families relative to two parent families may reflect differences in unmeasured parenting ability between parents in single parent families and parents in two parent families rather than true impacts of marital status. To the extent that this is true, many of these differential outcomes might still persist even if parents were to reunite.

C. Work Effort of Mother:

Over the past twenty years, there has been a substantial increase in employment rates of women with children. This implies that children are increasingly reliant on their mother's incomes as a means of economic support. In addition, these trends have substantially increased the demand for non-maternal day care.

Since 1975, the employment rates of women with children has increased substantially, with employment rates for all women with children increasing from 42% in 1975 to 66% in 1996. Until recently, the largest increases have been for married women with children, who had increases in employment rates of 23 percentage points, compared to 12 percentage points for divorced and separated, and 11 percentage points for never married women. Since 1993, however, the employment gains have been larger for single women. From 1993 to 1996, employment rates increased by 6 percentage points for single women with children, and by 7 percentage points for divorced, separated or widowed mothers, compared to 4 percentage points for married women with children.

The net result of these changes is that by 1996, a very large proportion of mothers were working. In this year, 68% of all married women, 72% of all divorced, separated or widowed women, and 49% of all single women with a child under age 18 were employed. The trends are comparable for women with young children as well. As a result, 60% of all married women, 62%

of all divorced/separated, or widowed women, and 44% of all never married women with a child under age six were working in 1996.

[Insert Figure 2 here]

One important implication of these trends is that the demand for non-parental child care has increased substantially. Between 1977 and 1993, the number of children under 5 who had employed mothers and who were in non-parental child care more than doubled. By 1995, there were almost 10 million children under 6 who had employed mothers and who were in non-parental child care. Child care can often represent a substantial financial burden to low-income parents without access to subsidized care. In 1993, poor families with children under age 5 in which the mother worked spent an average of 18% of their monthly income on child care; for non-poor families the comparable number was 7%.

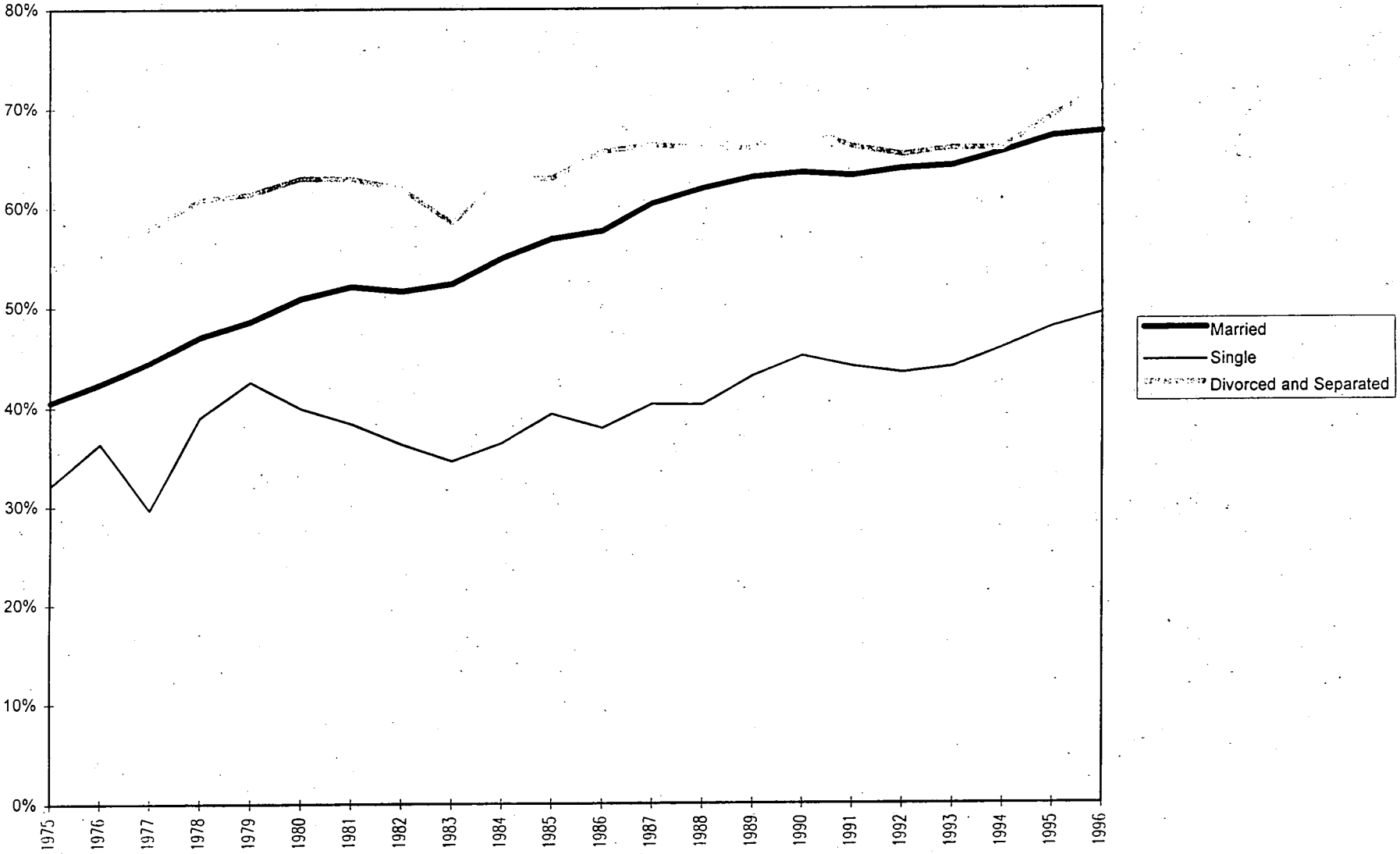
III. Trends in the Economic Well-Being of Children

A. The Link Between Income and ChildWell-Being

There are several theories for why poor children may be disadvantaged relative to non-poor children. The first, is that they consume lower quantities of inputs which are critical to their development, such as food, shelter, medical care, and education because their parents have less money available to invest in them. The second is that poor children live with parents who are under relatively high levels of economic stress, and thus may have fewer emotional resources available to nurture their children. A final theory suggests that poor children may be disadvantaged because they live in neighborhoods with fewer resources and fewer connections to mainstream economic activity.

A large literature has shown that children in poor families are more disadvantaged than children in higher income families on a broad range of indicators. This literature may over-estimate the true impact of income on child well-being, however, if income is related to other

Employment Rates of Women With Children Under 18 by Marital Status



unmeasurable factors likely to influence the child's ultimate performance such as parental orientation towards work or parental labor market productivity.

A recent study has related child outcomes to parental income measured before and after the child outcome occurred (such as graduation from high school or the score on a cognitive test). The study found that the impact of income measured AFTER the event occurred had a larger impact on child outcomes than income measured before the outcome. Since it is unlikely that income measured after the event occurred directly influenced the child's performance, it is likely that it reflects the fact that parental income is correlated with other parental characteristics which also influence child outcomes. The study found that once one controls for unmeasured parental characteristics which are associated with income, the impact of income child well being is smaller (although it does not disappear). These results suggest that while income per se does have an impact on measures of child well-being, such as test score performance, teen child-bearing, and high school graduation, other differences between low income and higher income families, such as parents' orientation to work and education, also play an important role in determining children's chances for success.

B. Trends in Child Poverty Rates

The poverty rate is defined as the share of the population living in families below a defined level of need called the poverty line (which was equal to $15,911 for a family of two adults and two children in 1996). Although there are problems with our current measure of poverty, most of the analysis in this section will be based on this measure because there is consistent data available for this measure.

As shown in the following figure, the child poverty rate declined sharply in the 1960s from 27% in 1960 to 14% in 1969. Since 1969, it gradually trended upwards to 22% in 1983 and has remained above 20% since then. In 1993, nearly 23% of all children were poor, and the child poverty rate was at its highest level in thirty years. Since 1993, poverty rates have declined

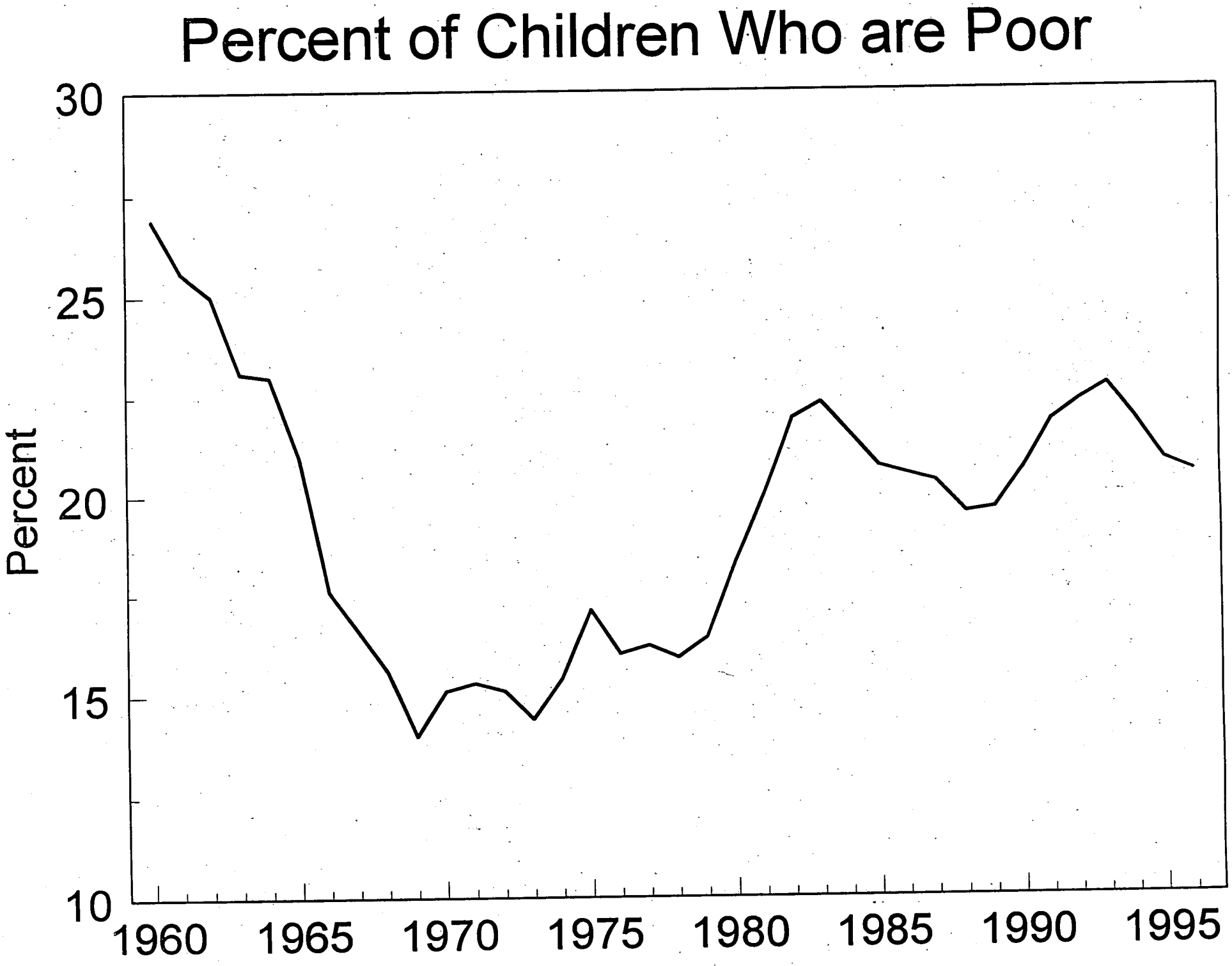
by 1.9 percentage points to 20.5% in 1996. The poverty decline from 1993 to 1996 was larger for Black children and children in female headed families, who had reductions in poverty of 6.2 and 4.4 percentage points respectively.

[PUT FIGURE 3 HERE]

Despite the recent improvement, child poverty rates remain high in 1996. In 1996, 20% of all children had incomes below the poverty level; in addition, 9% were in extreme poverty (less than 0.5 times poverty level) and 43% were poor or near poor (less than 2 times poverty level). The poverty rate was 1.25 times higher for children age 6 than for children age 6-17, 2.5 times higher for black and Hispanic children than for white children and nearly five times higher for children in families with a single female parent than in families with a married couple. Over one-quarter of children in single parent families had incomes below 0.5 times the poverty line, while three-quarters had incomes below 2 times the poverty line.

Table I: Poverty Rate of U.S. Children

	< 0.50 Poverty Line	< 1.0 Poverty Line	< 2.0 Poverty Line
TOTAL	9.0	20.5	43.2
Under 6	10.5	22.7	46.2
6-17	7.4	18.3	40.7
White	6.3	16.3	38.1
Black	20.6	39.9	68.0
Hispanic	14.7	40.3	72.0
Female Headed	25.8	49.3	76.3
Two Parent	2.8	10.1	31.0


Percent of Children Who are Poor
30
25
20
15
10
Percent
1960
1965
1970
1975
1980
1985
1990
1995

C. The Impact of Demographic Change

The following table shows how the poverty rate of children would have changed since 1959 if the demographic composition of children remained constant. For each of four groups (white female headed-no husband present, white other family, non-white female-headed, non-white other family) this analysis recomputes the poverty rate in each year assuming the population shares remained at their 1959 levels, but allowing within group poverty rates to change over time.

This table reveals three important points. First, demographic change does not explain the steep decline in child poverty rates from 1959 to 1969. If family and racial composition had stayed at its 1959 levels, child poverty rates would have decreased even more than they did from 1959 to 1969 (14.0 vs 12.7 percentage points). Second, demographic change does appear to explain a large share of the increase in child poverty rates from 1969 to 1993. If the demographic composition of the child population had remained at its 1959 levels, the child poverty rate would have increased by 2.9 percentage points as opposed to 7.9 percentage points. Thus, demographic shifts explain 63% of the total increase in child poverty over this period. Finally, demographic change explains very little of the decline in poverty rates since 1993. Had the population shares remained constant, child poverty would have declined by 1.7 percentage points, compared to the actual change of 2.2 percentage points. This suggests that changes in demographic composition explain 22% of the total decline in poverty since 1993.

Table II: Impact of Demographic Changes on Child Poverty Rates

	1959	1969	1993	1996
Actual Poverty Rate	26.9	14.1	22.0	19.8
Poverty Rate Holding %White & % in Female-Headed Households at 1959 Level	26.9	12.8	15.7	14.0
Impact of Demographic Change Since 1959	0	1.3	6.3	5.8

D. The Impact of Macroeconomic Conditions

Table III investigates the extent to which the recent trends in poverty may be linked to macroeconomic performance over these periods. As shown, the over 13 point decline in child poverty from 1959 to 1959 is clearly linked to high economic growth rates and declining unemployment rates. The changes in both the 1970s and the 1980s are more puzzling, however, since child poverty increased in both periods despite continued rates of high economic growth. While the increase in child poverty in the 1970s may be partially explained by an increase in the unemployment rate, the increase in the 1980s remains unexplained, because the unemployment rate decreased from 1979 to 1989.

Table III: Changes in Child Poverty Rate vs Unemployment and Economic Growth Rates

	Change in Child Poverty Rate	% Change in Median Family Income	% Change in Real GNP/Pop	Change in Unemployment Rate
1959-69	-13.3	39.7	34.4	-2.0
1969-79	2.4	10.6	22.9	2.3
1979-89	3.2	4.2	18.3	-0.5
1989-93	3.1	-7.3	1.0	1.6
1993-96	-2.2	5.4	5.5	-1.5

Studies in the early 1990s have examined the cause of the higher than anticipated poverty rates in the 1980s. These studies have concluded that the most likely explanation is an increase in wage inequality and decline in real wages at the bottom of the income distribution. One study compared poverty changes during two periods (1963-69 vs 1983-89) with similar economic

growth rates and similar changes in unemployment, but with very different changes in poverty rates. After ruling out a number of potential explanations, the author concluded that the most likely explanation for the sluggish poverty declines in the 1980s was because of failure of weekly wages to increase with GNP for families in the bottom income quintile.

A second study directly linked poverty rates with labor market conditions (mean wages, wage inequality, and unemployment) across the nine U.S. Census regions during the period from 1973 to 1991. This study found that changes in these labor market conditions can explain all of the increase in the aggregate poverty rate from 1979 to 1989. However, for families with children, the model cannot fully explain the increase in poverty from 1979 to 1989. This suggests that there may be additional factors driving child poverty upwards over this period.

During the 1990s, the changes in child poverty rates are roughly what one would expect given the changes in economic growth rates and unemployment. From 1989 to 1993, the increase in child poverty rates coincided with an increase in the unemployment rate and a low level of GNP growth. From 1993 to 1996, unemployment fell and GNP growth rates improved; and as a consequence, the child poverty decreased by 2.2 percentage points.

E. Impacts of transfers on child poverty

Although at any point in time, government transfers move a large proportion of children out of poverty, changes in the generosity of the transfer system explain only a small part of the changes in child poverty since 1979. These changes are more directly linked to changes in pre tax and transfer income poverty, which is determined by family earnings and demographic characteristics.

Table IV indicates the proportion of children who are poor in 1979, 1989, 1993 and 1996 under three different definitions of income. The first row indicates pre tax and transfer income, and primarily reflects changes in family earnings and demographic composition. The second includes cash transfers as well as other cash income; this is the income definition used in the

official definition of poverty. The third includes cash transfers, taxes and a broad range of in-kind benefits such as housing and medical care. (Note that as the income is expanded one might also want to expand the poverty threshold definition as well: see box on the next page).

As shown, transfers move a sizeable share of poor children out of poverty. In 1996, cash transfers alone moved 13% of all poor children out of poverty. This calculation may be misleading, however, since it excludes important in-kind benefits such as food stamps and medical care insurance, as well as tax subsidies such as the earned income tax credit. When these additional subsidies are included, the tax and transfer system moves 40% of children out of poverty in 1996.

While transfers may have an important impact on poverty at a point in time, they do not play a large role in explaining the changes in child poverty since 1979.

- From 1979 to 1989, pre-transfer poverty rates increased by 2.2 percentage points, while post-transfer poverty rates increased by 3.2 to 3.8 percentage points. Thus, increases in pre-transfer poverty explain between 60 and 70% of the increase in child poverty over this period.
- From 1989 to 1993, all of the increase in poverty is attributable to an increase in pre-transfer poverty, since, during this period, expansions in transfers worked to offset the increase in poverty.
- From 1993 to 1996, most of the decline in poverty is attributable to a 2.2 percentage point decline in pre-transfer poverty. In addition, changes in the tax and transfer system decreased the child poverty rate by nearly an additional percentage point. This reflects the expansions in the Earned Income Tax Credit since 1993.

Table IV: Impact of Government Taxes and Transfers on Child Poverty

Income Definition	1979	1989	1993	1996
Before Taxes & Transfer Income (primarily earnings)	0.201	0.223	0.263	0.236
Including Cash Transfers (official defn)	0.164	0.196	0.227	0.205
Including taxes +cash and in-kind transfers	0.114	0.152	0.175	0.140
Poverty Reduction from CashTransfers	-0.037	-0.027	-0.036	-0.031
Poverty Reduction from all Taxes & Transfers	-0.087	-0.071	-0.088	-0.096

IV. Policy Initiatives to Support Families with Children

A. Increased Child Support Enforcement

Since currently only a minority of single parent families receive payments from absent parent, strengthening the child support system has the potential to improve the economic well-being of children in single parent families.

Starting in 1975, the federal government has provided financial support to states to establish child support systems. These child support programs have primarily been targeted towards women receiving Aid to Families with Dependent Children; however, they have recently expanded to reach more of the non-AFDC population as well. Since then, legislation has been

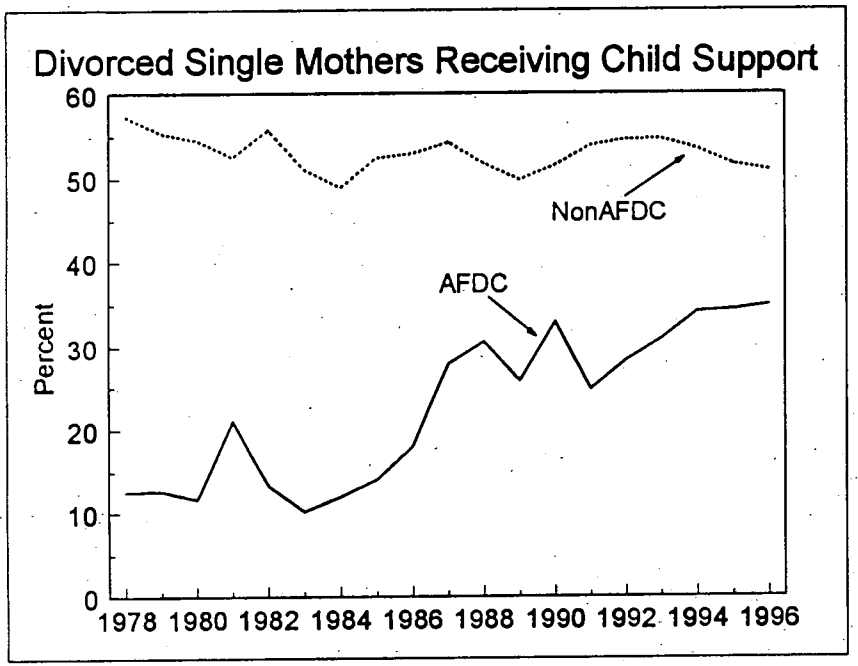
passed to make the system more effective in establishing paternity, in imposing child support awards, and in enforcing existing awards. Key innovations include the requirement that states establish numerical guidelines for the courts in determining child support awards (required by state legislation in 1984 and further strengthened in 1989), and the requirement that wage witholding be used to collect child support payments (required for delinquent child support accounts in 1984, for new AFDC cases in 1989, and for all other new cases in 1994). Finally, legislation in 1993 required states to set up new procedures to establish paternity, including hospital based programs which make it possible to voluntarily establish paternity at the time of birth. These programs have been shown to be highly effective in locating parents and in establishing paternity.

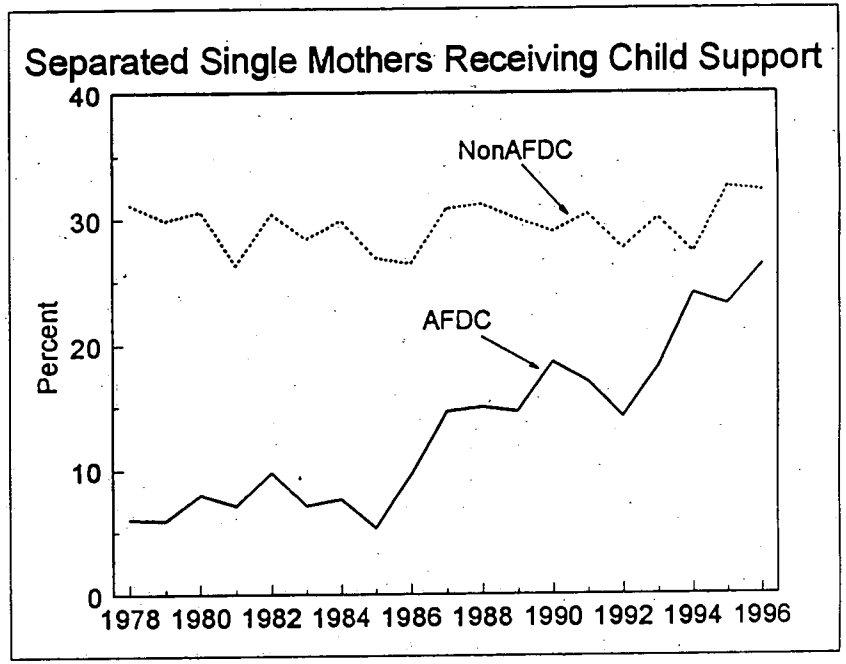
Figure 4 illustrates how these policy initiatives have affected the share of women receiving child support payments by marital status and AFDC status. As shown, for all marital status groups, there have been substantial increases in the share of AFDC recipients receiving child support payments receiving child support payments. For non-AFDC recipients, there have also been large increases in the share of single women receiving child support, but there have been no gains for divorced or separated women. Since the early 1990s, there have also been substantial increases in the number of paternities established through the child support system: the number of paternities established has increased by 150% since 1990, and by nearly 100% since 1992.

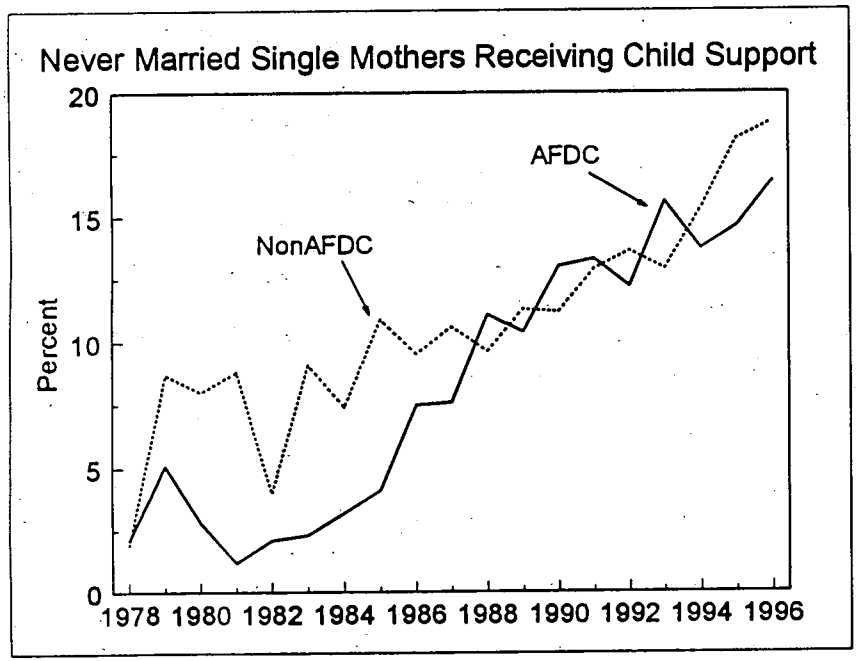
[Insert Figure 4 here]

The Personal Work Opportunity Act of 1996 will further strengthen and enhance the child support enforcement system. Key provisions include:

- Expand Paternity Establishment: The system strengthen and expands state voluntary paternity establishment programs, and offer states new authority to enforce mandatory paternity establishment. States would be required to meet new federal standards with respect to paternity establishment for nonmarital births, or face federal sanctions. Each year, states would be


Divorced Single Mothers Receiving Child Support
Percent
60
50
40
30
20
10
0
NonAFDC
AFDC
1978 1980 1982 1984 1986 1988 1990 1992 1994 1996


Separated Single Mothers Receiving Child Support
Percent
40
30
20
10
0
NonAFDC
AFDC
1978 1980 1982 1984 1986 1988 1990 1992 1994 1996


Never Married Single Mothers Receiving Child Support
Percent
20
15
10
5
0
AFDC
NonAFDC
1978 1980 1982 1984 1986 1988 1990 1992 1994 1996

required to make progress towards the goal of establishing paternity for 90% of all non-marital births (or to establish paternity for 90% of all children born out of wedlock who are receiving child support enforcement services).

- Expand State Administrative Powers: State child support authorities will be given new authority to order genetic testing, to obtain information in public or private records (including issuing subpoenas), and to secure assets to repay child support arrearages. This will help states establish a more expedited system to enforce child support orders.
- Establish Centralized Payment and Disbursement System: States will be required to establish a centralized child support payment and disbursement unit. By consolidating payments to one agency, states will be able to track progress in meeting child support awards more closely.
- Establish Centralized Information Systems: States will be required to establish four new centralized data bases: a registry of child support orders, a list of all paternity establishments, a data set of all new hires in the state, and a record of all child support collections and disbursements. Information from the registry of child support orders and the new hires data base will be forwarded to the federal government for creation of federal new hires and child support awards data bases. This will make it possible to track delinquent payers across state lines.
- Increased Interstate Enforcement: States will be required to implement the Uniform Interstate Family Support Act by 1/98. This states gives one state jurisdiction in establishing and enforcing child support orders (usually the child's home state) and requires states to cooperate with other states in enforcing child support orders.

B. Day Care:

The federal government subsidizes purchase of day care both through tax subsidies and through direct subsidies to low income families with children. These programs are described below.

The federal government offers two key tax subsidy programs to offset the costs of day care for working families. Since most families with below poverty incomes do not have positive tax liabilities, these programs are primarily targeted towards higher income families. These programs include:

- Child and Dependent Care Tax Credit: The Child and Dependent Care Tax Credit is a non-refundable tax credit for taxpayers who incur work-related child care expenses. Under this program, families can receive a tax credit for up to 30% of allowable expenditures on child care. Allowable expenditures are capped at $2400 for a family with one qualifying dependent and $4800 for a family with two or more qualifying dependents. The 30-percent credit rate is reduced by 1 percentage point for each $2000 of adjusted gross income above $10,000 until it reaches its minimum level of 20 percent. An estimated 6.2 million tax filers claimed this credit in FY96, at an average credit of $445 per claim.
- Employer Exclusion for Child Care Benefits: Employers can exclude up to $5000 of expenditures on child and dependent care from employees' taxable income and social security earnings if: I) the employer directly provides child care services for the employee, or ii) the employee makes direct contributions to a dependent care account to finance day care. Total expenditures on this program are estimated to be roughly one-third of the expenditures on the Child and Dependent Care Tax Credit for FY98.

For families with very low incomes, the federal government offers a block grant to states to finance child care subsidies:

- The Child Care and Development Block Grant Program: Reflecting this administration's concern with the affordability of child care, the federal government consolidated four different block grant programs into one program, the Child Care and Development Block Grant Program, and greatly expanded expenditures available for child care subsidies. Estimated expenditures under this program are 2.9 billion in FY 1997, and are projected to be $4 billion over the programs it replaced over the six years FY 1997 to 20002. Under this program, states are given a

block grant to pay for subsidies for child care for parents who are working or participating in work-related activities or education programs. States are given wide discretion in designing eligibility thresholds and in designing the amount of the subsidy. However, they are required to use the funds to serve families with incomes below 85% of state median income. In addition, they must allocate at least 70% of the funds towards families who are either recently or currently receiving public assistance, currently transitioning from public assistance or who are at risk of going on public assistance, or who are at risk of needing public assistance without a child care subsidy. Estimates based on experience with the previous block grant programs suggest that states are likely to target this money to very low income families: under previous programs, over 85% of families funded were under 150% of poverty and all but 1% were below 200% of poverty.

C. Expansions to the Earned Income Tax Credit

In order to help working families with children, the current Administration has expanded the Earned Income Tax Credit by nearly 40% for families with one child and by nearly 120% for families with two or more children since 1993.

The Earned Income Tax Credit is a refundable tax credit designed primarily for low income families with children. For families with one child, the credit is equal to 34% of family earnings to a maximum of $2210; above incomes of $25,760 the EITC is phased out at a rate of 16 cents for each dollar earned. For families with two or more children the credit is equal to 40% of family earnings to a maximum of $3656; and EITC benefits are phased out at a rate of 21 cents for each dollar of earnings over $29,290. Finally, there is also a small EITC benefit available for families without children equal to a maximum of $332 in 1997.

D. Welfare Reform

[to be written]

III. Measure of Children's Material Well-Being

A. Availability of Food:

Measures of food consumption based upon nutrient intake suggest that both poor and non-poor children have average intakes of basic nutrients which are well above the U.S. Recommended Daily Allowances. However, a non-trivial share of low income children live in households in which the food supply is unstable or insufficient. The fraction of children living in households where there is "sometimes or often not enough to eat" has decreased since the early 1990s, suggesting that the incidence of food insecurity among children has decreased.

One critical measure of child well-being is whether they live in families with an adequate and sufficient food supply. Measures of food sufficiency have been shown to be correlated with direct measures of nutrient intake at a household level. One study found that calory intake was 13% lower for food insufficient households and that intakes of 13 other nutrients were from 8 to 18 percent lower in households which did not have sufficient quantities of food than in otherwise comparable households with a sufficient food supply.

Estimates based on the U.S. Department of Agriculture's Continuing Suvey of Food Intakes of Individuals suggest that in 1995, nearly 3% of all children lived in households where "there sometimes or often was not enough to eat." The incidence of food insufficiency was substantially higher for low income children than for high income children: nearly 9% of children in families with incomes below 133% of the poverty level lived in households with an insufficient food supply, compared to 1% of higher income children. As shown, there appears to have been an improvement in this measure since the early 1990s. While around 12% of low income children lived in household without enough food to eat in the early 1990s, just under 9% lived in households with insufficient food in 1995.

Children in Households Reporting that There is Sometimes or Often "Not Enough to Eat"

	1989	1990	1991	1994	1995
All Children	5.3%	3.8%	3.5%	2.4%	2.9%
Children in Households at or below 130% poverty	12.2%	13.1%	11.9%	7.8%	8.7%
Children in Households above 130% poverty line	3.0%	0.5%	0.5%	0.6%	1.3%

Source: Federal Interagency Forum and Child and Family Statistics, 1997; and special tabulations of the U.S. Department of Agriculture's Continuing Survey of Food Intakes by Individuals by the U.S. Department of Agriculture, Food Surveys Research Group

These estimates of food security may overstate the prevalence of hunger among children, since adults typically forgo food before decreasing the amount of food they give their children. The U.S. Department of Agriculture's Division of Food and Consumer Service has recently developed a more comprehensive measure of food sufficiency, based upon a supplementary questionnaire added to the April 1995 Current Population Survey. In households classified as "food insecure with moderate hunger", adults in the household have reduced food intake to the point that they repeatedly experience hunger, whereas household who are classified as "food insecure with severe hunger" report that both children and adults in the household have experienced hunger.

The estimates from the USDA survey suggest that in 1995, 4.4% of households with children under age 18 were food insecure with moderate hunger evident, and 0.9% of households with children under 18 were food insecure with severe hunger. These proportions were substantially higher for low income households. Nearly 5% of households with incomes below

50% of the poverty level, and 3.1% of households with incomes below 100% of the poverty level were classified as food insecure with severe hunger.

Estimates based upon the actual nutrient intakes of children in a given day suggest that on average children in both poor and non-poor households are consuming an adequate quantity of key nutrients as measured by the U.S. Department of Agriculture's Recommended Daily Allowances. According to estimates from the U.S. Department of Agriculture's Continuing Survey of Food Intakes for Individuals, poor children under age 5 had adequate average consumption levels of food calories and of 14 of 15 key nutrients in 1994-95 (the one exception is zinc). For children age 6-11, the pattern is roughly similar, although there is some evidence that poor children do not consume enough Vitamin E, Calcium and Zinc. These deficiencies are much smaller for higher income children. Finally, for poor children age 12-17, there is much stronger evidence of insufficient consumption of calcium, phosphorus, magnesium, iron and zinc; these deficiencies are also found among non-poor children.

The federal government funds several programs which are intended to increase the availability of food to low-income children. These include:

--Food Stamps

--School Lunch and School Breakfast

--WIC

Average Nutrient Intakes as a % of Recommended Daily Allowances

	Poor Children Age 6-11		Poor Children Age 12-19		Nonpoor Children Age 6-11		Nonpoor Children Age 12-19	
Nutrient	Males	Females	Males	Females	Males	Females	Males	Females
Food Energy	108%	83%	91%	82%	102%	94%	99%	87%
Protein	275	211	180	140	245	213	179	147
Vitamin A	150	120	119	88	149	123	114	109
Vitamin E	91	78	86	82	101	95	95	86
Vitamin C	245	191	202	151	235	223	229	179
Thiamin	184	136	145	121	176	152	150	128
Riboflavin	199	150	146	132	189	165	157	137
Niacin	164	125	135	116	164	140	148	125
Vitamin B-6	142	106	113	98	138	113	121	104
Folate	296	219	159	124	294	238	191	136
Vitamin B-12	338	358	317	248	335	272	290	187
Calcium	133	92	86	62	115	104	98	67
Phosphorus	167	123	127	90	152	137	138	94
Magnesium	164	119	86	76	148	131	94	77
Iron	164	121	152	91	160	129	173	91
Zinc	109	88	96	80	108	93	96	84

Source: U.S. Department of Agriculture Continuing Survey of Food Intakes by Individuals, 1994 and 1995 data release.

B. Adequacy of Housing:

The following table gives estimates of the prevalence of housing problems among households with children in the United States. As shown, low income households with children are more likely to report structural housing problems than other families. In 1995, 13% of very low income households with children reported moderate or severe physical problems with their housing, compared to 7% overall. In addition, 17% of very low income household reported living in crowded living circumstances (more than one person per room), compared to 6% overall. Finally, 34% report that they were spending more than 50% of their incomes on rent, compared to 11% of all households with children.

The data on trends suggest that there has been a slight improvement in housing conditions for low income households in the 1990s. In 1993 and 1995, very low income households report somewhat lower rates of structural problems or crowding than in 1983 and 1989. In addition, the proportion with a housing cost burden of over 50% declined somewhat in 1995. These improvements do not appear to be related to an increase in the fraction of families receiving rental assistance, since the percentage of families reporting that they received rental assistance has remained relatively constant since 1989.

Housing Conditions for U.S. households with Children

	1978	1983	1983	1993	1995
All Households					
Any Problem	30	33	33	34	35
Moderate or severe physical problems	9	8	9	7	7
Crowding	9	8	7	6	6
Cost Burden more than 50%	6	11	9	11	11
Very Low Income Renter					
Any Problem	79	83	76	75	71
Moderate or severe physical problems	19	18	18	14	13
Crowding	22	18	17	14	17
Cost Burden More than 50%	31	38	36	38	34
Receiving Rental Assistance	23	23	29	28	27

Source: Federal Interagency Forum on Child and Family Statistics 1997 and special tabulations on the Annual Housing Survey and American Housing Survey for 1995 by the U.S. Department of Housing and Urban Development, Office of Policy Development and Research.

IV. Health Status and Health Insurance

A. Health Status

[to be written]

B Health Insurance

Over the past eight years, children's health insurance coverage through the Medicaid program has increased due to expansions in children's eligibility for Medicaid. These increases in Medicaid coverage were offset by reductions in private health insurance coverage; and as a consequence, the proportion of children with any health insurance coverage has remained roughly constant since 1988. These changes are critical to the well-being of children, since they affect both access and quality of medical care.

Health insurance is a critical factor in children's well being, because it increases access to health care services which in turn may promote child health. Research has shown that uninsured children receive fewer medical services than insured children. For example, one study found that, controlling for demographic characteristics, income, area of residence, and health status, uninsured children have 70% fewer outpatient visits and 75-85% fewer inpatient days than children with health insurance. A second study showed that uninsured children with injuries were 73% less likely to have medical attention for their injury than insured children. Uninsured children are also less likely to have a routine source of medical care, to receive routine check-ups or to have received timely prenatal care.

Some of the best evidence on the impact of health insurance on children's health outcomes has considered the impact of expanding health insurance coverage of low income children through the Medicaid program. Research has shown that the introduction of the Medicaid program in the mid-1960's was associated with large increases in physician visits of low income children, while the number of visits by high income children remained relatively constant. The net result was that,

while low income children had 40% fewer doctor visits per capita than higher income children in 1964, they had only 17% fewer visits in 1971.

Recent research on the impact of Medicaid eligibility expansions in the 1980s and early 1990s has also found that the Medicaid expansions have led to increases in children's consumption of health care and to improvements in child health. One study has found that the Medicaid eligibility expansions which doubled the fraction of children eligible for Medicaid from 1984 to 1992 were associated with significant increases in the number of children visiting a doctor or entering a hospital in the prior year; and with large reductions declines in child mortality. A second study found that expansions in Medicaid eligibility from 1979 to 1992 were associated with decreases in late prenatal care and with decreases in the incidence of low birth weigh births and infant mortality. This latter study, however, found that the results were largely attributable to expansions in the early 1980s which expanded Medicaid eligibility to a targeted group of very low income women and children, rather than to the much broader expansions in the late 1980s which expanded eligibility to higher income women and children.

In recent years, a series of legislative mandates and options have substantially expanded the eligibility of pregnant women and children for Medicaid. Prior to 1987, Medicaid coverage was primarily tied to eligibility for the Aid to Families with Dependent Children program, which meant that it was mostly restricted to children in very low income single parent families. By 1996, Medicaid was available to all pregnant women and children under age 6 with incomes below 133% of the poverty level, and to all children under age 12 with incomes below 100% of the poverty level. (States were required to phase in coverage of poor children born after September 30, 1983, until all children under age 19 are covered.) In addition, many states also chose to set their financial eligibility thresholds at levels which were above the required levels.

The net result of these expansions is that the proportion of children with health insurance has expanded markedly. The share of all children with Medicaid coverage has increased from 16% in 1988 to 22% in 1996 while the share of children with incomes below the poverty level

covered by Medicaid increased from 57% to 63% (See following chart). However, during this period the share of children covered by non-Medicaid insurance sources also declined, primarily due to a decline in employer provided health insurance. As a consequence, the total share of children with health insurance remained relatively constant, decreasing from 87% in 1988 to 85% in 1996 for all children, and increasing from 75% to 77% for poor children.

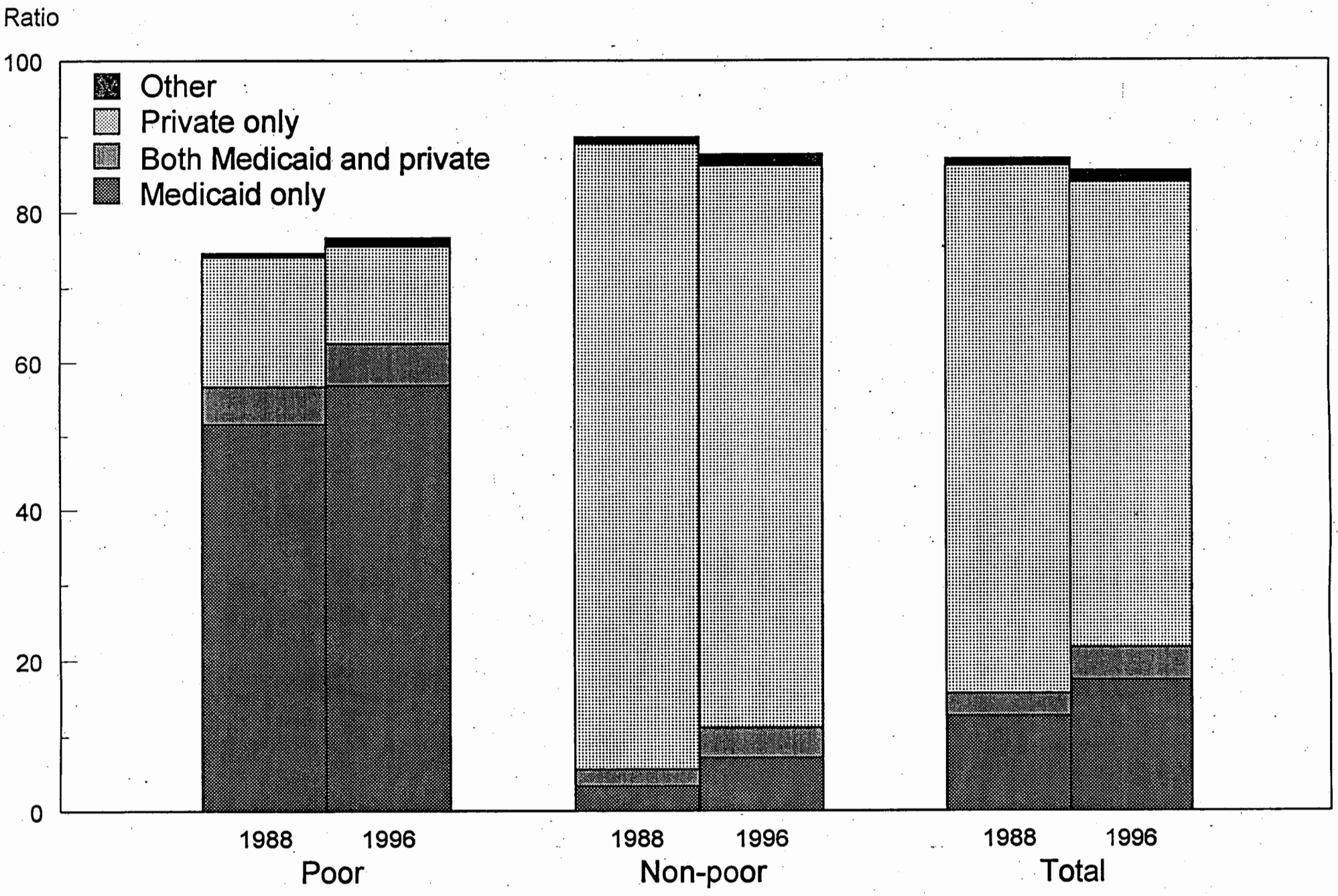
[Insert Figure 5 here]

One critical question is why the fraction of children covered by employer provided health insurance declined so substantially from 1988 to 1996. Since these declines coincided with declines in employer coverage for groups not affected by the Medicaid expansions, such as single men and higher income children and adults, some of this decrease is attributable to general labor market developments. In addition, some of the decline in employer provided health insurance may also result from families dropping their private insurance to take advantage of Medicaid. The precise extent to which the Medicaid expansions "crowded out" already existing insurance is open to contention. One study found that between 50 and 75% of the recent expansions in Medicaid coverage from 1987 to 1992 were to pregnant women and infants who would have received insurance from other sources. Two other studies have found much lower estimates of "crowd-out" with estimates ranging from 0% to an upper bound of 25%.

The following table shows the proportion of children who are uninsured and the composition of the uninsured population in 1996 by age and poverty status of children. This table makes two points clear. First, it is evident that a substantial share of currently uninsured children are eligible for Medicaid. Although all children under age 12 with incomes below the poverty level are eligible for Medicaid, 19% of children under age 6 and 23% of children under age 12 live in families which report they have no insurance coverage. These two groups of children represent 20% of the uninsured and 63% of the uninsured poor. For these children, the failure to enroll in Medicaid may not limit their access to hospital services, since many hospitals now are capable of enrolling eligible children into Medicaid when they enter the hospitals. However, it

Chart 7-x
caption line 1

Insurance Coverage of Children Under 18



Source: Department of Commerce

may deter them from accessing important preventative services which could improve their health status. Second, the table also indicates that the majority of children remaining uninsured in 1996 have incomes over the poverty level. Thus, efforts to further reduce the share of children without health insurance will have to be addressed at higher a income population.

Share of Children Uninsured and Composition of Uninsured Population in 1996

	Share of Population	Share of Uninsured
POOR CHILDREN	0.233	0.319
Under age 6	0.185	0.096
Age 6-11	0.229	0.106
Age 12-17	0.303	0.117
NON-POOR CHILDREN	0.127	0.681
Under age 6	0.124	0.216
Age 6-11	0.125	0.226
Age 12-17	0.131	0.239
TOTAL	0.148	1.000

Source: Department of Commerce, Bureau of the Census, Tabulations from March

C. Recent Initiatives to Expand Children's Access to Health Insurance

In order to make further progress in improving childrens' access to health insurance, the Balanced Budget Act of 1997 established a Child Health Block Grant which offers states $20.3 billion in new federal funding to states over the next five years to expand health insurance programs for low income children. States have the option of using the funding to expand Medicaid, to start a new health insurance program or both. States must use their allocation to

cover children below 200% of the poverty level, and they must cover certain services such as preventive and well-baby care. States must contribute some of their own funds to the program in order to receive the federal funds allocated to them, and they must maintain Medicaid eligibility standards which are not more restrictive than their June 1997 levels in order to receive the Child Health Block Grant money.

IV. Education

A. Early Childhood Education

Research has shown that early childhood education can have an important impact on children's test scores, and can have long-lasting impacts on child well-being. The share of children enrolled in the Head Start program has increased dramatically over the past few years, reflecting the current Administration's high priority on early childhood education.

Head Start is a federal program which supports enriched preschool programs for disadvantaged children between the ages of three and five. Federal guidelines require that 90% of all children served be from families with incomes below the federal poverty level. These programs offer disadvantaged children and their parents a range of services which focus on education, social and emotional development, health and nutrition.

Most studies of the short-term effects of the Head Start program have shown that participation in Head Start is associated with large short term gains in cognitive test scores, which typically dissipate between 1 and 3 years after entry to regular school. Studies have found that children in Head Start are more likely than non-participants to receive medical services, such as routine checkups, dental care and immunizations.

The most well-known studies of the long-term effects of enhanced preschool are based on an evaluation of the Perry Preschool Project in Ypsilanti, Michigan. This program had more intensive interventions than the typical Head Start program, and it involved a small number of cases. However, the results are encouraging because they show large increases in the probability

of graduating from high school, and in the probability of being employed or in post-secondary education after high school In addition, program participants had fewer teen pregnancies and lower arrest rates than children in the control group.

A more recent national evaluation of the Head Start program which controls for sibling fixed effects in measuring the impact of Head Start has found that participation in Head Start is associated with increases in performance on the Peabody Picture Vocabulary Test for white and Hispanic children over age eight. In addition, participation in Head start is associated with a reduction in the probability of repeating a grade for white and Hispanic children. Finally, this study found that both white and black children who participated in Head Start were more likely to be immunized against measles than other children not in Head Start.

Due to the federal government's continued support of the Head Start program, the number of children enrolled in the Head Start program has increased from 451,000 in FY89 to 752,000 in FY93. The current Administration has set the goal of further expanding the Head Start program so that 1 million children are enrolled in Head Start by 2002. In addition, starting in FY95, the Administration piloted its new Early Head Start program for children under age three. This program served 5000 children in FY95, and an additional 5000 children in FY96.

B. Elementary and Secondary Education

[To be written]