

# BIG IDEAS FOR CHILDREN



INVESTING IN OUR NATION'S FUTURE



FIRST FOCUS

MAKING CHILDREN & FAMILIES THE PRIORITY

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## Editor’s note

The views expressed in this publication do not necessarily reflect those of First Focus or the organizations whose contributions have made this report possible. We have published this series in an effort to facilitate a robust debate among policymakers, advocates, and political candidates regarding policy solutions to improve the well-being of our nation’s children.



# Table of Contents

<b>Foreword by Bruce Lesley, President, First Focus</b>	<b>1</b>
<b>Place, Race and Health:</b> Promoting Opportunities for Good Health for All Children Brian D. Smedley	<b>6</b>
<b>The Kids-First Agenda</b> David L. Kirp	<b>15</b>
<b>Out of the Desert:</b> An Integrated Approach to Ending Child Poverty Elisabeth Mason and Julie Kashen	<b>25</b>
<b>Paying for Investments in Children</b> Isabel V. Sawhill	<b>30</b>
<b>The Case for Investing in Disadvantaged Young Children</b> James J. Heckman	<b>49</b>
<b>Achieving a High Return on Early Childhood Investment:</b> Scholarships for Early Childhood Development Arthur J. Rolnick and Rob Grunewald	<b>59</b>
<b>Evolving No Child Left Behind</b> Linda Darling-Hammond	<b>67</b>
<b>Lessons for the United States from Other Advanced Economies in Tackling Child Poverty</b> Kate Bell, Jared Bernstein and Mark Greenberg	<b>81</b>
<b>A Springboard to the Ownership Society</b> Katie McMinn Campbell and Jason D. Newman	<b>93</b>
<b>Supporting Young Children and Families:</b> An Investment Strategy that Pays Julia B. Isaacs	<b>102</b>
<b>2020 Vision for America's Children</b> William C. Bell	<b>112</b>

**A New Way of Thinking About Child Abuse and Neglect Prevention** **121**

James M. Hmurovich

**Cutting the Gordian Knot:** **129**

National Reforms to Assure Coverage of Developmental Child Health Treatment

Sara Rosenbaum

**How Policymakers Can Use Automation to Help Families and Children** **137**

Stan Dorn

**Helping Parents Raise Healthy, Happy Productive Children** **146**

Nemours Health and Prevention Services

**Children in Immigrant Families:** **159**

Key to America's Future

Donald J. Hernandez

**Making Work Pay – Again** **183**

Ron Haskins

**A Big, New Investment in America's Poorest (and Youngest?) Children:** **191**

Conditional Cash Transfers

J. Lawrence Aber

**Protecting Children from Firearm Violence** **203**

David Hemenway

**Investing in Middle Class Families:** **211**

The Case for a Much Expanded Child Tax Credit

James C. Capretta

**Evidence-based Programs and Policies for Children and Youth** **219**

Carol Emig and Kristin Anderson Moore

**Communicating About Children** **226**

Luntz, Maslansky Strategic Research



## Big Ideas:

# Opening the Door of Opportunity for All Children

by Bruce Lesley, President of First Focus

Economists, including Nobel Prize winner James Heckman, have repeatedly proven that early interventions in the lives of children will reap enormous long-term returns. As Heckman and authors David Kirp, Linda Darling-Hammond, Isabel Sawhill, Julia Isaacs, Art Rolnick, and Rob Grunewald show in *Big Ideas for Children: Investing in Our Nation's Future*, there are few public programs or investment opportunities that provide a greater rate of return toward a nation's economic development than investing in children.

What is often missing are the big ideas or the longer-term vision necessary to make improvements in the lives of children, including, as authors Sara Rosenbaum and Stan Dorn note, recognition that children have special development needs. This collection of more than 20 papers by numerous experts in economics and children's public policy highlights a number of possible policy options to combat poverty: invest in early childhood and education programs, reform the health care system for children, improve child safety, child well-being, and home and community for children and families. Although we do not necessarily agree with all that is written here, our hope is to inspire some new discussions, thinking, and dialogue around public policy issues to improve the well-being and opportunities for our nation's children.

Beyond expanding the debate and thinking around improving the status of children in our nation, what is required includes the political will and the leadership necessary to make improvement a reality. Fortunately, there are some important moments, typically in the first year or so of a new administration, when big ideas and political leadership come together to make important improvements in the lives of children.

For example, a century ago, President Theodore Roosevelt provided that leadership, albeit during the last year of his presidency, by calling on December 25, 1908, for the establishment of the very first White House Conference on the Care for Dependent Children. President Roosevelt moved quickly and opened the two-day conference at the White House a month later on January 25, 1909, and addressed the delegates by saying: "There can be no more important subject from the standpoint of the nation than that with which you are to deal, because when you take care of the children, you are taking care of the nation of tomorrow; and it is incumbent upon every one of us to do all in his or her power to provide for

the interests of those children whom cruel misfortune has handicapped at the very outset of their lives.” The conference’s proposal for the creation of a Children’s Bureau was passed, and the Bureau created in 1912.

At the close of World War I, President Woodrow Wilson renewed and built upon Roosevelt’s commitment to children through the Children’s Bureau by declaring 1918 “Children’s Year,” with the accompanying phrase, “The health of the child is the power of the nation.” On establishing a White House Conference on Child Welfare Standards that was held in 1919, President Wilson said, “Next to the duty of doing everything possible for the soldiers at the front, there could be, it seems to me, no more patriotic duty than that of protecting the children who constitute one-third of our population.” Out of this conference came the passage of child labor laws and the Shephard-Towner Maternal and Infancy Act, which laid the groundwork for subsequent child welfare and maternal and child health legislation as part of President Franklin Roosevelt’s “New Deal.”

During the last century, other progress was made. As further examples, child labor laws were passed, food stamps were created to combat hunger, President John F. Kennedy challenged a younger generation to serve the nation through programs such as the Peace Corps, and President Lyndon B. Johnson established Medicaid and Head Start to benefit low-income children as part of his “Great Society” agenda. Further, President Richard Nixon signed into law the Earned Income Tax Credit (EITC) and Vaccines for Children (VFC), while the State Children’s Health Insurance Program (SCHIP) was signed into law by President Bill Clinton and President George W. Bush pushed for the enactment of No Child Left Behind (NCLB) during his first year in office. All of these initiatives combined new ideas with political leadership in the White House and the Congress to strive to make significant efforts to improve the lives of children.

Unfortunately, these initiatives were often followed by periods of neglect or even backtracking in some areas, because few American political leaders place children high on their list of legislative priorities. For example, the Alliance for Excellent Education has noted that, although the United States saw its athletes bring home more medals than any other nation in the 2008 Summer Olympics, our country performs less well in comparison to other countries in terms of academic achievement. That is also the case for other measures of child well-being, such as infant mortality and poverty rates. In fact, the United Nations ranked the United States 20<sup>th</sup> out of 21 countries on various outcome indicators for children. No nation would chant “we’re number 20,” and that ranking is not something that we should ever find acceptable, particularly when the lives of our children are at stake.

Previously, when faced with such threats to our future, our country has always responded. Today while other countries are undertaking significant national commitments to tackle problems facing children in their countries, such as childhood poverty in Britain, as highlighted in the paper by Kate Bell, Jared Bernstein, and Mark Greenberg, the most significant recent efforts in the United States have all seen

erosion: Head Start funding has declined by more than 10 percent in the last five years; programs to combat infant mortality, such as the Healthy Start program and the Maternal and Child Health Block Grant, are down 10 percent and 20 percent, respectively; legislation to reauthorize SCHIP was vetoed twice in 2007; the value of the Child Tax Credit and EITC for low-income families declines every year; and the federal debt that will fall on the next generation to pay has grown dramatically.

As Andrew Yarrow, author of *Forgive Us Our Debts*, writes, “[F]or all the endless lip service paid to ensuring a good future for our children and developing the skilled, productive workforce of tomorrow, our saddling them with debt rather than investing in their America speaks volumes.”

### The problems of perception and political will

In the modern political arena, initiatives for children have had a difficult time gaining traction, based in part on the false perception that children are doing well compared to other demographic groups and policy areas. This sentiment was epitomized by *Washington Post* columnist Dana Milbank, when he wrote, “Lawmakers on both sides know that a piece of legislation stands a much better chance of passage if it’s about kids.”<sup>1</sup> He went on to cite eight pieces of legislation with “children,” “kids,” or “babies” in the title. But only one has been passed into law and it was a simple reauthorization of an existing program.

In fact, if the federal budget is a prime indicator of our national priorities, children are not faring so well. Earlier this year, First Focus undertook a project, *Children’s Budget 2008*, to ascertain how children have fared in the federal budget over the past five years. We were startled to find that the share of non-defense spending on kids has declined by 10 percent over the past five years and that children’s programs saw only an increase of 1 percent of all new, non-defense spending over the past five years. That’s one penny out of every new federal dollar. And while discretionary spending on children’s programs declined by 6 percent over the past five years, other non-defense discretionary spending programs actually increased by 8 percent. The contrast is sharp and shocking.

So, how do we reverse this trend, and what are the new “big ideas” for the next Administration and Congress? First, we need to inform people that the perception around children does not match up to the reality. Second, in order to provide some new, creative, outside-the-box policy ideas, First Focus has asked the experts represented in this publication to think about how to improve public policy for our children. This collection is not, by any measure, a definitive list of ideas. In fact, there are a number of measures not addressed here that will have a significant impact on the lives of children, such as our hope for an immediate reauthorization of the SCHIP program within the first 90 days of the inauguration of the next president, to reduce the number of uninsured children in our nation. Moreover, some priorities for children are not adequately addressed within this publication, such as those relating to nutrition and juvenile justice.

However, we believe that if some of the ideas proposed by the authors in this publication were to be enacted, such as expansion of the Child Tax Credit; use of information technology to improve the delivery of services; restructuring of the child health delivery system; greater investment in a number of early childhood and educational programs; increased emphasis on child safety; or a recognition that all of America's children, including immigrant children, need and deserve special attention to their developmental needs, then the doors of opportunity would be opened for the next generation to live the American Dream.

Furthermore, improving the lives of children is not just a matter of public policy, but involves American values and must include parents, family, and community. Therefore, many of these papers, including those by Brian Smedley, William Bell, Ron Haskins, and Donald Hernandez, speak about the intersection of these ideals. The essays within this text are written on various topics, and some run contrary to each other and to the priorities of First Focus. However, these works all embody a commitment to, and interest in, making progress to ensure that our nation's children are successful and thriving to the best of their potential.

## Summary

It is time for policymakers to make dramatic changes in our national policy toward kids. If nothing is done, the combination of declining investments in children and \$10 trillion in debt passing on to the next generation will ensure that our nation's children will not be able to live up to their full potential.

First Focus has commissioned this publication to illustrate the universal recognition among thought leaders that children are not a major priority at the federal level, and that creative solutions are needed to once again increase the federal investment in children. The works in this book encompass proposals from various issue areas, including poverty, child health, early childhood, education, home and community, child welfare, and safety.

*The St. Louis Post-Dispatch* opined, “[I]t’s a mark of our compassion and decency that we care for the elderly, whether they are rich or poor. It’s a mark of our foolishness that too often we fail to invest in children. Whatever their backgrounds, those kids’ futures are our own.”<sup>2</sup>

In closing, we would ask that policymakers, advocates, candidates, and the public consider any or all of these proposals as you work to do right by America's children. Advocates and the public have expressed serious concern about the future of children. And recent polling, including that conducted by Frank Luntz on behalf of First Focus, has found that for the first time, the public believes that the next generation is unlikely to fare better than the previous generation.

In this country, we are very proud of that phrase, “The American Dream.” Yet for so many hard-working American families, it seems as if it just gets further away.

We must demand that the people we elect commit themselves to restoring not just the concept of the American Dream, but the actual ability of Americans to achieve it. The way that we do that is to invest in the next generation, to invest in the future, and to make certain commitments now that will pay such great dividends 20 or 30 years from now. Let's not let another generation slip by. Let's make the difference right now by starting today.

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<sup>1</sup> Dana Milbank, "A Bill That Everyone Can Love – Or Else," *Washington Post*, September 26, 2007.

<sup>2</sup> Editorial, "Medicare and Leftovers," *St. Louis Post-Dispatch*, July 21, 2008.

# Place, Race and Health:

## Promoting Opportunities for Good Health for All Children

by Brian D. Smedley, Ph.D.

Where we live, work, study, and play is critically important for health, especially for children. Growing up in neighborhoods and communities that are stable, safe, and nurturing establishes a foundation for healthy development. But for too many children, growing up in communities that suffer from economic and social disadvantage often establishes a trajectory for health problems and shortened life spans. As the Institute of Medicine observed in *From Neurons to Neighborhoods*:

[F]or children living in dangerous environments, neighborhood conditions may matter a great deal [for health]. Such neighborhood conditions as crime, violence, and environmental health hazards constitute potent risk factors for children.<sup>1</sup>

This conclusion seems self-evident. But what is less evident – at least as measured by the relative inattention to the issue in the current political cycle – is the urgent need for the nation’s political leaders to seriously address negative neighborhood and school environments and their life-long influence on children’s health opportunities.

Should moral arguments fail to spark policy action, perhaps a demographic one will.

As a result of stubbornly persistent segregation, the opportunity to have a healthy start splits along racial and ethnic lines in the United States. Children of color are far more likely than white children to live in segregated neighborhoods that are also characterized by high poverty, high unemployment, low homeownership, high crime, as well as a host of direct health risks, such as limited food options, poor housing, and exposure to industrial wastes and polluted air.<sup>2</sup> Children in these communities have higher rates of chronic health conditions such as asthma and diabetes, even when individual-level factors, such as family income, are taken into account.<sup>3</sup> In addition, they are more likely to grow up with health problems that limit their ability to participate in the economic, civic, and political life of the nation.

Not only does segregation set the stage for health inequality, it also threatens the nation’s well-being: America’s children are more racially and ethnically diverse

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*Brian D. Smedley, Ph.D. is Vice President and Director of the Health Policy Institute at the Joint Center for Political and Economic Studies.*

than the total population, and projections indicate that by mid-century, nearly one of every two people living in the United States will be a person of color. The health and well-being of children of color, therefore, will shape the country's future economic and health landscape.

To address this looming health crisis, policymakers should use a geographic lens to focus on improving children's health opportunities. Given that neighborhoods powerfully shape health, solutions can be found in improving community conditions, mitigating negative health influences, and improving housing and housing options for people living in poor neighborhoods. Indeed, a new generation of place-based initiatives is emerging that 1) coordinates and leverages the work of multiple sectors; 2) assesses and draws on sources of resiliency and social capital in communities; 3) involves community members as full stakeholders in establishing priorities and in guiding policy; and 4) engages and involves a range of partners, not just government agencies, although government often has had an important role in helping to instigate such initiatives. Importantly, these strategies require convergent partnerships and are synergistic – that is, each step builds upon the success of preceding programs and strategies.<sup>4</sup>

This paper will highlight some examples of place-based strategies to help children living in troubled communities to have a healthy start in life. While most of these programs are still being evaluated, evidence suggests that they are cost-effective and successful in helping children in the most challenging living environments. This paper will review some of this evidence. To begin, however, it's important to understand how and why residential segregation harms the health of children of color.

## The Harmful Effects of Segregation on Health

In the 40 years since passage of the 1968 Fair Housing Act, the nation has made significant progress in reducing racial and ethnic residential segregation. But the problem persists, particularly for African American and Hispanic children. A study focusing on segregation in the nation's 100 largest metropolitan areas found that neighborhood environments are systemically better for white than for black and Latino children, at every income level. The average white child lives in a neighborhood that has a poverty rate of 7.2 percent, a rate three times lower than the neighborhood of the average African-American child (21.1 percent) and two and a half times lower than the average Latino child (19.3 percent). (Neighborhoods with poverty rates below 10 percent are considered low-poverty neighborhoods, and have demonstrably safer streets, better schools, and more social stability than high-poverty [20 percent or higher] neighborhoods.)<sup>5</sup>

Segregation persists at all levels of family income, such that poor white children are less likely to live in high-poverty neighborhoods than even non-poor black and Latino children. Across all metro areas, the typical poor white child lived in a neighborhood with a poverty rate of 13.6 percent, whereas neighborhood poverty rates for the typical poor black child was 29.2 percent, and 26.2 percent for poor

Latinos. Overwhelmingly, black and Latino children were more likely to live in high-poverty neighborhoods than even the “worst-off” white children (those who lived in the bottom quartile of highest-poverty neighborhoods for white children). More than three-quarter of black and nearly 70 percent of Latino children lived in communities with higher poverty rates than the worst-off white children.<sup>6</sup>

Importantly, individuals do not have equal opportunities to select the communities they reside in. The practice of segregation is reliant on both institutional discrimination in the real estate and housing finance market and on individual interpersonal discrimination.<sup>7</sup> Whites have the strongest preference of any race for living in a neighborhood without racial outsiders, and blacks are the least-preferred race to share a neighborhood with.<sup>8</sup>

Residential segregation harms the health of children of color in multiple ways. Segregation channels non-white children and their families into areas with limited financial and human resources, and such neighborhoods are home to poor public education, inadequate health care, toxic living conditions, and higher rates of disorder, crime, and incarceration. As a result, people of color often live in neighborhoods isolated from both the institutional and individual resources needed to promote health. Some of these structural obstacles to good health are described below:

**Pollution and Toxic Waste** – More than half (56 percent) of the residents in neighborhoods with commercial hazardous waste facilities are people of color. People of color are 1.9 times more likely to live in waste facility host neighborhoods than in non-host areas. Poverty rates in waste facility neighborhoods are 1.5 times greater than in neighborhoods without facilities.<sup>9</sup>

**Poor Nutrition** – Low-income neighborhoods of color often lack health-enhancing resources such as supermarkets and other sources of low-cost, nutritious food. One study showed that white Americans are five times more likely to live in census tracts with supermarkets than are black Americans, and whites have three times greater access to private transportation than black Americans have in similar communities.<sup>10</sup> The availability of nutritious foods in local markets is closely tied to dietary habits and health outcomes; the more people know about nutrition, and the more access they have to healthy food, the more nutritious the foods they consume.<sup>11</sup>

**Poor Quality Housing and Public Spaces** – Crowding, substandard housing, elevated noise level, decreased ability to regulate temperature and humidity, and elevated exposure to noxious pollutants and allergens, such as lead, smog, and dust mites, are all common in poor, segregated communities. And a lack of safe recreational facilities, such as parks, gymnasiums, and swimming pools in segregated neighborhoods can discourage physical exercise.<sup>12</sup>

**Poor Public Education** – Minority students face high and growing levels of segregation into poor schools. Many of these schools suffer from inadequate resources, decaying physical infrastructure, inexperienced and/or lower-credentialed teachers, high teacher turnover rates, high rates of violence, and poor test scores. Moreover, the poor quality of schools can influence property values, so poor schools serving people of color present mutually reinforcing disadvantages for students, teachers, and neighborhood residents alike.<sup>13</sup>

**Disorder, Crime and Violence** – As a result of concentrated poverty and collective inability to exert social control, segregated communities face higher rates of crime and violence,<sup>14</sup> both of which directly affect health by increasing risk for injury and death.

**The Criminal Justice System and Incarceration** – African Americans, Latinos, and American Indians are disproportionately penalized and imprisoned by the criminal justice system, and as a result impoverished urban communities with high rates of arrest and imprisonment face dislocation of the social bonds and networks needed to maintain order. At the national level, Blacks are currently incarcerated at a rate 5.6 times that of whites, while the Hispanic rate of incarceration is 1.8 times that of whites.<sup>15</sup> One out of every 14 black children has at least one parent in prison, a rate that far outpaces that for white children.<sup>16</sup> Families torn apart by incarceration have fewer human and financial resources for childrearing, while children in disadvantaged neighborhoods have fewer stewards for healthy socialization.

## Place-Based Approaches to Improving Child Health

The examples of the harmful effects of segregation highlighted above illustrate the complexity of the problem. Driven by a negative cycle of poor schools, poor housing, and a low residential tax base, multiple health risks exist for children at multiple levels. The most successful community-based initiatives utilize multi-pronged strategies that address multiple causal factors of poor health outcomes.

### Management of Home Environments

Public health departments are adopting innovative approaches to improve the home environments of children living in segregated, low-income communities. Importantly, many recent and successful programs address the multiple sources of health risks in homes, rather than focusing on a single risk factor, such as secondhand tobacco smoke. For example, the Inner-city Asthma Study developed and evaluated a multifaceted, home-based environmental intervention for inner-city children with asthma. A range of interventions was tailored to families' specific needs and children's sensitivities, including supplying allergen-impermeable bed covers, air filters and purifiers, pest control, and other services

or products. Compared to a control group, families that received education and services reported that their children experienced significantly fewer asthma symptoms, on par with the level of symptom reduction seen in studies of inhaled corticosteroids.<sup>17</sup> Similarly, the Seattle-King County Healthy Homes Project employs community health workers who use a home environmental checklist to assess home exposures and develop a specific, computer-generated home environmental action plan for each household. Home visitations assist families in carrying out the action plan by offering educational and social support, providing exposure-reduction materials, and helping to repair minor home deficiencies. An innovative aspect of this project, unprecedented for a public health department, accesses federal home loan and energy assistance programs to more aggressively address structural deficiencies in housing, through such strategies as removing mold- and water-damaged material, installing whole-house ventilation systems, and repairing plumbing leaks.<sup>18</sup>

### Increasing Access to Healthy Food Choices

Local governments can take a number of steps to increase access to healthy food choices. School districts can help by providing fruits and vegetables at lunch and as snacks at low, or no cost, and by providing incentives for schools to collaborate with local farms to access produce via Farm to School programs. Schools should also limit access to high calorie, nutrient-poor, highly processed foods, although this goal is more difficult to achieve when lean school budgets necessitate the revenue from private vending on school grounds.<sup>19</sup> Local governments can also take steps to reduce marketing of nutrient-poor foods and beverages to children in grocery stores and restaurants, and encourage these businesses to offer healthier food choices. The Los Angeles City Council recently took a dramatic step in this direction when it voted to impose a year-long moratorium on the establishment of new fast food restaurants in South-Central Los Angeles, an area with high poverty rates, a high density of fast-food restaurants, and above average rates of obesity. The yearlong moratorium – perhaps the first of its kind by a major U.S. city to address a public health need – is intended to give the city time to attract restaurants that serve healthier food.<sup>20</sup> In addition, state and federal governments can improve WIC and Food Stamp Program beneficiaries' access to fresh fruits and vegetables by making it easier to purchase them, for example, by expanding the use of Electronic Benefit Transfer at local and corner grocery stores.<sup>21</sup>

Moreover, local, state and federal governments should ensure that all communities have access to high-quality, low-cost nutritious foods by creating incentives for major grocery chains and other commercial food vendors to set up stores in areas with few such resources. Several local jurisdictions have established public-private partnerships to bring supermarkets to underserved areas. For example, the city of Rochester, New York, which experienced an 80 percent decline in grocery stores in the 1970s and 1980s, used public resources (the Federal Enterprise Community Zone program, the Community Development Block Grant program, and other

sources) to attract a major supermarket chain to open stores in the city. This move provided jobs, greater economic growth, and improved access to healthful, low-cost foods for urban residents.<sup>22</sup> More recently, Pennsylvania awarded a \$500,000 grant to help establish a supermarket in the Yorktown section of Philadelphia as part of a broader initiative to support the development of supermarkets and other food retailers in urban and rural communities that lack adequate access to supermarkets.<sup>23</sup>

## Encouraging Active Living Spaces

Policymakers who recognize the value of improving every child's opportunity for good health look for strategies that promote safe neighborhoods and communities, and encourage physical activity in daily life. Policies that ensure all children receive 30 to 60 minutes of quality physical activity each day, that promote safe walking and bicycling access to schools, and that allow the use of public school facilities off-hours for community members and families' recreational use have been found to increase physical activity in several community-based studies.<sup>24</sup>

### A Comprehensive Approach – The Harlem Children's Zone

The Harlem Children's Zone (HCZ) attempts to transform a 97-block area in Central Harlem to create healthier school, family, and community conditions. HCZ targets children and families living in the zone (although 25 percent of children served live outside of the zone) and provides an integrated network of health, parenting, legal, and educational services that span from well before conception to college. Its effort to provide comprehensive services stems from the observation of HCZ's founder, Geoffrey Canada, who saw that many child development initiatives only focus on the delivery of one or a few services, while ignoring the range of other social, economic, and familial challenges that children in high-poverty communities face. As a result, HCZ provides services not just for children, but it also targets young parents with services such as parenting and job skills classes, and serves the entire community by establishing, for example, a monthly farmers' market, where a family can buy affordable, fresh produce.<sup>25</sup>

HCZ's Asthma Initiative, established in 2001, uses an intensive, interdisciplinary, community-based approach to improve surveillance and health care utilization for children with or at risk for asthma. As part of the program's home environmental assessment, community health workers conducted home visits to identify environmental triggers, and offered families pesticide management services to reduce cockroach, rodent, or other infestation, and demonstrated techniques to reduce and prevent pests. Families were also taught strategies to reduce other environmental triggers such as dust, cigarette smoke, and mold. Over the first year of the program, participating families reported less exposure to many environmental triggers (although insect and rodent infestation problems were harder to solve at the individual household level). Importantly, participant families also reported statistically significant reductions in school absences, both in general

and because of asthma), fewer emergency department and unscheduled physician visits, and fewer hospital stays because of asthma. These effects were strongest three months after the home visit, but persisted in a 12-month follow-up.<sup>26</sup>

## Expanding Housing Options to Improve Child Health

Policymakers can address residential segregation by improving families' housing options and increasing opportunities for housing in healthier neighborhoods. Evidence suggests that housing mobility strategies can have positive influences on health, although more research is needed to understand how and under what conditions these programs work best.<sup>27</sup> For example, an evaluation of the federal Moving To Opportunity program concluded that program beneficiaries tended to move to healthier communities, which led to better physical and mental health among adults and reduced risk behaviors among adolescent girls, but did not improve short-term health outcomes for boys.<sup>28</sup> Importantly, effective housing mobility requires a multi-pronged strategy designed not only to improve access to housing markets, but also to ensure that discrimination does not limit choice. Rent assistance to qualified individuals is a common form of governmental aid designed to improve housing mobility, but significant gains in housing mobility have also come as the direct result of advocates who challenge the legality of residential segregation in state and federal court, and force governments to actively desegregate neighborhoods and schools. Additionally, antidiscrimination and equal opportunity laws must be rigorously enforced to continue the fight against discrimination in lending and redlining.<sup>29</sup>

<sup>1</sup> Institute of Medicine. (2000). *From Neurons to Neighborhoods: The Science of Early Childhood Development* Washington, DC: National Academies Press, p. 336.

<sup>2</sup> Acevedo-Garcia, Dolores, with Theresa L. Osypuk, Nancy McArdle, and David R. Williams. 2008. "Toward a Policy-Relevant Analysis of Geographic and Racial/Ethnic Disparities in Child Health," *Health Affairs*, Vol. 27(2):321–333; Acevedo-Garcia, Dolores and K.A. Lochner. (2003). Residential Segregation and Health, in *Neighborhoods and Health*, ed. I Kawachi and L.F. Berkman, New York: Oxford University Press; Jennifer Malat, Hyun Joo Oh, and Mary Ann Hamilton. (2005). Poverty Experience, Race, and Child Health, *Public Health Reports*, Vol. 120: 442–447; Williams, David R. and Pamela Brayboy Jackson. (2005). Social Sources of Racial Disparities in Health, *Health Affairs*, Vol. 24(2):325–334.

<sup>3</sup> Commission on Behavioral and Social Sciences and Education. (2001). *New Horizons in Health: An Integrative Approach*, Washington, DC, National Academy Press, which noted that "even when individual attributes and behaviors are taken into account, there is evidence of direct risk factors linked to environmental context," p. 92; David Wood. (2003). Effect of Child and Family Poverty on Health in the United States, *Pediatrics*, Vol. 112:711–717.

<sup>4</sup> Prevention Institute. (2008). *Promising Strategies for Creating Healthy Eating and Active Living Environments*, Healthy Eating Active Living Convergence Partnerships, available at <http://www.preventioninstitute.org/documents/promisingstrategies.pdf>, accessed July 30, 2008.

<sup>5</sup> Acevedo-Garcia et al., 2008.

<sup>6</sup> *Ibid.*

<sup>7</sup> Massey, Douglas S., and Nancy Denton. 1993. *American Apartheid*. Chicago: The University of Chicago Press.

<sup>8</sup> Iceland, John. 2002. "Beyond Black and White: Metropolitan Residential Segregation in Multi-Ethnic America. U.S. Census Bureau.

<sup>9</sup> Bullard, Robert D., with Paul Mohai, Robin Saha, and Beverly Wright. 2007. "Toxic Wastes and Race at Twenty: 1987–2007." Report Prepared for the United Church of Christ Justice and Witness Ministries.

<sup>10</sup> Morland, Kimberly, with Steve Wing, and Ana Diez Roux. 2002. "The Contextual Effect of the Local Food Environment on Residents' Diets: The Atherosclerosis Risk in Communities Study." *The American Journal of Public Health* Vol. 92, No. 11.

<sup>11</sup> *Ibid.*

<sup>12</sup> Williams, David R., and Chiquita Collins. 2001. "Racial Residential Segregation: A Fundamental Cause of Racial Disparities in Health." *Public Health Reports* Vol. 116, No. 5 pp. 405–416.

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# The Kids-First Agenda

by David L. Kirp

## Kids and Politics: Doing Well by Doing Good

To say that, when it comes to children's issues, Washington has been asleep at the switch, is much too kind.

Since 2004, as First Focus's 2008 report on the children's budget shows, kids have been losing out to seniors, wealthy taxpayers, and everyone else. A single penny out of every new nondefense dollar is being spent on children's programs; the overall share of federal nondefense spending on kids has dropped by 10 percent; and while other discretionary spending on social initiatives has grown 8 percent, children's programs have been cut by 6 percent. What makes this malign neglect especially infuriating is the impeccable evidence that kids are the best social investment the government can make.

Washington's dereliction is not only a matter of dollars and cents, but the fact that the government has not figured out how to spend its money wisely. The Bush administration's signature initiative, the No Child Left Behind Act, has been a debacle. The promised increased in education funding never materialized, and neither did the predicted improvement in reading and math test scores. What is more, the narrow-gauge, high-stakes testing regimen has distorted educational priorities, giving an entirely new meaning to the practice of teaching to the test.

The lion's share of federal dollars pays for child care, and if that money were well-spent it could make a huge difference. The most famous example, the Abecedarian Program, delivered intensive support to poor children starting a few months after birth. A study done a generation later showed that Abecedarian participants had higher IQs, stayed in school longer and held down better jobs. The annual rate of return over the course of those children's lives is an impressive 7 percent.

Federal policy-makers have ignored such evidence – the rationale for funding child care is not helping kids but expanding the workforce. Child care, as conceived in Washington, is simply a cheap way to park infants and toddlers while their mothers are on the job. There is no Abecedarian – and precious few slots in the considerably less expensive Early Head Start program, despite solid evidence of its success. What is available, whether at child care centers or from the kindly lady

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*David L. Kirp is a professor at the Goldman School of Public Policy and Boalt Hall School of Law at the University of California at Berkeley.*

down the block, is usually mediocre – and one out of every eight licensed child care centers has been rated “unsafe.” Kids do benefit from the sense of self-sufficiency that their parents gain when they are working. But these ill-conceived, on-the-cheap ventures do not help kids. In fact, the worst of them can do harm. Some youngsters who spend long days in impoverished environments become more aggressive.

In the impoverished world into which these children have been dumped, aggression becomes a *Lord of the Flies* survival tactic.

Washington operates too many mini-programs, mostly well-intentioned, but few of them demonstrably effective. The laundry list – everything from educating homeless children to making schools safe and drug-free – has grown haphazardly, with little understanding of what will have the biggest impact. Early Head Start limps along with barely half a billion dollars – essentially a rounding error in the federal budget – and can serve just 2.4 percent of poor children. Meanwhile programs such as teacher quality grants, on which \$3 billion is being spent, prosper despite a lack of evidence that, as currently structured, they are worth the investment.

Since the mid-1990s, all the action has taken place outside the Beltway. Forty-one states now support prekindergarten. Public-private partnerships such as Ounce of Prevention have devised exemplary models for infant and toddler care. Foundations have underwritten promising experiments such as the Harlem Children’s Zone and the Nurse-Family Partnership. But among Washington lawmakers there is little discussion of which programs need to be overhauled (whether, for instance, Head Start can learn something from the best state-funded preschools), which initiatives should be merged to streamline bureaucracy, and which ought to be dropped. A top-to-bottom rethink of what Washington is doing seems, well, unthinkable.

The public is miles ahead of the politicians. “Overwhelmingly, Americans care about meeting the needs of children,” Democratic pollster Geoff Garin has written. And because of their “strong sense of obligation to give children a good start in life” many citizens see the un-benign neglect of children as a “crisis.” A new poll commissioned by Every Child Matters, a Washington advocacy group, finds that a sizeable percentage of voters – notably the swing voters – rank increasing the Head Start budget and guaranteeing health care to all children above paying more for homeland security or farm support. The belief that child-rearing ought to be left entirely to parents is being replaced by an ethic of empathy – an acknowledgement that, while parents play a pivotal role, the polity must become a “good steward.”

The old saw that children don’t matter because they don’t vote and don’t consume no longer holds true. Governors from both sides of the political aisle – among them Tim Kaine (Virginia), Bobby Jindal (Louisiana), Phil Bredesen (Tennessee), Richard Riley (Alabama), Ted Strickland (Ohio), and Rod Blagojevich (Illinois) – have made children’s needs a priority. Politically, they have done well by doing good. The kids-first agenda is the proverbial \$20 bill that economists insist cannot

be – but is – lying on the sidewalk, awaiting a politician on the national scene to pick it up. Imagine the impact of a kids-first presidential address, delivered with even a fraction of the eloquence of Barack Obama’s meditation on race.

## The Kids-First Agenda

- Offer help to families from the start.
- Give families the opportunity for top-quality zero-to-five care and education.
- Promote safe and strong communities, with schools as their hub
- Provide kids the support of a stable, caring adult.
- Support families that save for their children’s future.

What is needed in 2008 is not utopian dreaming but “pragmatopia” – a doable agenda that carries the promise of benefiting all children while narrowing race and class gaps. With a new administration in place, Washington is likely to address the basics – guaranteeing health care to all children (which requires only a modest expansion of the overwhelmingly popular Children’s Health Insurance Program); liberalizing the child tax credit to reach the poorest 10 million children whose families pay no taxes and so get nothing, and the 10 million youngsters whose families do not earn enough to benefit from the full credit; rewriting the No Child Left Behind Act to make its testing regimen more attentive to thinking and emotional well-being than to parroting; and improving public education with matching grants for states that couple higher salaries with more rigorous training and greater accountability.

The kids-first agenda builds on these basics. It specifies five powerful ideas that, taken together, confront an array of children’s needs from birth through adolescence. These ideas, a few of which show good promise of success, are based on solid research. That is crucial, since at present, a host of untested ideas – as well as a goodly number of demonstrably failed ideas – compete with known successes for scarce dollars and attention. The result is Gresham’s Law in action: bad initiatives, usually inexpensive and slickly promoted, drive out the good. The kids-first agenda does not focus on K-12 education, since ideas for revamping – or blowing up – the public schools are already thick on the ground. Instead, it specifies what is needed to pull off what University of Chicago economist James Heckman calls “a policy of equality of opportunity in access to home environments (*or their substitutes*).”

Modest expectations are in order, since new ideas, however carefully thought through and faithfully put in place, cannot guarantee that lives turn out well. But the kids-first agenda goes a long way toward assuring that all children, whatever their social circumstances, are treated decently. While that may sound like mommy-state-ism run amok, it makes good economic sense. Not only does

the kids-first agenda promote the cognitive skills that can lead to decent jobs and effective membership in the society, it also encourages the acquisition of “soft” skills – perseverance, dependability, consistency, and the ability to keep one’s emotions in check – that report cards used to call “working and playing well with others.” These non-cognitive abilities have a powerful effect on which teenagers can find jobs, avoid cigarettes and drugs, keep from becoming pregnant, and stay out of jail.

Anticipating a new political regime, the children’s advocacy groups are dusting off their wish lists. The most predictable objection to the Kids-First agenda is that it does not include x or y or z initiative. No short list can hope to cover everything, and there is room for full-throated debate about what should be on it. But the pragmatopia agenda must be short because a flood of competing proposals only assures failure. And it must be based on what is best, not for the politicians, bureaucrats, or professionals, but for the kids.

## 1. Offer help to families from the start

As every parent appreciates, raising kids is hard work. Its importance in shaping children’s lives cannot be exaggerated, because parents are youngsters’ first and most influential teachers and their emotional buttress – what sociologist Christopher Lasch memorably called a “haven in a heartless world.” This is complicated stuff, and many mothers and fathers will value help that begins during pregnancy and continues through the first years of an infant’s life. This used to be the province of mothers and grandmothers, but with so many splintering families and single-family households, as well as a deeper understanding of all that is involved in being a good parent, such support can be invaluable.

First-time, poor mothers, especially teenage moms, are likely to be under the greatest stress and the least equipped to cope. They can benefit particularly from a top-notch program, the best of which is the Nurse-Family Partnership. Beginning with home visits during pregnancy, the intention is to build long-term, trusting relationships between these new young moms and highly-trained nurses. (It is considerably harder to get fathers involved.) Mothers who participate are less likely to need social services such as Medicaid and food stamps, less likely to expose their children to abuse, and less likely to have additional children during their teen years. Their children pick up language more quickly, do better in school and, as teenagers, are less likely to get in trouble with the law. Those positive outcomes translate into \$5.70 in benefits for every \$1 invested. The Nurse-Family Partnership is a good illustration of why quality, though expensive, is what makes the critical difference: The identical program did not have any impact when carried out by paraprofessionals. What began three decades ago as a three-city experiment now operates in 22 states, and within a decade it will expand to reach 150,000 mothers and their children. While that is impressive, the Nurse-Family Partnership only reaches 3 percent of the target population. There is a political

lesson to be gleaned from the success of the pre-K movement: Good ideas need powerful advocates.

Many mothers, not just those who are poor, will fare better if they do not have to go it alone. Second and third children often pose new challenges, and middle class moms can be just as ill-prepared as their poorer sisters. We would do well to follow Vermont's lead and make sure that every new mother receives least one home nurse visit. Promising and widely-used initiatives such as Parents as Teachers, which combines group support with one-on-one relationships, have a broader reach. The effect of such programs is likely to be cumulative: As more parents become actively engaged, more children become better off; as good parenting becomes the norm, a critical mass of knowledgeable parents makes for a better community.

The essential bond between a parent and a child would be stronger if the parent with primary child-rearing responsibility didn't have to return to work soon after giving birth. Even though unpaid leave is guaranteed by federal law, few parents have been able to take advantage of the opportunity, since most cannot do without a salary. Logically, four to eight weeks of paid leave is an idea that should appeal to conservatives as well as liberals because it enables parents to raise their infants. At-home care during the first months significantly lowers the rate of infant mortality, and that adds to its moral and economic appeal. California offers workers up to eight weeks to care for a newborn or a sick relative. The federal government should give incentives to states that do the same.

## 2. Give families the opportunity for top-quality, zero-five care and education

Oceans of ink have been spilled addressing the issue of reforming schools – understandably so, since children spend so many hours of their lives there – but what transpires before kids enter kindergarten makes a bigger difference. By their fourth birthday, children from professional families have heard 30 million more words than youngsters whose mothers are on welfare, while the four year old from a professional family has a bigger vocabulary than the mother who is on welfare.

In a kids-first society, every child would have access to good care and education from birth to the age of five. Infants and toddlers are natural explorers whose brains are developing at a phenomenal rate, and in the right setting they can flourish. And they are social beings who learn from example. Geneticists report that while the genetic potential of well-off children has been maxxed out, IQ differences among poor children overwhelmingly depend on whether they have grown up in a world that is stable or chaotic, nurturing or punishing.

The best-studied early education program, Abecedarian, which began at infancy and extended through the first years of school, cost about \$14,000 a year for each child. That amount is not surprising when you consider that the infant-adult ratio was three-to-one. But it is not necessary to spend that much money to make a meaningful difference.

Early Head Start delivers an array of services, including health care, as well as play-centered education and parent outreach. It costs about \$9,000, and the research finds a significant impact.

Even if Washington expands Early Head Start so that all eligible children can participate, millions of youngsters who are not living in dire poverty, but whose parents cannot afford decent early education, are still left out. North Carolina's Smart Start has the right idea, one that other states are picking up: Spend public dollars to underwrite higher-quality early education, explain to parents why quality makes a difference, give them options, and let the market do the rest. Instead of building something brand new, that is the approach that Washington should underwrite with incentive grants.

Preschool for three- and especially four-year-olds has lately become popular. No wonder. The landmark studies report returns on investment as unbelievably high at 17:1 for Perry Preschool. While a scaled-up venture of a high-quality pre-K would yield a considerably lower return – RAND Corporation estimated a 2.7:1 return for a statewide preschool initiative in California – that is still impressive, as are new data from Tulsa, Oklahoma's pre-K program. Those returns signify better lives: more children graduating from high school, going to college, getting decent jobs, remaining healthy, and staying out of jail.

Put pre-K together with nurse-family partnerships and care that is as good as Early Head Start and the cumulative effects logically multiply. In Minneapolis, Federal Reserve economist Art Rolnick is testing this approach. High-quality nurse home visiting for poor mothers and scholarships for carefully vetted pre-K programs make a powerful dose of two proven strategies. Give poor kids access to decent elementary schools, with good teachers and a proven curriculum, and there will be still greater gains to report.

As with every kids-first initiative, pre-K will succeed only if it is top-notch. Studies show what “quality” means: engaged parents and small classes so that well-trained teachers can pay attention to each kid. The best teaching uses kids' play as its starting point. It concentrates less on drilling children in the alphabet than on engaging their social and emotional lives: learning to wait in line, to share, to keep their tempers in check, letting them tell their stories. That quality does not come cheap. Perry Preschool cost about \$12,000, and despite the benefits such an investment would yield, that is more money than the government is likely to commit. The Chicago Child-Parent Centers, which have been running for 40 years with remarkable success, cost \$8,500, about \$2,000 more than Head Start, but less than what many public schools spend on elementary school students.

The federal government should not pick a single winner. Instead, it should follow the same approach as in early education: Help states that offer incentives to strengthen pre-K programs and give parents information that makes them informed consumers.

### 3. Promote safe and strong communities, with schools as their hub

A decade ago, Judith Harris made headlines with her claim in *The Nurture Assumption* that children’s peers, not their parents, shape how they grow up. Like so many single-factor explanations, this one proves too simple. But Harris is onto something important. Community characteristics can affect children’s health, their readiness for school, and the likelihood that they will commit crimes. What factors other than sheer poverty make the biggest difference is a conundrum with which researchers have long grappled. But when Harvard sociologist Robert Sampson compared the lives of black children growing up in “concentrated disadvantage” with those who lived in more stable neighborhoods, he found the impact of that experience – the cumulative effect of neighborhood conditions on parenting and school quality as well as children’s levels of distrust and fear for their own safety – is equal to an entire year of school.

One response that has been tested with mixed success is to take children out of the places that produce bad outcomes and put them and their families in environments that produce better ones. But the moving van is not a solution, since poor neighborhoods are not going to disappear. A kids-first agenda needs to reach kids where they live and to develop place-based solutions.

In most communities, the school makes a natural hub that has the potential to go far beyond teaching the three Rs, as mandated by the No Child Left Behind Act, or even nurturing the growth of the mind. It can bring together parents, kids, and the child-serving agencies and everything from sports clubs to health clinics. That is the strategy of the Schools of the 21st Century, a model devised by Edward Zigler, Head Start’s first director. Those schools house child care, health care, after-school and summer programs under one roof. More than 1,000 of these schools are operating across the country. The evidence suggests that they work. Not only do kids do better on standardized tests, they are also physically and emotionally better off.

The Harlem Children’s Zone, the brainchild of charismatic educator Geoffrey Canada, has a bolder vision: to build a cocoon for children from birth to age 20 in one of the country’s toughest neighborhoods. It has seeded a 97-block area with an array of initiatives that would be the envy of most places. There is something for almost every child and young adult, including pre-K with a 4:1 adult-child ratio, a “Baby College” for young parents, a charter school for elementary and middle school youngsters, an arts program, after-school tutoring and an investment club for high school students, and tech training for young adults.

Canada would like to see similar ventures in other beleaguered cities, and several places, among them Los Angeles and Baltimore, are giving consideration to emulating the model. While the complexity of the enterprise and the character of its force-of-nature founder make replication especially challenging, the reach of its ambition – the commitment to turn a mean-streets neighborhood into one that is truly kids-first – is what makes the Harlem Children’s Zone so exciting. Other place-based

models deserve a look. Britain's Sure Start, which began a decade ago in the poorest neighborhoods, offering everything from child care to medical check-ups for young children, has gone nationwide because of parent demand. Similarly, Best Start LA, now getting off the ground in Los Angeles, aims to bring together an array of services for parents, infants, and toddlers.

While these community-building ideas are promising, there is no solid evidence of their long-term effects, no Nurse-Family Partnership studies for neighborhood ventures. Still, it is not too early for Washington to become a partner in underwriting and studying promising initiatives – funding 20 “children’s zones,” perhaps, as Barack Obama has proposed, as well as assisting school districts that operate “Schools of the 21st Century.” The dream is powerful and the logic persuasive. Children start forming ties based on love and trust at home. Child care and preschool, and later the school and the neighborhood, build on that foundation. At each of those critical stages, government can help out.

#### 4. Provide kids the support of a stable, caring adult

Ask anyone who works with kids what they need most and the answer is almost always the same: a mentor, a stable and caring adult, someone with the know-how to help a youngster navigate the twisting and sometimes treacherous pathway from early childhood to adulthood. As Generations United, a Washington, DC nonprofit, points out, many baby-boomer retirees do not want to spend their retirement on the golf course.

The century-old Big Brother-Big Sister program has shown that it can boost school attendance and achievement and reduce juvenile crime. There are 250,000 adults in the program. It merits public support so that it can expand. The Senior Grandparents Program, a federal enterprise established in 1965, offers services that range from caring for premature infants to mentoring troubled teens. Its current budget, just \$68 million, supports 168,000 children, or less than \$500 per child, and there is a waiting list of youngsters needing such help.

In San Diego, a more ambitious model is a work in progress. There, bridging the generational divide is not a one or two hour-a-week activity, but is woven into the fabric of government. Kids’ impact is the watchword: Housing for seniors is built on the grounds of an elementary school, Alzheimer’s patients are spending time with toddlers in child care centers, and public space is being designed to be child-friendly. The government is looking at the world through kids-first lenses – that is an approach worth replicating with federal support.

#### 5. Support families that save for their children’s future.

The income gap between rich and poor is sizeable and growing. The asset gap, the amount of money that is in the piggybank, is far larger. It also matters more, because it is nearly impossible to spend one’s way out of poverty. One way to

narrow that gap is for the government to start savings accounts for America's 4.2 million newborns. A kids' saving account plan would give families and children a kick-start in preparing for what is down the road. It is a nest egg built on compound interest that can help to pay for college or job training.

The children's savings account not only puts dollars and cents behind society's commitment to the well-being of the next generation, it also encourages families—especially poor families—to see the payoff from investing in their children's well-being. The best evidence that it works comes from Britain, where 3.2 million accounts have been established since the program was launched in 2001. Three-quarters of these accounts have been invested in stock market funds, and one out of four families has added its own money to the kitty. To encourage parents, as well as neighbors, church, and community groups to chip in, Washington should match additional contributions made by families with limited means.

When Hilary Clinton floated this plan last fall, she was pilloried and quickly backed down. But there is no reason why, as in Britain, the idea's appeal should not transcend party lines. For liberals, it is a step toward equity. Conservatives should find it attractive because it fosters a new generation of capitalists.

### **From the Kids-First Agenda to Facts on the Ground: Holding Government Accountable**

“End child poverty by 2020” was British Prime Minister Tony Blair's bold pledge in 1997, renewed by Gordon Brown this year. Not only did this become the metric that drove policy, it also became a measure of accountability. The press continues to scrutinize the government's success in meeting interim goals, and that oversight by the Fourth Estate has kept the pressure on.

In this country, the Annie E. Casey Foundation's “Kids Count” report highlights differences among the states on a number of measures including child poverty, infant mortality, premature births, teen births, and high school dropouts, while the Education Trust plays a similar role with respect to public education. These foundations are performing a great service, but this is really a job for the government. A national Kids-First Commission would collect information on key indicators, expanding the Casey Foundation's list to include such items as the percentage of children enrolled in prekindergarten, performance on the National Assessment of Educational Progress, and juvenile crime rates. An annual report could spur competition among the states. That is what has happened when states receive grades on “report cards” issued by Pre-K Now, a Washington advocacy group, and are rated by the National Institute for Early Education Research. In Oklahoma, after that state received high marks and flattering national media attention, preschool became a source of state pride, even among conservatives who had strongly opposed it. The same thing happened this year in Alabama, when the state, not usually known as socially progressive, received kudos. A federal seal of approval – or a failing grade – would have an even bigger effect.

The Kids-First Commission would also be charged with seeking out initiatives that have a profound payoff, such as assuring that all children who need them have a pair of glasses; that good dental treatment be made universally available; that pregnant women be screened for HIV (if an expectant mother is treated during the last few weeks of pregnancy with an antiviral drug her child will likely not carry the virus); and that youngsters in the inner cities, where asthma is endemic, receive needed attention.

A “kids’ impact” statement also warrants testing. Its purpose is not to add another layer of paperwork, but to encourage agencies to view their programs in a new light. It might encourage HUD to underwrite more cross-generation housing, for instance, or prompt the Health and Human Services Department to join forces with the Education Department in supporting school-based health programs.

For too long, Washington has been an idea-free zone when it comes to children. Thinking “kids first” would change that – and it could change the arc of children’s lives as well.

# Out of the Desert:

## An Integrated Approach to Ending Child Poverty

by Elisabeth Mason, J.D., and Julie Kashen

You're wandering barefoot in the desert. You desperately need at least three things: shade from the sun; a cool drink of water; and shoes to keep your feet from blistering. An off-road vehicle to get you to civilization wouldn't hurt either. As it happens, there are places in the desert where you can find all these things. Unfortunately, they are all in opposite directions from each other.

Ironic? Perhaps, but this is exactly the situation that exists for America's working poor and their children. Beset by a variety of obstacles, a vast array of work supports are theoretically at their disposal to help. The problem is they usually don't know that. And even if they do, it is damnably hard for them to get them all.

For a quarter-century, the myth has persisted that even if we had the will to end child poverty, we simply do not have the resources. The truth, however, is that the United States provides far more resources for poor families than these families actually receive. Study after study affirms the value of these services. When utilized, they help parents to find and keep jobs; weather unexpected economic setbacks; and improve their children's health, academic performance, and prospects for the future. The challenge is that the government deploys work supports inefficiently, ineffectively, and piecemeal. Need shade? Three miles that way. You want water, too? Sorry, that's six miles over the dunes in the other direction.

And so it goes. Applications for services often involve numerous visits to multiple

*Elisabeth Mason, J.D., is a founder and the CEO of Single Stop USA. Prior to launching Single Stop USA, Elisabeth helped plan the Atlantic Philanthropies' billion dollar strategy for Disadvantaged Children and Youth and was a Managing Director at the Robin Hood Foundation. A lawyer by training, Elisabeth practiced at a major international law firm and was also a leading children's rights advocate in Latin America.*

*Julie Kashen is Vice President for Policy, Knowledge Management & Evaluation at SingleStop USA. Prior to joining SingleStop USA, Julie Kashen spent the majority of her career working in federal and state government, most recently as Deputy Director of Policy for Governor Jon S. Corzine (and Legislative Director to then-Senator Corzine) and Policy Advisor for labor and poverty-related issues for Senator Edward M. Kennedy on his Health, Education, Labor and Pensions Committee staff.*

offices. One study shows that, on average, it takes five hours and two trips just to sign up for food stamps.<sup>1</sup> The reality is that low-wage workers, often parents with multiple jobs, don't have the luxury of compensatory time, can't always count on child care, and face substantial challenges accessing transportation.

Every year, at least \$65 billion in government services and support remain unclaimed by the working poor.<sup>2</sup> The Urban Institute, a non-partisan think tank, estimates that one in four working families receives no benefits at all, despite its eligibility.<sup>3</sup> Twenty million struggling families live below 200 percent of the federal poverty level, yet a mere 7 percent of those eligible receive all four of the government's major benefits and tax credits: the Earned Income Tax Credit (EITC), food stamps, Medicaid, and child care assistance.<sup>4</sup> In other words, 93 percent of families don't use all of the resources available to them.

At SingleStop USA, our big idea for kids is as simple as it is far-reaching: Every family should receive all the benefits and tax credits for which they are eligible – not haphazardly and with great difficulty – but together and all at once.

Since the forces and factors that perpetuate poverty are interconnected, solutions must be seamlessly integrated. Affordable health insurance, child care subsidies, legal services, tax credits, mortgage and financial counseling, and nutrition assistance should be more easily accessible and mutually reinforcing. Individually, these act as band-aids – necessary but insufficient. Applied in combination, they can begin to heal the underlying causes of intergenerational poverty, help low-income families work their way to self-sufficiency, and build stable environments for children to grow and learn.

Climbing up the economic ladder is the American dream, but down at the bottom it seems like there are not any rungs. The best families can do is hold on to the sides and maintain their position, but moving up seems impossible. Just imagine a working mother who cannot make ends meet. She has a minimum wage job, but still needs food stamps to feed her children who lack comprehensive health insurance. She often misses work to take her eldest, who has asthma, to the emergency room. Because of lost wages and missed bills, her family is facing eviction.

Now imagine how different her life would be if in addition to food stamps, she had access to preventative health care for her children and help paying her utilities. Not only could she afford heat, electricity, and phone service for her family, but she would also miss less work, and stay in a job long enough to move up the wage scale and climb out of poverty.

All the evidence affirms that existing work supports are powerful tools with which individuals can lift themselves and their children from poverty. The Center on Budget and Policy Priorities has illustrated that public benefits like the EITC, Medicaid, nutritional and child care subsidies, and affordable housing reduce the number of Americans living in poverty by half, and ameliorate the severity of poverty

for the working poor.<sup>5</sup> Imagine the potential impact if these programs reached the millions of struggling families who both need and are eligible to use them.

Consider the EITC. Some low-wage earners don't file their taxes because the forms are difficult to understand – let alone complete – and they fear they will owe the government money. The reality is that many would receive a \$1,800 refund – and just a \$1,000 increase in family income has been shown to improve children's test scores by 2 percent in math and more than 3.5 percent in reading.<sup>6</sup>

The positive impacts of health insurance programs such as Medicaid are no less profound. One study has demonstrated that families with insurance are twice as likely to be able to save for the future.<sup>7</sup> Another study has revealed that health insurance improves children's performance in school. In fact, publicly insured children are 25 percent more likely to have seen a physician in the past year than those who are uninsured, and 80 percent less likely to suffer from unmet medical needs that erode academic achievement.<sup>8</sup>

Studies have shown similar benefits to children and families from nutritional, child care, and housing subsidies. For example, nutritional subsidies not only put food on the table, but also increase a family's purchasing power by 40 percent.<sup>9</sup> Child care subsidies allow parents to maintain stable employment and provide children a safe and secure environment while their parents work.<sup>10</sup> And affordable, stable housing can help bring an end to the frequent household moves that drive down children's achievement in school and increase their likelihood of dropping out.<sup>11</sup>

Nobody seriously believes that families in need of affordable health insurance might not also need help with groceries. Yet, these vital programs tend to reflect the political complexities of their independent histories, not common sense. They were created by different administrations, at different times, are managed by different agencies, and draw from different funding streams. One hand gives without knowing how, or whether, the other hand is reaching out to help.

The bottom line is that, contrary to the myth, public benefits do not trap poor families in dependency. They generate an enormous impact on the lives and aspirations of poor families and children. When accessed and delivered comprehensively, these resources stabilize families, allowing them to achieve self-sufficiency and ultimately free them to be independent.

A number of new initiatives are helping families access the work supports available for them to build a secure future. At SingleStop USA, we are among those pointing the way to effective, scalable solutions. In the next five years, SingleStop USA plans to help one million families access \$2 billion in supports they are eligible for, but do not currently collect. When families can access all the resources for which they are eligible, they can withstand the small setbacks – a sick child, car trouble, or temporary job loss – that too often become catastrophic. Compassion aside, this is sensible public policy. An ounce of prevention is worth a pound of cure. It is far

cheaper to help with housing, nutrition, and other necessities than to manage the crises – individual and shared – that emerge in their absence.

How does the SingleStop model work? Clients meet with counselors and use computerized benefits calculators, similar to Turbo Tax. Sophisticated software reveals a family's eligibility for a wide spectrum of benefits, tax credits, and other services – all in 15 minutes. Clients not only learn which services they may qualify for, but also how signing up for one benefit may influence their access to another.

Experienced case workers then use this information to provide individualized advice, guide clients through the application process, and help them to manage new resources. On-site legal and financial counselors also help clients stave off housing crises, consolidate debts, open savings accounts and better plan for their future.

The results are extraordinary. A recent internal program evaluation suggests that every dollar invested creates benefits worth \$13 for families.<sup>12</sup> A previous external study of the program – a McKinsey review of SingleStop's impact in 2005 – demonstrated similarly remarkable outcomes.<sup>13</sup>

Now government must do its part by replicating and expanding this work, and making a few simple reforms. First, policymakers must streamline eligibility requirements so that low-income families can more easily access multiple benefits. Second, they should simplify and create joint electronic applications for these multiple benefits. For example, some jurisdictions are piloting programs that enable applicants to request multiple benefits electronically and on one form. This type of web-based application still works best with the help of a caseworker, but the reduction in paperwork will significantly decrease administrative costs, and help families immensely.

Finally, government agencies should partner with community-based organizations to deliver benefits and services in convenient neighborhood locations where caseworkers can develop relationships with the families who need these resources the most.

The United States allocates billions of dollars every year to help provide the nation's children with food, child care, medical services, and other basic needs. Yet, one in six children – 13 million, an increase of about 1.2 million between 2000 and 2006 – still suffers from hunger, illness, and other scourges of American poverty.<sup>14</sup>

We do not lack the resources, or even the will, to help families build better futures for their kids. But for too long bureaucratic barriers have stood between families and the help they need. The promise of opportunity in America is only as good as our vision for our children and the will to achieve that vision. We have the shade, the water, the shoes, and the means to get out of the desert; we can't let them go to waste. With just a little innovation, we can make a life-saving difference for millions of families.

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- <sup>2</sup> *Single Stop Rollout Strategy Project – Final Report*. McKinsey & Company. February 2007.
- <sup>3</sup> *Is There a System Supporting Low-Income Working Families?* The Urban Institute. Shelia Zedlewski, Gina Adams, Lisa Dubay and Genevieve Kenney, February 2006. In this study, “benefits” specifically include EITC, child care subsidies, food stamps, and Medicaid/SCHIP.
- <sup>4</sup> *Current Population Survey, 2007 Annual Social and Economic Supplement*. U.S. Census Bureau, 2007 and Zedlewski, Adams, Dubay and Kenney.
- <sup>5</sup> *Public Benefits; Easing Poverty and Ensuring Medical Coverage*. Center on Budget and Policy Priorities. Arloc Sherman, 2005.
- <sup>6</sup> Statistics of Income Division, Individual Master File System. IRS, January 2007 and *The Impact of Family Income on Child Achievement*. Institute for Research on Poverty, Discussion Paper no. 1305-05 Gordon Dahl and Lance Lochner, August 2005.
- <sup>7</sup> *Making Ends Meet: Six Programs That Help Working Families and Employers*. Center for Law and Social Policy. Nisha Patel, Mark Greenberg, Steve Savner and Vicki Turetsky, June 2002.
- <sup>8</sup> *Improving Children’s Health: A Chartbook about the Roles of Medicaid and SCHIP*. Center on Budget and Policy Priorities. Leighton Ku, Mark Lin, and Matthew Broaddus, January 2007.
- <sup>9</sup> Patel, Greenberg, Savner, and Ture.
- <sup>10</sup> Patel, Greenberg, Savner, and Ture.
- <sup>11</sup> “High Classroom Turnover: How Children Get Left Behind.” Citizens’ Commission on Civil Rights. Chester Hartman in *Rights at Risk: Equality in an Age of Terrorism*. , pp 227-244 Piche, Dianne M., Ed.; Taylor, William L., Ed.; Reed, Robin A., Ed., 2002.
- <sup>12</sup> Robin Hood Foundation Internal Program Report based on internal metrics calculations.
- <sup>13</sup> McKinsey & Company.
- <sup>14</sup> *Income, Poverty and Health Insurance Coverage in the United States 2006* U.S. Census Bureau. Carmen DeNavas-Walt, Bernadette D. Proctor, Jessica Smith, August 2007

# Paying for Investments in Children

by Isabel V. Sawhill, Ph.D.

Advocates for children are hoping that with a new administration and a new Congress in 2009, investments in children will get enhanced priority. Although not as high on the agenda as the economy or the war in Iraq, the need to invest more in the education and health of children and their families is supported by a large majority of the public.<sup>1</sup> Moreover, unlike the short-term benefits of winding down the war in Iraq or reviving the economy, these investments can improve the future productivity of the nation. They speak to the concern among many that the next generation will not be as well off as the current one, and that the nation may even be in decline.

These concerns are being expressed at the same time as rigorous research has identified many proven and promising interventions that could enhance the educational success and future productivity of the youngest generation.<sup>2</sup> Numerous studies have shown, for example, that greater investments in early childhood education bring society long-term benefits that greatly exceed their costs. All that seems to be lacking is the money to fund these promising initiatives and the leadership to make them a higher priority in the competition for funds.

In this essay, I argue that to address these challenges and opportunities, we first need to reframe the debate. Specifically, we need a new intergenerational contract that invests more in people when they are young, but then expects them to assume somewhat greater responsibility for their own support during their retirement years. If we make wise investments in the young, their ability to be more self-sufficient during their later years will be enhanced, as will their ability to finance the health care and retirement needs of those who have been less fortunate. But we need to start now. The longer we wait, the more likely it will be that today's children will be incapable of supporting either themselves or their parents during the latter's golden years.

The need to reframe the intergenerational contract is premised on a number of assumptions or principles.<sup>3</sup> First, although tax increases and savings from ending the war can finance in a fiscally responsible way some of the needed investment in the youngest generation, they will not be sufficient. Second, linking investments

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*Isabel V. Sawhill, Ph.D. is a Senior Fellow in Economic Studies at the Brookings Institution. A nationally-known budget expert, her research focuses on domestic poverty and federal fiscal policy. She is also co-director of the Center on Children and Families at Brookings.*

in the young to reform of entitlements has bipartisan appeal. Third, the current allocation of resources between the young and the old is premised on outmoded assumptions about the relative needs of each. Generational equity requires a recalibration of the needs of different age groups. Fourth, the miracle of compound interest means that well-chosen investments in the young can produce a growth dividend and new revenues that would make any venture capitalist drool and that can make the revision of the intergenerational contract a positive sum game. Fifth, by phasing in any changes to the intergenerational contract slowly and paying careful attention to the genuine needs of the older population, no one need be seriously hurt in the process. If we start now, we can maintain commitments to current beneficiaries and provide a robust safety net for vulnerable groups into the future, while also gradually reallocating more public resources to the young.

### **Moving Beyond Wishful Thinking**

Many people are now convinced that unless we make major investments in the health and education of the youngest generation, we will not be able to compete with other countries or assume that future generations will be better off than previous ones. Money alone will not solve all of the problems. However, whether it's addressing the fact that one third of young people don't graduate from high school or that the U.S. has one of the highest rates of infant mortality in the world, money is surely needed. So where is this money to come from? The federal government is already running deficits, and these deficits will balloon over the next decade, initially because of the depressed economy, but more importantly because of the retirement of the baby boom generation and the pressures that the growing costs of Social Security and Medicare will place on the federal budget. According to Eugene Steuerle, rising costs in these programs for the elderly will absorb most of currently projected revenue growth between now and the end of the next president's second term.<sup>4</sup> Not only will there be no new money for children, there will be a fiscal squeeze on existing programs for children.

Many progressives assume that the solution is simply to raise revenues enough to simultaneously keep deficits at a reasonable level and to pay for the most promising investments in children and their families. But this is wishful thinking. Let's assume that we need to keep the deficit below 2 percent of GDP. This is a much more modest goal than trying to balance the budget and will not satisfy the fiscal hawks of the world, but it's a level below which the burden of the national debt can at least be kept at a sustainable level.<sup>5</sup> Let's further assume that we want to invest an extra one-half to 1 percent of GDP in children or their families by the end of the new president's first term.<sup>6</sup> These two goals require freeing up 1.5 to 2 percent of GDP or roughly \$300 billion per year between 2010 and 2013.<sup>7</sup> Some of the funds would be used to keep the deficit from wrecking the economy or undermining future standards of living, and some would be devoted to new investments in education, health care, and the like.

Why can't this be achieved simply by raising taxes? First of all, poll after poll shows that the public is not enamored of new taxes, with the result that both presidential candidates have pledged either to reduce taxes across the board (John McCain) or to reduce them for the middle class (Barack Obama). Although Senator Obama would raise taxes on people with incomes above \$250,000 a year, and both candidates have talked about the need to close corporate loopholes, these increases would only partially pay for Obama's spending increases and tax cuts, including those that would target the elderly making less than \$50,000 a year.<sup>8</sup>

Even if the higher taxes that our 2 percent scenario requires were politically feasible, they would impose burdens on typical working-age Americans that many would find untenable. Their incomes have been stagnant, and their jobs and incomes are increasingly insecure. Further reducing their take-home pay to fund these investments is not a happy prospect.

Another hope among progressives is that a major overhaul of America's broken health care system will free up resources that can then be devoted to other national priorities. This, too, is wishful thinking. Most improvements in the health care system – from the adoption of electronic medical records to covering the currently uninsured – will actually cost more than the current system.<sup>9</sup> Over the long-haul, learning what works to improve health, and linking reimbursement of providers to evidence that treatments are effective, could indeed bring down costs, but not any time soon.<sup>10</sup> In the meantime, one of the most effective ways of getting more value for each health dollar spent is to put more emphasis on education rather than on health care per se. Education is associated with major improvements in people's health, independent of their income, their age, or the amount of health care they receive – probably because the more educated are more likely to adopt healthy life styles and to be intelligent users of whatever health care they consume.

Still a third contention is that an end to the war in Iraq will free up resources that can be used for other purposes. The problem with this argument is two-fold. First, the savings are not likely to be as large as many people think. We would be fortunate to recapture \$100 billion from this source – about one third of the amount needed.<sup>11</sup> Second, and more importantly, any savings will be smaller than expected because only a portion of the expenditures for the war are included in the long-term budget baseline.

A final possibility is that our elected officials, faced with such daunting numbers, will simply say, in effect, "deficits be damned." What harm do they do anyway? In this case, advocates for children would do well to remember that it is the young who will suffer the consequences. By increasing the national debt, and the amount we owe to foreigners, deficits act like a stealth tax on the next generation. Already interest payments are the fastest growing item in the federal budget,<sup>12</sup> and we are financing most of each year's deficit by borrowing from countries such as China and Saudi Arabia. Eventually we will have to pay them back, with interest.

The preceding statements should not be misinterpreted. In my view, we can and should raise more revenues both to move the budget toward balance and to fund some new investments. We can and should reform the health care system to cover the uninsured, improve quality, and contain health care costs. And we can and should wind down the war in Iraq. But these steps will not be sufficient if we want to fund a robust agenda of investments in children. For this reason, advocates for the younger generation need, in addition, to consider ways in which we can rein in future commitments to the elderly while simultaneously protecting lower-income seniors, the disabled, those in poor health, and the truly aged.

### **Dealing with Political Hot Potatoes and Forging a Bipartisan Compromise**

A good negotiator doesn't reveal in advance what he's willing to give up to get what he wants in return. Democrats in Congress are not going to preside over any dismantling of the New Deal or the Great Society that put in place today's Social Security and Medicare programs. Not only are these extremely popular with the public, but the fear exists that any savings produced by even modest changes in these programs will be devoted to providing tax cuts to those who need them least. This fear is understandable in the context of recent history. However, such political concerns should not stand in the way of a robust, substantive discussion of the relative needs and responsibilities of people when they are young and when they are old.

Still, from a Democratic perspective, any proposal to reform entitlements will need to be combined with assurances that the money can be reinvested in other areas. Similarly, Republicans are not going to support more investments in the young if they believe they will require a much bigger government and a substantially higher burden of taxation. From their perspective, any set of proposals to invest more in children needs to be accompanied by a commitment to reform entitlements. While hardly ideal from either party's perspective, this linking of entitlement reform with greater investments in the younger generation, including lower-income families in particular, has the makings of a political compromise with long-term benefits for the nation. With strong leadership from the White House, it has a good chance of success.

Still another oft-cited concern is that talking about reallocating resources between the young and the old entails pitting one group against another. However, this concern rests on a basic misunderstanding of the life cycle process. Almost everyone who is young will eventually become old. So, putting some transition issues aside for the moment, this is not about a competition between the young and the old, but rather about making more investments in people when they are young so that they will be in a better position to support themselves or others when they are older. Individuals have the capacity – if not always the foresight – to smooth consumption over the life cycle. They do not have the capacity to

eliminate differences in ability, health, and productivity that are the products of their differing genetic and cultural endowments, and equally importantly, in the kinds of societal investments made earlier in their lives. By adopting a life cycle perspective, we can move beyond stale arguments about generational warfare.

## Generational Equity: Reassessing the Relative Well-being of the Young and the Old

The old intergenerational contract has been in force since Social Security was enacted in the 1930s. It was expanded in the 1960s with Medicare and Medicaid (which covers nursing home care), and yet again in this decade with the addition of prescription drugs to Medicare. It is built on a number of assumptions: that no one should be expected to work after the age of 65; that most seniors have insufficient resources to pay for their own retirement or health care; and that younger Americans are, on average, better off than older Americans. The system thus relies almost entirely on contributions from working-age Americans to finance these benefits along with supporting the other major dependent population, their children. And for the most part, the old contract has been a huge success, enabling people to retire at a reasonable age and reducing insecurity in old age.

**Table 1: Select Comparative Statistics for the Elderly and Non-Elderly**

	<b>Under 65</b>	<b>65 and Older</b>
Poverty rate <sup>1</sup>	12.7%	9.4%
Average income per household member <sup>2</sup>	\$26,350	\$24,095
Mean income <sup>2</sup>	\$72,906	\$41,928
Median income <sup>2</sup>	\$54,726	\$27,798
Average annual change in real income (1994 – 2006) <sup>3</sup>	0.74%	1.11%
Average annual change in real income (2000 – 2006) <sup>3</sup>	-0.71%	0.47%
Median net worth (in thousands) <sup>4</sup>	\$69.40	\$190.10
Homeownership <sup>5</sup>	64.3%	80.0%
Percentage of homeowners with no mortgage <sup>5</sup>	24.0%	75.0%
Percentage covered by health insurance <sup>6</sup>	82.2%	98.5%
Note: Data is for year 2006 unless otherwise noted		

Source(s):

<sup>1</sup> Author's calculations from U.S. Census Bureau, Table POV01

<sup>2</sup> U.S. Census Bureau, Table HINC-01

<sup>3</sup> Author's calculations from U.S. Census Bureau, Historical Income Table H-10 and Table HINC-01, 1995 - 2007.

<sup>4</sup> Data from 2004; data for those under 65 and 65 and older were not available for this statistic, so the age groups 35-44 and 65-74 were used. See Brian K. Bucks, Arthur B. Kennickell, and Kevin B. Moore, "Recent Changes in U.S. Family Finances: Evidence from the 2001 and 2004 Survey of Consumer Finances," Table 1, Federal Reserve Bulletin, vol. 92, February 2006.

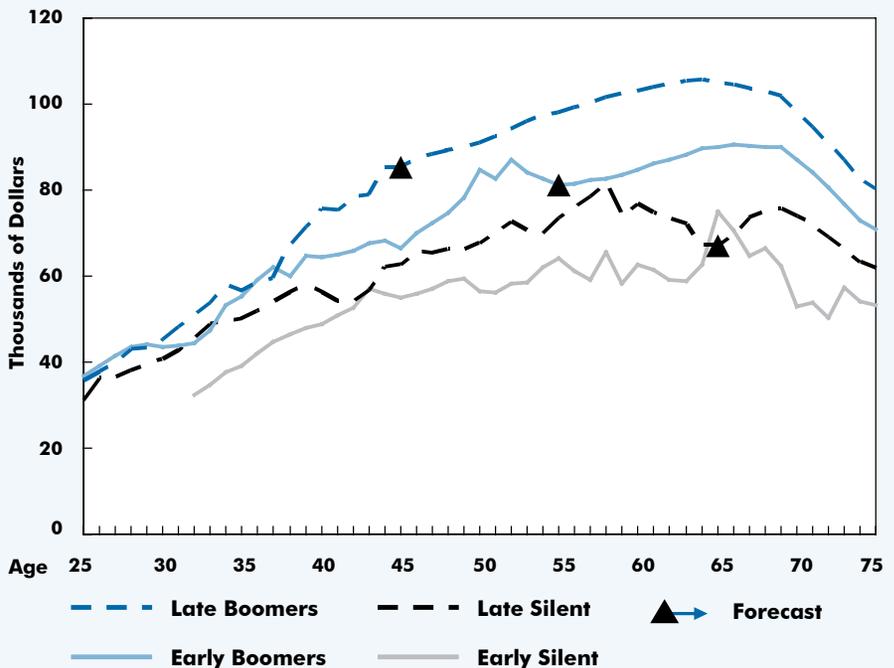
<sup>5</sup> Author's calculations from the Consumer Expenditure Survey

<sup>6</sup> U.S. Census Bureau, Table HI05

Nevertheless, the contract hasn't kept up with the times. First, consider the facts about today's elderly. Like other age groups, they are a very diverse population. But whether we look at their income, their assets, their health, their longevity, or their own preferences to stay connected to work and community,<sup>13</sup> the elderly, as a group, have far more capacity to contribute to society than in the past. For example, the median household income of those 65 or over has increased 79 percent since 1967, while the median income of those in their prime earning years, aged 35 to 44, has increased by only 54 percent.<sup>14</sup> Even more striking is the decline in poverty among the elderly, from 35 percent in 1959 to 9 percent in 2006.<sup>15</sup> (Granted, if we excluded the Social Security benefits that the elderly receive, their poverty rate would be considerably higher.<sup>16</sup>) Compare this poverty rate of 9 percent to the much higher rate of 13 percent experienced by nonelderly households. Finally, 80 percent of people 65 and over own their own homes and three-quarters of these elderly homeowners own them free and clear of a mortgage.

Tomorrow's elderly – meaning today's baby boom generation – will be the wealthiest generation in history. Projections by the McKinsey Global Institute indicate that by age 65, average disposable income for late baby boomer households will be a little

**Chart 1**  
**Real Disposable Annual Income Per Household by Cohort**



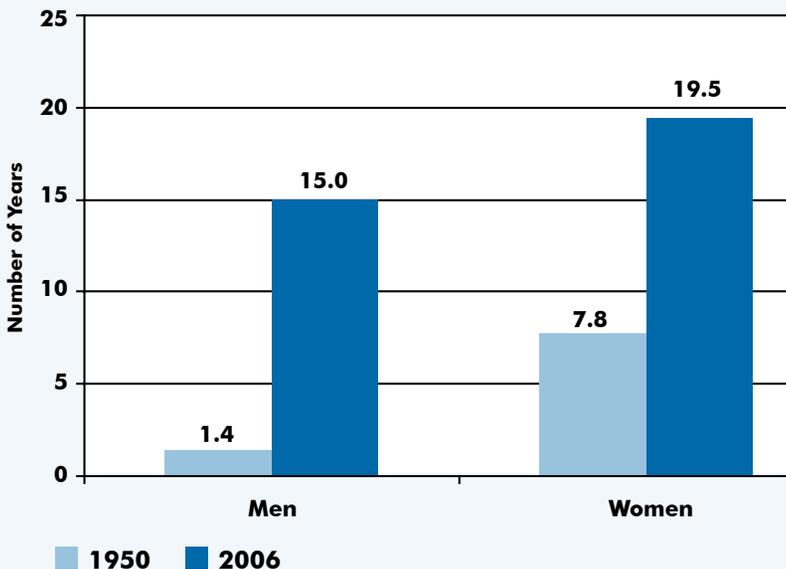
Note: Late Boomers born from 1955 through 1964; early boomers born from 1945 to 1954; late silent born from 1935 to 1944; early silent born from 1925 to 1934. See Appendix A, Chart 1.

Source: Diana Farrell et al, "Talkin' 'Bout My Generation: The Economic Impact of Aging US Baby Boomers," Exhibit 2, McKinsey Global Institute, June 2008.

over \$100,000 a year or about 50 percent higher than the incomes of those currently that age. Although incomes fall as people retire, even those in their 70s, according to McKinsey, will have average incomes of about \$80,000 a year. The problem, as the McKinsey report and others have noted, is that this generation is saving too little during their peak earning years with the result that there will likely be pressures not just to maintain but to increase the government benefits they receive. But the solution to inadequate saving is not additional government benefits. It is policies that encourage, or even mandate, greater savings when people are young. This must be part of the new intergenerational contract – the kind of personal responsibility that goes hand-in-hand with greater public investments in one’s earning capacity at a young age.

We must absolutely maintain a robust safety net for the elderly. But all the evidence suggests there are many older Americans who, with or without government assistance, will be comfortably well off in the future, assuming they have access to good jobs and save enough during their working years. Even now, there are more than one million people over the age of 65 with incomes exceeding \$100,000 a year.<sup>17</sup>

**Chart 2**  
**Average Number of Years Spent in Retirement: 1950 and 2006**



Note: Median age at death defined as when the survival rate is equal to 0.5.  
See here for more: [http://www.ssa.gov/OACT/NOTES/as120/images/LD\\_fig4a.html](http://www.ssa.gov/OACT/NOTES/as120/images/LD_fig4a.html).

Note: Average age for benefits awarded used for average retirement age.  
See here for more: <http://www.ssa.gov/OACT/ProgData/awardDef.html>.

See Appendix A, Chart 2.

Not only are the elderly economically better off than they used to be, they are living longer and healthier lives as well. In 1940, a 65-year-old could expect to live until age 78. Future retirees will live well into their 80s.<sup>18</sup>

Moreover, not only are today's elderly living longer, they are living better. Many of the elderly are experiencing what experts, such as Stanford researcher James Fries, call "compressed morbidity" – meaning that there has been a decline in disability rates among those over the age of 65.<sup>19</sup> Because this decline in disability has exceeded the decline in mortality, it has extended not just life, but healthy life and the ability to work. We should celebrate this progress, some of it made possible by the fact that the elderly – unlike the non-elderly – have universal access to health care through Medicare.

But while the elderly have improved their situation greatly since the intergenerational contract was first formed, working America has also gone through immense changes. In the economy of the 1950s or 1960s, the United States dominated world markets, jobs tended to last a lifetime, a high school education was sufficient for achieving a middle-class lifestyle, and firms could readily afford to provide generous benefits, in the form of health care and defined-benefit pension plans, to their employees. Similarly, schools worked better for a number of reasons, including the fact that there were fewer immigrants, and educated women had few professional job opportunities outside of teaching. Today, the United States has seen high school graduation rates decline over the last few decades, and it no longer leads the world in the proportion of high school graduates who go on to college.<sup>20</sup>

This is part of the reason why over the past three decades, young men have seen their wages stagnate. They are earning less, in inflation-adjusted terms, than their father's generation did at the same age.<sup>21</sup> Family incomes have crept up, but only because more women have gone to work. Poverty rates are now stuck at 1970s levels. Income inequality is as high as it was in the 1920s. And access to affordable health insurance has been sharply eroded. On a range of indicators from education to health care to rates of poverty, on average, children in the U.S. rank 18 when compared to children in 21 other advanced countries.<sup>22</sup> In addition, a college or other advanced degree has become the critical ticket to a good job and a middle-class life style, while the cost of higher education has escalated beyond the reach of many of today's families.

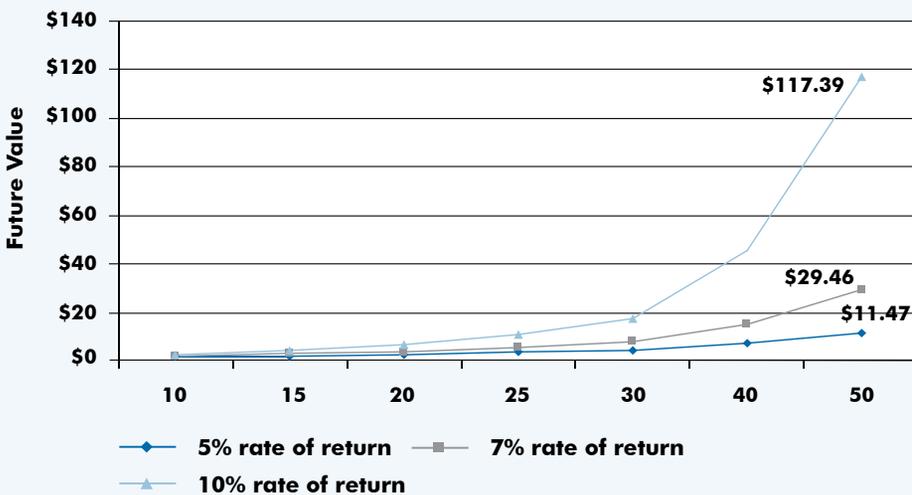
As a result of all these changes, the role of the government in providing economic mobility to workers or better education and job training for their children is more essential than ever. And yet, the historic commitment made to the elderly in the old intergenerational contract is placing a real burden on the working-age population. Although many people believe that Social Security and Medicare benefits are fully funded by the payroll taxes they have paid into the system, the reality is that these programs are not prefunded. Each dollar of benefits that goes to the elderly must come out of the income of younger, tax-paying Americans. So, the importance of balancing the needs of one group against the other must become part of our thinking. Those

progressives who argue that the way to handle the needs of both groups is to raise taxes to a much higher level seem to forget that the people who will pay those taxes are already struggling economically.

## The Miracle of Compound Interest

One of the strongest arguments in favor of gradually reallocating resources from the old to the young is the growth dividend that this can produce. In particular, eliminating the deficit any time soon is not a realistic proposition, but borrowing to make the young more productive is qualitatively different from borrowing to enable the old to consume. It is the reason that people take out loans to go to college but not (one hopes) to go on a cruise or buy a new set of golf clubs. When the nation invests in the young, assuming those investments are wisely chosen, the power of compound interest insures that future earnings and GDP will be greatly enhanced as a result. Most economists believe that the rate of return on investments in education, for example, is at least 10 percent. Moreover, the value of such investments can compound over time, since learning begets more learning, both in school and in the work force. Assume conservatively, and with some discounting of future benefits, that the nation could earn a rate of return of 5 percent on such investments. At the end of 20 years (when today's infants will be entering college and today's ten-year olds will be at the start of their careers), the value of \$1 would be \$2.65. At the end of 40 years, it would be \$7. While I would not want to argue that all government programs targeted on children and younger families can achieve these kinds of returns, the point is that investing early should still pay big dividends.

**Chart 3**  
Number of Years Investment is Allowed to Grow



Source: [http://www.moneychimp.com/calculator/compound\\_interest\\_calculator.htm](http://www.moneychimp.com/calculator/compound_interest_calculator.htm)  
See Appendix A, Chart 3.

## High Priority Investments and How to Pay for Them in a Fiscally Responsible Way

In an earlier publication, First Focus noted that the children's share of the federal budget has been declining for 45 years. In inflation-adjusted terms, spending on children increased by 1.4 percent from 2004 to 2008, while total spending increased by 12.2 percent. Moreover, the declining share of federal resources devoted to children shows no signs of abating any time soon.<sup>23</sup>

The good news about most programs for children is that they are relatively cheap. Total federal spending on children in fiscal year 2008 will total \$233.2 billion.<sup>24</sup> Compare this to the \$1,067 billion we will spend on Medicare and Social Security in the same year.<sup>25</sup> Just the increase in spending on these two programs over the next four years will exceed all spending on children.<sup>26</sup>

What this means is that one could fund major increases in spending on children with very modest changes in programs for the elderly. In an earlier paper on cost-effective investments in children my colleague, Julia Isaacs, suggested spending an additional \$29 billion a year by 2012 in programs for children as shown in Table 2.<sup>27</sup>

<b>Table 2: High Priority Investments and How to Pay for Them</b>	
<b>Cost-Effective Investments:<sup>1</sup></b>	
Early Childhood Education	20
Infant and Toddler Programs	4
K-12 School Reform	4
Teen Pregnancy Prevention	2
<b>Total</b>	<b>29</b>
<b>Possible Ways to Pay for Them:<sup>2</sup></b>	
Tax Social Security and Railroad Retirement Benefits Like Defined-Benefit Pensions	36.6
Base Social Security COLAs on an Alternative Measure of Inflation	9.3
<b>Total</b>	<b>45.9</b>
Note: All figures in billions and for year 2012.	

Source:

<sup>1</sup> Julia Isaacs, "Cost-Effective Investments in Children," Table 1, Budgeting for National Priorities, January 2007.

<sup>2</sup> CBO, "Budget Options," Option 18 and 650-4, February 2007.

The majority of these funds (\$20 billion) would be spent on early childhood education for which strong evidence exists that the benefits greatly exceed the costs. Indeed, this is a case where the miracle of compound interest is almost guaranteed to work. Not only are the benefit-cost ratios associated with such investments high, but additional work at Brookings on the likely effects of such investments on future educational attainment and economic growth suggest that they would have dramatic and positive long-term effects on GDP and on revenues.<sup>28</sup> The remainder of the \$28 billion would be spent on nurse home visiting programs for those 0 to 2; on effective school reforms, such as Success for

All; on teacher quality initiatives; and on youth development programs that would have a variety of benefits, including reducing teenage pregnancy. Where there is insufficient evidence about the likely effects of different approaches, Isaacs proposes a serious federal investment in demonstration programs.

This investment, which would represent a 7 percent increase in funds devoted to children at the federal level, would require a 2 percent reduction in spending on today's elderly – hardly a big sacrifice among those who are, for the most part, already concerned about the future of the country and the prospects for their grandchildren.<sup>29</sup> Indeed, one way to structure the financing would be to make some portion of it voluntary. That is, retirees who are currently receiving Social Security could be given the option of devoting some or all of their checks to a special fund dedicated to programs for children. Needless to say, no one knows how many people would contribute and in what amounts.

Two other options would impose minimal sacrifices on the elderly, while providing more than sufficient funds to pay for an agenda of enhanced investments in children. One would entail leveling the playing field between elderly and nonelderly citizens with the same incomes by taxing Social Security benefits more fully. Currently, only half of these benefits are taxed for those with incomes above \$25,000 (\$32,000 for a couple), and 85 percent are taxed for those with incomes above \$34,000 (\$44,000 for a couple). Fully taxing these benefits, after an exemption for the individual contributions made into the system, would raise \$36.6 billion in 2012. (See Table 2)

A second option would be to change the way Social Security benefits are indexed for inflation. Many experts believe that the current consumer price index for urban wage earners and clerical workers (CPI-W), which is used to adjust benefits, now overstates the rate of inflation because it fails to account for the fact that people's spending patterns shift in response to a change in prices. For example, when gas prices increase, they drive less or purchase more fuel-efficient cars. An index that more accurately accounts for these changes in purchasing patterns would, if introduced now, save \$9.3 billion by 2012 (and somewhat less if introduced at a later date). If this COLA reform were introduced for Social Security, it should also be introduced as a better way to index all benefit and tax changes. The extra resources that this would provide could be used to protect low-income beneficiaries.

These short-term steps need to be combined with longer-term efforts to slow the growth of entitlement spending in a way that will bring projected deficits under control, reassure financial markets, and restore confidence in government. Policy changes to accomplish these objectives need to be enacted now and phased in very gradually so that they enable people to plan for the future. This will also permit short-term investments in the younger generation to begin to affect their productivity and thus their ability to afford their own and their parents' retirements. In other words, the gradual phase in of these reforms, combined with

upfront investments in children, is exactly what is needed to ensure that those receiving the extra help when they are young are the same people who are asked to contribute more as they age. To jump start the process, it may be necessary to ask for some new taxes, some belt-tightening among the currently retired population, and some forbearance of continuing deficits in the short-run. But over time, each generation would be expected to invest in the next while in their prime earning years, in return for which the younger generation would be expected to take more responsibility for themselves as they aged.

The major Social Security options that should be debated include a gradual increase in the normal retirement age (now about 66) so that increased longevity does not lead to ever-higher lifetime benefits; progressive indexing of Social Security benefits that maintains future benefits for the less advantaged, but entails a slower rate of growth in benefits for the most affluent; and changes in a variety of policies that might encourage later retirement. Currently, most people retire at age 62 or 63. Some of this appears to be induced by the fact that the eligibility age for early retirement is 62. Even though people get actuarially reduced benefits as a result, the eligibility age sends a strong signal that may have led to a change in social norms about the appropriate time to retire. In the meantime, people are living longer and healthier lives, and far fewer jobs require the kind of physical strength or stamina that may have necessitated such early retirement in the past.<sup>30</sup>

The challenge of slowing the growth of Medicare will be much greater than the problem of restoring solvency to the Social Security system. Like Social Security, Medicare is affected by the aging of the population. However, in addition, its explosive growth is fueled by rapidly rising health care costs per person. Many experts now believe that the most promising long-term approach to this problem is to learn what works and to base reimbursement policies for providers on this knowledge. Because Medicare is the single largest payer in the system, it can lead the way in collecting this evidence and redesigning reimbursement policies accordingly.

## Conclusion

By revising the intergenerational contract, we can create a better future for all of our citizens. By investing wisely in children, we can enhance their productivity and enable them to contribute more to their own support and that of their parents in old age. The increase in GDP estimated to result from a high quality preschool experience to all three and four year olds is estimated to be more than \$2 trillion by 2080.<sup>31</sup> This extra GDP will provide the higher incomes and increased revenues (a net fiscal dividend of \$341 billion and much higher earnings) needed to pay for an aging population.<sup>32</sup> Current commitments to the elderly will need to be scaled back somewhat, but our best chance of making them affordable is to make the needed investments in the youngest generation now.

- <sup>1</sup> See Celinda Lake polling data as reported to PAES, [http://www.partnershipforsuccess.org/docs/ivk/iikmeeting\\_slides200801lake.pdf](http://www.partnershipforsuccess.org/docs/ivk/iikmeeting_slides200801lake.pdf).
- <sup>2</sup> The Committee for Economic Development has done much research on this subject; see <http://www.ced.org/publications/subject.shtml#educ>. Also see Julia Isaacs, “Cost-Effective Investments in Children,” Budgeting for National Priorities, January 2007; James H. Heckman and Dimitriy V. Masterov, “The Productivity Argument for Investing in Young Children,” Working Paper No. 5, Committee for Economic Development, Invest in Kids Working Group, 2007; Isabel Sawhill and Jens Ludwig, “Success by Ten: Intervening Early, Often, and Effectively in the Education of Young Children,” Hamilton Project Discussion Paper, February 2007.
- <sup>3</sup> Isabel Sawhill and Emily Monea, “Old News,” *Democracy*, No. 9, Summer 2008.
- <sup>4</sup> In Kids’ Share 2007, the “squeeze” – in which spending on non-child Social Security, Medicare and Medicaid, defense, international, and interest on the debt will completely consume all revenue – was projected to occur in 2017; in the 2008 report, the squeeze is now projected to occur in 2021. See Adam Carasso, C. Eugene Steuerle, Gillian Reynolds, Tracy Vericker, and Jennifer Macomber, “Kids’ Share 2008,” Figure 19, June 2008.
- <sup>5</sup> Max Sawicky states that the basic principle of deficit sustainability is that debt may increase at the same rate as GDP without creating a problem. Thus, if debt is approximately 40 percent of GDP and nominal GDP growth is 5 percent, on average, a sustainable deficit should be about 2 percent of GDP. See Max B. Sawicky, “Collision Course: The Bush Budget and Social Security,” EPI Briefing Paper #156, March 16, 2005.
- <sup>6</sup> In The United Kingdom in 1999, former Prime Minister Tony Blair initiated a campaign to end child poverty. The government has subsequently spent an extra 0.9 percent of GDP per year for low-income families with children. As a result, the poverty rate for U.K. children fell to 11 percent by 2004–2005, while the official U.S. child poverty rate was 18 percent in 2005. See John Hills, “The Blair Government and Child Poverty” in *One Percent for the Kids*, Isabel Sawhill, ed., The Brookings Institution, 2003; Timothy M. Smeeding, “Poorer by Comparison: Poverty, Work, and Public Policy in Comparative Perspective,” *Pathways*, Winter 2008.
- <sup>7</sup> Author’s calculations from Brookings-Urban Tax Policy Center, Budget Outlook Tables, March 2008, Appendix 2.
- <sup>8</sup> Isabel Sawhill, “Candidate Issue Index: Fiscal Responsibility,” Opportunity 08 Candidate Views Index, July 2008.
- <sup>9</sup> James J. Mongan, Timothy G. Ferris, and Thomas H. Lee, “Options for Slowing the Growth of Health Care Costs,” *New England Journal of Medicine*, April 3, 2008 (1509 – 1514); Henry J. Aaron, “The Rising Cost of Health Care: Is it a Problem?” Remarks to the 2004 Annual Meeting, Institute of Medicine, October 2004; CBO, “Evidence on the Costs and Benefits of Health Information Technology,” May 2008.
- <sup>10</sup> CBO, “Research on the Comparative Effectiveness of Medical Treatments,” December 2007.
- <sup>11</sup> Even the Obama campaign estimates that ending the war in Iraq would free up only about \$90 billion per year. See Peter Nicholas, “Adding Up the Cost of Obama’s Agenda,” *Los Angeles Times*, July 8, 2008.
- <sup>12</sup> CBO, “The Budget and Economic Outlook: Fiscal Years 2008 to 2018,” January 2008.
- <sup>13</sup> For example, eight in ten boomers say their idea of retirement involves some kind of work, whether part-time or full-time. See Divided We Fail, “Savings, Pensions, and Work,” [http://www.aarp.org/issues/dividedwefail/about\\_issues/divided\\_we\\_fail\\_platform\\_savings\\_pensions\\_and\\_work.html](http://www.aarp.org/issues/dividedwefail/about_issues/divided_we_fail_platform_savings_pensions_and_work.html).

- <sup>14</sup> Author's calculations from U.S. Census Bureau, Historical Income Table H-10.
- <sup>15</sup> U.S. Census Bureau, Table POV01 and Historical Poverty Table 3.
- <sup>16</sup> A paper by Gary Engelhardt and Jonathan Gruber estimates that a \$1,000 increase in Social Security benefits is associated with a 2 to 3 percentage point reduction in poverty rates for elderly households. Applying this estimate to the change in Social Security benefits between 1967 and 2000 suggests that the increase in benefits can explain all of the 17 percentage point decline in poverty that occurred during this period. Source: Gary V. Engelhardt and Jonathan Gruber, "Social Security and the Evolution of Elderly Poverty," NBER Working Paper No. 10466, May 2004. According to the CBPP, without Social Security, the elderly rate of the poverty would be much closer to 50 percent. Source: Arloc Sherman and Isaac Shapiro, "Social Security Lifts 13 Million Seniors Above the Poverty Line: A State-by-State Analysis," Center on Budget and Policy Priorities, February 24, 2005.
- <sup>17</sup> U.S. Census Bureau, Current Population Survey, 2007 Annual Social and Economic Supplement, Table PINC-02.
- <sup>18</sup> Felicitie C. Bell and Michael L. Miller, "Life Tables for the United States Social Security Area 1900–2100," Actuarial Study No. 120, Table 10, August 2005.
- <sup>19</sup> See James F. Fries, "Measuring and Monitoring Success in Compressed Morbidity," *Annals of Internal Medicine*, 139(5), September 2, 2003, p. 455–459.
- <sup>20</sup> Edward B. Fiske, "A Nation at a Loss," *The New York Times*, April 25, 2008.
- <sup>21</sup> Julia Isaacs, "Economic Mobility of Men and Women," *Getting Ahead or Losing Ground: Economic Mobility in America*, February 2008.
- <sup>22</sup> Child Well-Being in Rich Countries, UNICEF Report Card No. 7, 2007.
- <sup>23</sup> First Focus, "Children's Budget 2008," April 2008.
- <sup>24</sup> *Ibid.*
- <sup>25</sup> Author's calculations from CBO, "An Analysis of the President's Budgetary Proposals for Fiscal year 2009," data from Baseline Projections of Mandatory Outlays, March 2008.
- <sup>26</sup> *Ibid.*
- <sup>27</sup> Note that the expenditure of a full extra 0.5 percent of GDP on children, would leave roughly \$55 billion to allocate toward other programs or initiatives compared with what is detailed here.
- <sup>28</sup> William T. Dickens, Isabel Sawhill, and Jeffrey Tebbs, "The Effects of Investing in Early Education on Economic Growth," The Brookings Institution, April 2006.
- <sup>29</sup> Author's calculations from Adam Carasso, C. Eugene Steuerle, Gillian Reynolds, Tracy Vericker, and Jennifer Macomber, "Kids' Share 2008," data from Figure 14, June 2008 and Julia Isaacs, "Cost-Effective Investments in Children," *Budgeting for National Priorities*, January 2007.
- <sup>30</sup> After a detailed study of this issue for the Center for Retirement Research at Boston College, John Turner concludes: "The question of whether more workers could work past age 62 has two parts. First, how have older workers' capabilities changed? Second, how have job requirements changed? Overall, individuals in their fifties and sixties are effectively younger than people the same age 25 years ago in terms of life expectancy, disability rates, and self-reported health. These findings are consistent across gender and racial/ethnic groups. Along with health, employment has become less physically-demanding, except for those with relatively little education." John A. Turner,

“Promoting Work: Implications of Raising Social Security’s Early Retirement Age,” August 2007. Also, see Gary Burtless and Joseph P. Quinn, “Is Working Longer the Answer for an Aging Workforce?” Center for Retirement Research at Boston College, December 2002.

<sup>31</sup> This increase in GDP is the authors’ “preferred estimate.” See Isabel V. Sawhill, Jeffrey Tebbs, and William T. Dickens, “The Effects of Investing in Early Education on Economic Growth,” Brookings Policy Brief #153, April 2006.

<sup>32</sup> The authors calculate that the extra GDP will produce approximately \$400 billion extra in revenue in 2080. The net cost of the program is estimated to be \$59 billion in 2080, producing a fiscal surplus of \$341 billion in that year. See Sawhill, Tebbs, and Dickens (2006).

## Appendix A

<b>Chart 1: Today's Baby Boom Generation Will Be the Wealthiest Generation in History</b>				
<b>Age</b>	<b>Early Silent (Born 1925 - 1934)</b>	<b>Late Silent (Born 1935 - 1944)</b>	<b>Early Boomers (Born 1945 - 1954)</b>	<b>Late Boomers (Born 1955 - 1964)</b>
25		31.1	36.7	35.6
26		36.0	39.2	37.7
27		36.4	41.5	39.7
28		38.0	43.5	42.9
29		39.3	44.2	43.3
30		40.7	43.5	45.4
31		42.6	43.9	48.1
32	32.3	45.6	44.5	51.3
33	34.7	48.8	47.3	53.8
34	37.7	49.0	53.2	57.9
35	39.1	50.1	55.2	56.5
36	42.1	51.7	59.2	58.3
37	44.7	53.7	62.2	59.5
38	46.5	56.3	60.1	67.5
39	47.9	57.9	64.8	71.5
40	48.9	56.0	64.5	75.7
41	51.0	54.1	65.0	75.2
42	52.7	54.1	65.8	78.1
43	57.2	56.8	67.8	78.9
44	55.9	62.0	68.4	85.4
45	54.9	62.5	66.4	85.4
46	55.8	65.6	69.9	87.0
47	57.1	65.3	72.3	88.3
48	58.9	66.3	74.8	89.2
49	59.4	66.2	78.3	89.8
50	56.5	67.6	84.7	90.9
51	56.1	70.2	82.8	92.4
52	58.1	72.7	87.1	94.1
53	58.7	70.7	84.1	95.9
54	62.0	69.9	82.5	97.2
55	64.1	73.6	81.2	98.0
56	61.1	76.0	81.6	99.0
57	59.1	78.5	82.3	100.1

**Chart 1 continued**

58	65.6	81.8	82.8	101.5
59	58.2	73.9	83.5	102.2
60	62.8	76.7	84.6	103.0
61	61.6	74.8	86.3	103.8
62	59.3	73.4	87.2	104.5
63	58.9	72.1	88.3	105.3
64	62.6	67.1	89.6	105.6
65	75.0	67.2	90.0	104.9
66	70.7	69.6	90.5	104.3
67	64.7	73.5	90.2	103.6
68	66.5	74.9	90.1	102.8
69	62.3	75.7	89.9	101.8
70	52.8	73.9	87.0	98.1
71	53.7	71.8	84.3	94.7
72	50.4	69.2	80.6	90.9
73	57.4	66.3	76.9	86.9
74	54.0	63.1	72.9	82.5
75	53.3	61.8	70.9	80.3

Note: Late Boomers born from 1955 through 1964; early boomers born from 1945 to 1954; late silent born from 1935 to 1944; early silent born from 1925 to 1934.

Source: Diana Farrell et al, "Talkin' 'Bout My Generation: The Economic Impact of Aging US Baby Boomers," Exhibit 2, McKinsey Global Institute, June 2008.

**Chart 2: The Average Number of Years Spent in Retirement Has Grown Dramatically****Men**

	<b>Median Age at Death<sup>1</sup></b>	<b>Average Retirement Age<sup>2</sup></b>	<b>Years Spent in Retirement</b>
1950	70.1	68.7	1.4
1960	70.7	66.8	3.9
1970	71.0	64.4	6.6
1980	73.5	63.9	9.6
1990	75.5	63.7	11.8
2000	77.6	64.1	13.5
2006	78.5	63.5	15.0
2020	76.5	63.5	13.0

**Women**

	<b>Median Age at Death<sup>1</sup></b>	<b>Average Retirement Age<sup>2</sup></b>	<b>Years Spent in Retirement</b>
1950	75.8	68.0	7.8
1960	77.8	65.2	12.6
1970	79.2	63.9	15.3
1980	81.3	63.5	17.8
1990	82.4	63.5	18.9
2000	82.7	63.8	18.9
2006	82.9	63.4	19.5
2020	80.8	63.4	17.4

Note: Median age at death defined as when the survival rate is equal to 0.5.

See here for more: <[http://www.ssa.gov/OACT/NOTES/as120/images/LD\\_fig4a.html](http://www.ssa.gov/OACT/NOTES/as120/images/LD_fig4a.html)>.

Note: Average age for benefits awarded used for average retirement age.

See here for more: <<http://www.ssa.gov/OACT/ProgData/awardDef.html>>.

<sup>1</sup> Felicitie C. Bell and Michael L. Miller, Life Tables for the United States Social Security Area 1990-2100, Actuarial Study No. 120, Table 14, SSA, August 2005, <[http://www.ssa.gov/OACT/NOTES/as120/LifeTables\\_Tbl\\_14.html#wp1046284](http://www.ssa.gov/OACT/NOTES/as120/LifeTables_Tbl_14.html#wp1046284)>

<sup>2</sup> Social Security Administration, "Annual Statistical Supplement to the Social Security Bulletin, 2007," Table 6.B5, April 2008.

### Chart 3: The Miracle of Compound Interest: A \$1 Initial Investment

Initial investment = \$1

Rate of Return	Years	Final Amount
5%	10	\$1.63
	15	\$2.08
	20	\$2.65
	25	\$3.39
	30	\$4.32
	40	\$7.04
	50	\$11.47

7%	10	\$1.97
	15	\$2.76
	20	\$3.87
	25	\$5.43
	30	\$7.61
	40	\$14.97
	50	\$29.46

10%	10	\$2.59
	15	\$4.18
	20	\$6.73
	25	\$10.83
	30	\$17.45
	40	\$45.26
	50	\$117.39

Source: [http://www.moneychimp.com/calculator/compound\\_interest\\_calculator.htm](http://www.moneychimp.com/calculator/compound_interest_calculator.htm)

# The Case for Investing in Disadvantaged Young Children

by James J. Heckman, Ph.D.

In a series of papers with distinguished coauthors, I have developed the case for intervening in the lives of disadvantaged children. This paper reviews the arguments developed in Cunha, Heckman, Lochner, and Masterov (2006), Heckman and Masterov (2007), and Heckman (2000, 2008).

This body of research examines the origins of inequality and analyzes policies to alleviate it. Families play a powerful role in shaping adult outcomes. The accident of birth is a major source of inequality. Recent research by Cunha and Heckman (2007a) shows that in American society, about half the inequality in the present value of lifetime earnings is due to factors determined by age 18. It is possible that the figure is as high, or even higher, in Western Europe because labor market inequality is lower there. Compared to 50 years ago, a greater fraction of American children is being born into disadvantaged families where investments in children are smaller than in advantaged families. Growing unassimilated immigrant populations in Western Europe create similar adverse trends there. Policies that supplement the child rearing resources available to disadvantaged families reduce inequality and raise productivity.

The argument made in the cited papers can be summarized by the following 15 points:

1. Many major economic and social problems such as crime, teenage pregnancy, dropping out of high school, and adverse health conditions are linked to low levels of skill and ability in society.
2. In analyzing policies that foster skills and abilities, society should recognize the multiplicity of human abilities.
3. Currently, public policy in the United States and many other countries focuses on promoting and measuring cognitive ability through IQ and achievement tests. A focus on achievement test scores ignores important noncognitive factors that promote success in school and life.
4. Cognitive abilities are important determinants of socioeconomic success.

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*James J. Heckman, Ph.D. is Henry Schultz Distinguished Service Professor of Economics at the University of Chicago, Professor of Science and Society, University College Dublin, Senior Research Fellow, American Bar Foundation, and Alfred Cowles Distinguished Visiting Professor, Yale University.*

5. So are socioemotional skills, physical and mental health, perseverance, attention, motivation, and self-confidence. They contribute to performance in society at large and even help determine scores on the very tests that are commonly used to measure cognitive achievement.
6. Ability gaps between the advantaged and disadvantaged open up early in the lives of children.
7. Family environments of young children are major predictors of cognitive and socioemotional abilities, as well as of a variety of outcomes such as crime and health.
8. Family environments in the United States and many other countries around the world have deteriorated over the past 40 years. A greater proportion of children is being born into disadvantaged families, including minorities and immigrant groups.
9. Experimental evidence on the positive effects of early interventions on children in disadvantaged families is consistent with a large body of non-experimental evidence showing that the absence of supportive family environments harms child outcomes.
10. If society intervenes early enough, it can improve cognitive and socioemotional abilities, and the health of disadvantaged children.
11. Early interventions promote schooling, reduce crime, foster workforce productivity, and reduce teenage pregnancy.
12. These interventions are estimated to have high benefit-cost ratios and rates of return.
13. As programs are currently configured, interventions early in the life cycle of disadvantaged children have much higher economic returns than later interventions such as reduced pupil-teacher ratios, public job training, convict rehabilitation programs, adult literacy programs, tuition subsidies, or expenditure on police. The returns are much higher than those found in most active labor market programs in Europe (See Heckman, LaLonde, and Smith (1999) and Martin and Grubb (2001)).
14. Life cycle skill formation is dynamic in nature. Skill begets skill; motivation begets motivation. Motivation cross-fosters skill, and skill cross-fosters motivation. If a child is not motivated to learn and engage early on in life, the more likely it is that when the child becomes an adult, he or she will fail in social and economic life. The longer society waits to intervene in the life cycle of a disadvantaged child, the more costly it is to remediate disadvantage.
15. A major refocus of policy is required to capitalize on knowledge about the importance of the early years in creating inequality and in producing skills for the workforce.

The evidence assembled in this body of work substantially amends the analysis of *The Bell Curve* by Herrnstein and Murray (1994). Those authors made an important contribution to academic and policy analysis by showing that cognitive ability, as captured by achievement test scores measured in a child's adolescent years, predicts adult socioeconomic success on a variety of dimensions. Heckman, Stixrud, and Urzua (2006) and Borghans, Duckworth, Heckman, and ter Weel (2008) demonstrate that personality factors are also powerfully predictive of socioeconomic success and are as powerful as cognitive abilities in producing many adult outcomes. Achievement tests of the sort used by Herrnstein and Murray reflect both cognitive and noncognitive factors.

*The Bell Curve* assigned a primary role to genetics in explaining the origins of differences in human cognitive ability and a primary role to cognitive ability in shaping adult outcomes. If cognitive ability is genetically determined and is primary in shaping adult outcomes, public policy toward disadvantaged populations is limited to transfer payments to the less able. Recent research, summarized in the cited papers, establishes the power of socioemotional abilities and an important role for environment and intervention in creating abilities. The field of epigenetics demonstrates how genetic expression is strongly influenced by environmental influences and that environmental effects on gene expression can be inherited. The cited papers show that high quality early childhood interventions foster abilities, and that inequality can be attacked at its source. Early interventions also boost the productivity of the economy.

### **Enriching Early Environments Can Partially Compensate for Early Adversity**

Experiments that enrich the early environments of disadvantaged children demonstrate causal effects of early environments on adolescent and adult outcomes, and provide powerful evidence against the genetic determinism of Herrnstein and Murray (1994). Enhancements of family environments improve child outcomes and affect both cognitive and noncognitive skills. Noncognitive skills – personality factors, motivation, and the like – are an important channel of improvement (See Heckman, Malofeeva, Pinto, and Savelyev (2008)).

The most reliable data come from experiments that substantially enrich the early environments of children living in low-income families. Two of these investigations, the Perry Preschool Program and the Abecedarian Program, are very informative for the purposes of this discussion because they use a random assignment design and collect long-term follow-up data. These longitudinal studies demonstrate substantial positive effects of early environmental enrichment on a range of cognitive and non-cognitive skills, schooling achievement, job performance, and social behaviors, long after the interventions ended. Data from Olds' Nurse Family Partnership Program (2002) and from non-controlled assessments of Head Start and the Chicago Child-Parent Centers programs confirm these findings.<sup>1</sup>

An estimated rate of return (the return per dollar of cost) to the Perry Program is in excess of 14 percent (Heckman, Moon, Pinto, and Yavitz (2008)).<sup>2</sup> This high rate of return is higher than standard returns on stock market equity (7.2 percent) and suggests that society at large can benefit substantially from such interventions. These are underestimates of the rate of return because they ignore the economic returns to health and mental health.

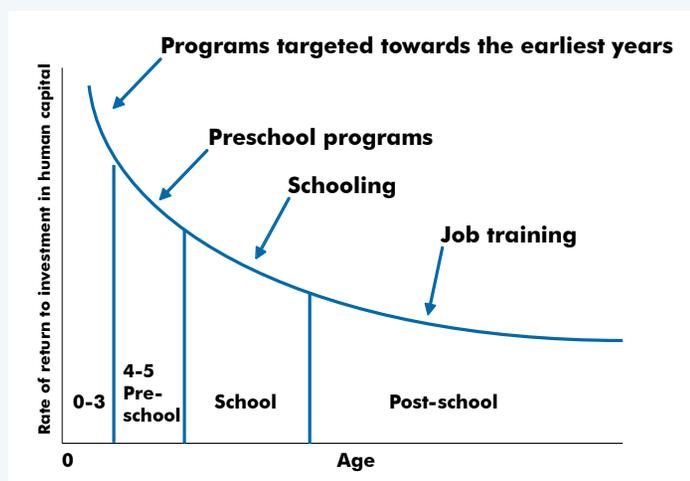
Several observations about the evidence from the intervention studies and nonexperimental longitudinal studies are relevant. Skills beget skills and capabilities foster future capabilities. All capabilities are built on a foundation of capacities that are developed earlier. Early learning confers value on acquired skills, which leads to (a) self-reinforcing motivation to learn more and (b) early mastery of a range of cognitive, social and emotional competencies making learning at later ages more efficient, and therefore easier and more likely to continue.

As currently configured, public job training programs, adult literacy services, prisoner rehabilitation programs, and education programs for disadvantaged adults produce low economic returns.<sup>3</sup> Moreover, for studies in which later intervention shows some benefits, the performance of disadvantaged children is still behind the performance of children who experienced earlier interventions in the preschool years. If the base is weak, the return on later investment is low.

The advantages gained from effective early interventions are best sustained when they are followed by continued high quality learning experiences. The technology of skill formation developed in Cunha and Heckman (2007b) and Heckman (2007) shows

### Figure 1a Returns to a Unit Dollar Invested

(a) Return to a unit dollar invested at different ages from the perspective of the beginning of life, assuming one dollar initially invested at each age



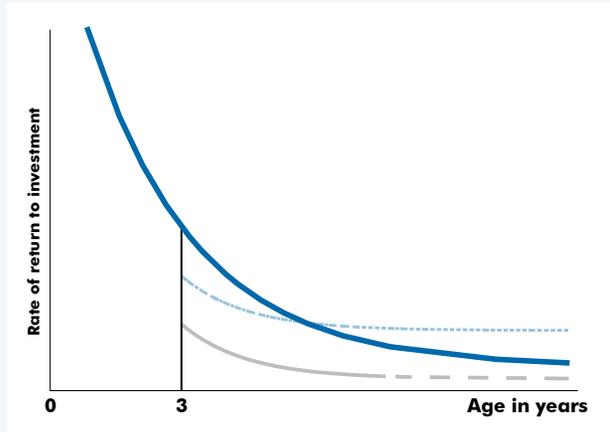
that the returns on school investment are higher for persons with higher ability, where ability is formed in the early years. Figure 1(a) shows the return to a marginal increase in investment at different stages of the life cycle starting from a position of low but equal initial investment at all ages.<sup>4</sup>

Due to dynamic complementarity, or synergy, early investments must be followed by later investments if maximum value is to be realized. One unusual feature of early interventions that is stressed in Cunha and Heckman (2007b) and Heckman and Masterov (2007) is that the traditional equity-efficiency tradeoff that plagues most policies is absent. Early interventions promote economic efficiency and reduce lifetime inequality. Remedial interventions for disadvantaged adolescents who do not receive a strong initial foundation of skills face an equity-efficiency tradeoff. They are difficult to justify on the grounds of economic efficiency and generally have low rates of return.

Cunha and Heckman (2008) and Cunha, Heckman, and Schennach (2007) estimate technologies of skill formation to understand how the skills of children evolve in response to (1) the stock of skills children have already accumulated, (2) the investments made by their parents, and (3) the stock of skills accumulated by the parents themselves.

### Figure 1b Returns to a Unit Dollar Invested

(b) Return to one more dollar of investment as perceived at different ages initially and at age 3



- Return to an extra dollar as viewed at age zero assuming one dollar of investment at each age and optimal equilibrium investment is greater than one dollar.
- - - Return to an extra dollar of investment as viewed at age 3 if optimal investment is made in the first three years (complementarity not too strong) and a dollar of investment is made at all ages (and is assumed to be less than the equilibrium amount).
- - - Return to an extra dollar of investment as viewed at age 3 if suboptimal investment is made in the first three years and a dollar of investment is made at all ages (as is assumed to be less than the equilibrium amount).

Figure 1(b) repeats the curve of Figure 1(a) on a different scale, and also shows the return to an extra dollar of investment at age three under two different scenarios. In the first scenario (depicted by the tightly-spaced dashed line), optimal investment up to age three is assumed to have been made. An additional dollar is invested at each age after age three and the return to the next dollar after that is computed. At age three, the curve starts below the curve 1(a) that is determined at age zero because substantial investment is assumed to have been made at age three. This is a manifestation of diminishing returns. After age three, the return eventually is greater than the initial curve for Figure 1(a) because of dynamic complementarity. The higher skill base at three enhances the productivity of later investment.<sup>5</sup>

The third curve (the curve with wider dashes) depicts a case with suboptimal investment in the years zero to three. Assuming that a dollar is initially invested in each year after age three, the return to the next dollar is less than the return viewed prospectively. When the initial base is substantially compromised, so are the returns to later investment.<sup>6</sup>

Table 1 presents a simulation of the model of Cunha, et al. (2007). It considers a population of disadvantaged children with low levels of skills as measured at ages four to six. The investments they receive place them at the bottom decile of the overall population ability distribution. Their mothers are also at the bottom decile of the distribution of maternal endowments. For the outcomes listed in the first column, the baseline (no treatment) performance is presented in the second column “Baseline.” These outcomes are those of the Perry control group.

Using an empirically determined technology, Cunha and Heckman (2006) simulate an intervention that moves children from the bottom decile of family resources to the seventh decile (from the bottom) in terms of their family environments. This produces the outcomes displayed in the third column of the table. This intervention essentially produces the outcomes for the Perry treatment group (see Schweinhart, Montie, Xiang, Barnett, Belfield, and Nores, 2005). The fourth column of Table 1 is a later adolescent intervention that also causes children to achieve Perry outcomes. To achieve Perry results in this fashion requires 35-50 percent more investment costs in present value terms discounted back to ages four to six (the age of the initial intervention). Family resources must be moved from the bottom decile to the ninth decile to achieve with later interventions what can be achieved with earlier interventions.

It is possible to remediate rather than to intervene early, but it is also much more costly. The outcomes displayed in the final column of the table result from allocating the resources spent in the adolescent intervention more smoothly over the life cycle of the child. Such interventions front load investment in the early years, following the logic of Figure 1(a) and the model developed in Cunha and Heckman (2007b) and Heckman (2007, 2008). Relatively more investment is spent in the early years, but early investments are supported by later investments.

Suppose that the resources required to produce Perry outcomes solely from adolescent interventions are spread more smoothly over the life cycle using an optimal investment strategy. This causes Perry-like children to attain middle class outcomes as is shown in the final column of numbers.

The evidence in the recent research literature supports the economic efficiency of early initial investment that is sustained. The optimal policy is to invest relatively more in the early years. But early investment must be followed up to be effective. This is a consequence of dynamic complementarity. Later remediation for early disadvantage is possible, but to attain what is accomplished by early investment is much more costly. If society intervenes too late, and individuals are at too low a level of skill, later investment can be economically inefficient. Middle class children receive massive doses of early enriched environments. Children from disadvantaged environments do not.

### Practical Issues in Implementing Early Childhood Programs

A variety of practical issues arise in implementing early childhood programs.

- **Who should be targeted?** The returns to early childhood programs are the highest for disadvantaged children who do not receive substantial amounts of parental investment in the early years. The proper measure of disadvantage is not necessarily family poverty or parental education. The available evidence suggests that the quality of parenting is the important scarce resource. The quality of parenting is not always closely linked to family income or parental education. Measures of risky family environments should be developed that facilitate efficient targeting.
- **With what programs?** Programs that target the early years seem to have the greatest promise. The Nurse Family Partnership Program (Olds, 2002), the Abecedarian Program, and the Perry Program have been evaluated and show high returns. Programs with home visits affect the lives of the parents and create a permanent change in the home environment that supports the child after center-based interventions end. Programs that build character and motivation that do not focus exclusively on cognition appear to be the most effective.
- **Who should provide the programs?** In designing any early childhood program that aims to improve the cognitive and socioemotional skills of disadvantaged children, it is important to respect the sanctity of early family life and to respect cultural diversity. The goal of early childhood programs is to create a base of productive skills and traits for disadvantaged children living in culturally diverse settings. By engaging private industry and other social groups that draw in private resources, create community support, and represent diverse points of view, effective and culturally sensitive programs can be created.

- **Who should pay for them?** One could make the programs universal to avoid stigmatization. Universal programs would be much more expensive and create the possibility of deadweight losses whereby public programs displace private investments by families. One solution to these problems is to make the programs universal, but to offer a sliding fee schedule by family income to avoid deadweight losses.
- **Will the programs achieve high levels of compliance?** It is important to recognize potential problems with program compliance. Many successful programs change the values and motivations of the child. Some of these changes may run counter to the values of parents. There may be serious tension between the needs of the child and the acceptance of interventions by the parent. Developing culturally diverse programs will help avoid such tensions. One cannot assume that there will be no conflict between the values of society as it seeks to develop the potential of the child and the values of the family, although the extent of such conflicts is not yet known.

## Summary

About 50 percent of the variance in inequality in lifetime earnings is determined by age 18. In shaping adult outcomes, the family plays a powerful role that is not fully appreciated in current policies around the world.

Current social policy directed toward children focuses on improving cognition. Yet more than intelligence is required for success in life. Gaps in both cognitive and noncognitive skills between the advantaged and the disadvantaged emerge early and can be traced in part to adverse early environments. A greater percentage of children in the United States and many other countries is being born into adverse environments.

The problems of rising inequality and diminished productivity growth are not due mainly to defects in public schools or to high college tuition rates. Late remediation strategies designed to compensate for early disadvantage such as job training programs, high school classroom size reductions, convict rehabilitation programs, adult literacy programs, and other active labor market programs are not effective, at least as currently constituted. Remediation in the adolescent years can repair the damage of adverse early environments, but it is costly. There is no equity-efficiency tradeoff for programs targeted toward the early years of the lives of disadvantaged children. There is a substantial equity-efficiency tradeoff for programs targeted toward the adolescent years of disadvantaged youth. Social policy should be directed toward the malleable early years.

Any proposed program should respect the primacy of the family. Policy proposals should be culturally sensitive and recognize the diversity of values in society. Effective strategies would engage the private sector to mobilize resources and produce a menu of programs from which parents can choose.

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<sup>1</sup> See Cunha, Heckman, Lochner, and Masterov(2006), and Heckman (2008) for a detailed discussion of these programs.

<sup>2</sup> See Heckman, Moon, Pinto, Savelyev, and Yavitz (2008b).

<sup>3</sup> See Cunha, Heckman, Lochner, and Masterov (2006) and Heckman and Lochner (2000) for evidence on the returns to adolescent interventions for disadvantaged youth.

<sup>4</sup> The curve is not an equilibrium schedule. It is a return to a unit of investment at each age assuming an initial low and equal investment at all ages that is below the final equilibrium level at each age. The equilibrium investment policy would allocate more resources to the early years and fewer to later years.

<sup>5</sup> The curve is drawn assuming moderate dynamic complementarity. In principle, the interval between age three and the crossing age could be made arbitrarily small.

<sup>6</sup> Many different configurations of the age three investment curve are possible depending on the extent of diminishing returns within a period and the strength of dynamic complementarity of investments over time.

# Achieving a High Return on Early Childhood Investment: Scholarships for Early Childhood Development

by Art Rolnick, Ph.D. and Rob Grunewald

## Introduction

Persuasive economic research indicates that there is a very promising approach to economic development that has been long overlooked. It rests not on a strategy of state and local governments offering public subsidies to attract private companies from other communities. It rests, rather, on government support of something much closer to home – quite literally: our youngest children. This research shows that by investing in early childhood development (referring to investments from prenatal to age 5), state and local governments can reap extraordinarily high economic returns: benefits that are low-risk and long-lived.

To achieve this end, we propose a market-based system that is customer (parent) focused and can readily be brought to scale. In particular, we propose scholarships to low-income families that cover tuition for children to attend qualified early childhood development (ECD) programs. In addition, the system provides parent mentors to each family to help with medical needs and parenting skills. The market-based nature of the scholarship system will promote better access to and quality of ECD programs. To fund this system we envision a permanently established endowment that assures a long-term commitment to both the customers and providers of ECD programs. Finally, we propose that the federal government provide grants to state and local governments willing to establish a scholarship endowment.

In this paper, we first review the evidence on the potentially high return to early childhood investment. Second, we present our market-based proposal for achieving these returns on a large scale. Third, we examine a pilot in Minnesota that is testing a scholarship system. We conclude with a discussion about how the federal government can help leverage early childhood investments at the state and local level.

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*Arthur J. Rolnick, Ph.D. is Senior Vice President and the Director of Research at the Federal Reserve Bank of Minneapolis, where Rob Grunewald is an Associate Economist. The views expressed are the authors' and not those of the Federal Reserve.*

## Early Childhood Sets the Tone

We don't pretend to have all the answers to economic development, but we are quite certain that investing in ECD is more likely to create a vibrant economy than is using public funds to lure a sports team by building a new stadium, or attracting an automaker by providing tax breaks. From a national perspective, these investments yield a zero public return.

ECD offers a much better return. First, a child's first few years are a sensitive period for brain development and set a trajectory for his or her success in school and later in life. Second, a series of longitudinal studies shows that well-focused and -funded investments in early childhood development programs produce substantial returns for disadvantaged children and, to even a greater degree, for the public.

The quality of life and the contributions a person makes to society as an adult can be traced back to the first few years of life. If a child from birth through age 5 receives support for development in cognition, language, motor skills, adaptive skills, and social/emotional functioning, he or she is more likely to succeed in school and in the workplace.<sup>1,2</sup> However, if a child doesn't have support for healthy development at an early age, the child is more at risk for negative outcomes, including dropping out of school, committing crime, and receiving welfare payments as an adult. Children who are exposed to stress from conditions such as living in poverty, having parents with chemical dependency or low levels of education, or suffering abuse or neglect are more likely than otherwise to enter kindergarten ill-prepared to succeed in school.<sup>3</sup>

Four key longitudinal evaluations demonstrate that early interventions can have a positive impact on young children from disadvantaged environments that lasts well into adulthood. The studies used well-matched comparison groups and cost-benefit analysis to compare the estimated dollar value of benefits to the cost of the programs. Analyses of the Perry Preschool Program,<sup>4</sup> the Abecedarian Project,<sup>5</sup> the Chicago Child-Parent Centers,<sup>6</sup> and the Elmira Prenatal/Early Infancy Project<sup>7</sup> showed annual rates of return, adjusted for inflation, ranging from 7 percent to just over 20 percent.<sup>8</sup> The Perry Preschool Program and Chicago Child-Parent Centers provided preschool at ages 3 and 4, Abecedarian provided full-day care and education for children a few months old through age 4, and the Elmira Prenatal/Early Infancy Project provided home visits by a nurse to high-risk mothers during pregnancy until the child turned age 2.

## Essential Elements for a Successful ECD System

Based on a careful review of past and current programs – those that have failed as well as those that thrive – we believe that efforts can succeed if they incorporate five key features: a focus on at-risk children, scalability, parental involvement, outcome orientation, and long-term commitment.

## Focus on at-risk children

Without doubt, all children benefit from investment in early childhood development. Given the inherent limits of tax revenue, however, government resources for ECD programs should be focused on those children at highest risk for developmental deficits and least likely to have access to high quality ECD programs. Conditions that can indicate whether a child is at risk include low family income, violence or neglect in the home, low parent education levels, a teenage parent, low birth weight, and parent chemical addiction, among others.

## Scalability

Research findings on ECD, promising though they are, pose a challenge: While small-scale ECD programs have been shown to work, can their success be reproduced to reach all children at risk? Head Start, which began as an anti-poverty program, has not delivered the high return suggested by the research.<sup>9</sup> Reaching all at-risk children and successfully preparing them for school should be the measure of an ECD system's success.

## Encourage parental involvement

Research shows that parental involvement is a crucial ingredient in the success of ECD programs. When parents receive training in why and how to nurture their children's development, they are better able to support their children's development at home. And the earlier the better. Neuroscience research shows that for all children the first few years are critical to brain development.

## Assess outcomes regularly

ECD programs succeed when their goals are clear, explicit, and carefully monitored. Since their primary goal is meeting developmental milestones of the children in their care, these programs should perform regular assessments of cognitive and social-emotional outcomes. And the programs themselves should be oriented toward achieving constant progress for each child. Outcome assessments allow for individual progress reviews, curriculum improvements, and staff and program accountability.

## Provide long-term commitment

Children thrive in secure, consistent environments. Similarly, ECD programs designed to expand the cognitive and psychological development of children need the security of long-term commitment. This is not to say that such programs should not be challenged to improve continuously, but children, parents, and ECD programs will benefit if they are assured of financial backing and institutional support as long as specified standards and outcomes are met.

## A Market-Based Scholarship System

We think that to achieve these characteristics an ECD system requires the flexibility, innovation, and incentives that are inherent in markets, as well as the long-term assurance and stability that government backing provides. Hence, to establish a successful ECD system, we propose that states and local governments create a permanent fund to provide scholarships for all families with at-risk children.<sup>10</sup> Similar to endowments for higher education, earnings from an endowment for ECD would be used to provide scholarships for children in low-income families to attend a quality ECD program. The system would be financed and managed as follows: A state or local government would create an ECD endowment to fund the scholarships. The scholarships would cover child tuition to qualified ECD programs plus the cost of parent mentoring to ensure parental involvement. Scholarships would be outcome-based, meaning that they would include incentives for achieving significant progress toward the life and learning skills needed to succeed in school.

Through parent decisions and provider responses, the market would determine the structure of the ECD industry. Market participants would include ECD programs from the public and private sectors, which represent a mix of preschools, child care providers, and home-visiting programs. The market structure, however, would be influenced by standards set by an executive board that manages the ECD endowment. ECD programs would have to comply with these standards in order to register the scholarship children. The standards would be consistent with the cognitive and social-emotional development needed to succeed in school. We envision a diverse mix of providers competing to serve at-risk children, leveraging the existing ECD infrastructure and opening the door for new providers.

We should note several additional features of the scholarships. First, a partial scholarship could be layered on top of existing government funding streams that ECD programs currently receive. Second, actual payments would flow from the endowment directly to the family-chosen ECD program. And third, the scholarships would include financial incentives to ECD programs based on accountability measures.

### The parent mentoring program

Home visits by qualified mentors are among the best ways to achieve a high degree of parental involvement. To this end, as noted, the scholarships would provide funds for qualified mentors. Mentor qualifications would include ECD training and parent education as well as counseling on issues related to health and education. Mentors would help parents decide which of the qualified ECD programs best meets the family's needs, and would connect the family to other suitable community resources.

Research shows that reaching children with multiple risk factors as early as possible is essential; even 3 years old may be too late. Therefore, we suggest that while scholarships would pay tuition for a child to attend an ECD program beginning at age 3, the parent mentoring program could start as early as prenatal.

### The value of a market orientation

A market-oriented approach would directly involve the parents with their children's education; research shows this is vital. Parents would be empowered to choose among the various providers and select one based on location, hours of service, quality of program, and other features – much as they would any other product or service. The process of self-education and provider choice would, itself, involve the parent.

Furthermore, the approach would be outcome-based, so scholarships would include financial incentives focused on performance, and would encourage innovation. While programs would have to meet requirements to accept children with scholarships, providers would have room for innovation in providing services.

Unlike a top-down, planned system, the ECD industry would be shaped by the market through micro-level decisions by parents and responses by providers. This approach would allow the diverse mix of current providers and new entrants to find the best means to supply high-quality ECD. Furthermore, a scholarship system would be easy to bring to scale since it harnesses the existing infrastructure of ECD programs and keeps the amount of administration required relatively lean.

The market-based approach is unique among ECD investments. Typically, governments directly fund programs, for example, Head Start and state-sponsored prekindergarten programs. In a scholarship system, parents select early education programs for their children; programs are then paid based on the number of children served. While a scholarship system is similar to the child care subsidy system, in that parents select a child care program for a child and funds are distributed to the program, a scholarship system is focused primarily on educational progress for the child, not on making it possible for parents to enter the workforce. That is, a parent's work status does not affect a child's eligibility to attend an ECD program. In addition, the scholarship stays with the child even if the family moves.

### The advantages of an ECD endowment

An endowed fund for ECD represents a permanent commitment, and effectively leverages resources by public and private stakeholders. Because the endowment would provide a stable funding source, we would expect the market response to be better than otherwise. A permanent commitment sends a market signal to ECD programs that they can expect a consistent demand for their product. By drawing up a business plan that demonstrates it can successfully attract

scholarship children, an ECD program can leverage funds for capital expansions or improvements from low-interest loan sources and philanthropic organizations; lenders will be reassured by the stability of the ECD endowment.

The endowment board could vary the amount of the scholarship to reach children in families just over the poverty line on a sliding scale or increase the amount of the scholarship for children facing multiple risk factors. The board could also consider providing scholarships for families who do not qualify based on income, but whose children are identified with risk factors other than living in poverty.

## Minnesota Pilot of the Scholarship Model

A pilot of our proposed model is currently underway in Minnesota. A four-year, \$18 million parent mentoring and scholarship pilot coordinated by the City of St. Paul began in January 2008 with funding from the Minnesota Early Learning Foundation (MELF). Founded in 2005 by a group of influential business leaders, MELF's strategy is to demonstrate cost-effective approaches for providing ECD in Minnesota. The St. Paul scholarship pilot is MELF's flagship project.

Scholarships are provided to low-income families in two St. Paul neighborhoods with a high concentration of families living below or just above the poverty line. The scholarships supply up to \$13,000 per year to pay for two years at a full- or part-time center- or family-based ECD program. Home visits from a parent mentor provide families with information about available ECD programs, and help connect families to other suitable community resources. In addition, parent mentoring is available to low-income families with expectant mothers and infants. About 1,100 children are expected to be reached through parent mentoring and/or scholarships.

Families can use their scholarship at an ECD program that meets quality criteria. That is, programs eligible to receive scholarship payments must have characteristics that correlate with school readiness outcomes, such as well-trained teachers, relatively low ratios of children to teachers, and research-backed curricula. ECD program eligibility is based on ratings through an area pilot of a Quality Rating System also funded by MELF.

A comprehensive evaluation will measure the St. Paul pilot's impact on child outcomes, parent involvement in their child's education, and the response of ECD programs to the increase in available funding.

## Other early childhood scholarship programs

Similar ECD initiatives that provide resources to parents to enroll their children in preschool programs are under way in Denver and Sioux Falls, S.D. The Denver Preschool Program<sup>11</sup> is funded by a voter-approved sales tax that will generate approximately \$11 million per year to fund tuition credits for families to pay for preschool for 4-year-old children at ECD programs licensed by the state and enrolled

with the program. While all Denver children are eligible, the size of the tuition credit varies based on family income and the ECD program's quality rating. Low-income families with a child attending the highest quality program receive the largest credit.

In Sioux Falls, a two-year pilot project that began in fall 2007 provides a two-year scholarship for 3-year-old children in low-income families or those with other research-based risk factors. Eligible children can attend a high quality prekindergarten program offered by the public schools or a local child care program until they reach kindergarten.

As these projects and others that offer families choices for their children to attend an ECD program move forward, we will better understand the effectiveness of demand-side approaches to investing in ECD.

### **Role of the Federal Government**

According to Robert Lynch,<sup>12</sup> approximately 38 percent of government budgetary benefits to a nationwide investment in a high-quality prekindergarten program targeted to low-income 3- and 4-year-old children would accrue to the federal government, while 62 percent would accrue to local and state governments. Therefore, it makes sense to have the federal government contribute at least proportionally to the overall expense of expanding ECD nationally. In the long-run, cost savings to the federal government would be particularly advantageous with looming shortfalls in funding for entitlements, such as Medicare and Social Security.

While continuing to support federal ECD funding streams,<sup>13</sup> the federal government should expand its reach by leveraging ECD investments by state and local government by providing matching grants to state and local governments to invest in scholarship systems. With the assistance of a federal grant, state and local governments would be able to reach more children, and work to secure long-term funding, such as building a state ECD endowment. Recent legislation introduced in Congress outlines how the federal government could provide grants to invest in ECD.<sup>14</sup>

### **Conclusion**

Compared with the billions of dollars spent each year on questionable economic development schemes, we think investment in early childhood is a far better and more promising economic development tool. We are confident that ECD investments, driven by a scalable market-based approach that focuses on at-risk children, encourage parental involvement, produce measurable outcomes, and secure a long-term commitment, will lower crime, create a stronger workforce, and yield a high public return. Federal grants to state and local governments would leverage state and local activity and spawn more ECD scholarship systems. Not only will these efforts benefit children and families, they will benefit the taxpaying public and the national economy.

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# Evolving No Child Left Behind

by Linda Darling-Hammond, Ed.D.

No Child Left Behind (NCLB) is a historic piece of legislation that has succeeded in drawing attention to the need for higher learning standards and greater equity in educational outcomes. The law – which aims to improve achievement for all students, to close the achievement gap, and to ensure better qualified teachers – contains some major breakthroughs. First, by flagging differences in student performance by race and class, it shines a spotlight on long-standing inequalities that can trigger attention to the needs of students neglected in many schools. Second, by insisting that all students are entitled to qualified teachers, the law has stimulated important recruitment and retention efforts in states where low-income and “minority” students have experienced a revolving door of inexperienced, untrained teachers. Recent studies have found that teacher quality is a critical influence on student achievement, yet teachers are the most inequitably distributed school resource. This first-time-ever recognition of students’ right to qualified teachers is historically significant.

The goals of No Child Left Behind (NCLB) are the right ones. However, the many complex features of this 1,000-plus page law require some major changes if the law is to meet its goals; and the resources required to dramatically raise achievement and close the gap must also be found and strategically allocated if we are to become serious about leaving no child behind.

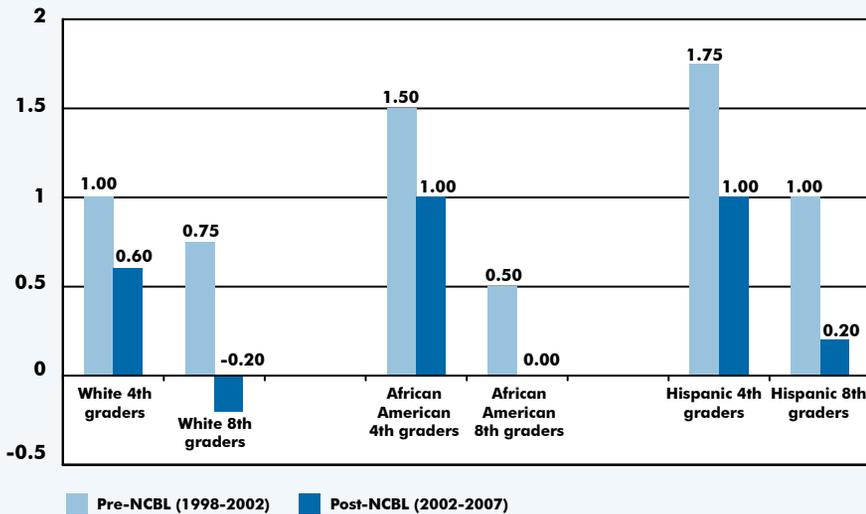
Parents, educators, researchers, and civil rights advocates have raised concerns that NCLB’s current funding barely covers the new administrative requirements of the law, and does not enable serious investments in school improvement and teacher development; that a focus on multiple-choice reading and mathematics tests in many states has reduced emphasis on critical thinking and performance skills, as well as on subject areas such as science, technology, history, writing, and the arts; that appropriate teaching and testing for English language learners and exceptional needs students have been undermined; and that a prescriptive federal approach may have undermined some local reading programs. In addition, analysts suggest that the law’s complicated rules for showing “adequate yearly progress” – which require meeting more than 30 separate testing targets annually – have labeled many successful and improving schools as failing, while preventing adequate attention to the truly failing schools that states need to focus on to ensure major improvements.

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*Linda Darling-Hammond, Ed.D. is the Charles Ducommun Professor of Education at the Stanford University School of Education and Co-Director of the Stanford Center for Opportunity Policy in Education (SCOPE).*

The law as currently implemented has not enabled the United States to make the large strides needed to catch up to other higher-achieving countries. By 2006, the United States had dropped in the Programme for International Student Assessment (PISA) rankings from three years earlier – landing at 25th out of 30 Organisation for Economic Co-operation and Development (OECD) countries in math, and 21st of 30 in science. Recent analyses have found that in the years since NCLB was launched, the rapid gains in outcomes stimulated by reforms in the 1990s have slowed for math, and stalled in reading, while 8th grade reading scores have declined. (See Figures 1 and 2.)

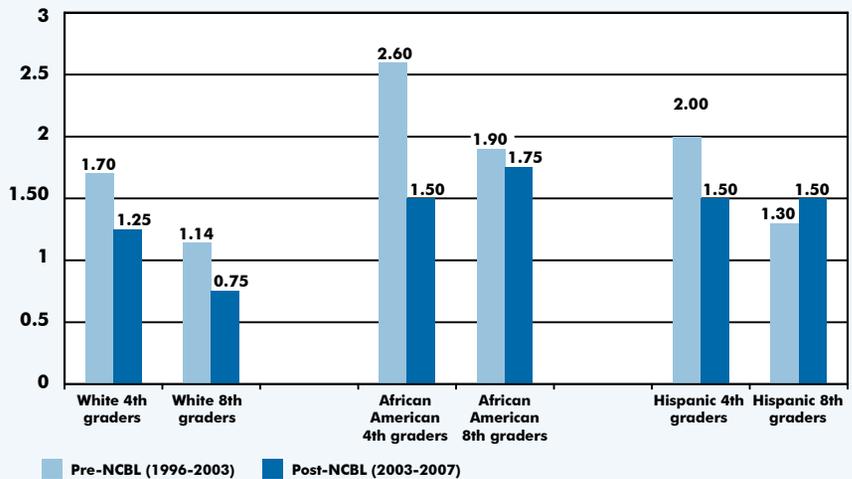
**Figure 1**  
**Annual Rate of Gain in Reading Achievement**  
**Pre- and Post-NCLB 4th and 8th Grades**



Finally, the law does not yet attend to the major issues of resource inequality in the nation's schools and the needs for a more productive 21st century system of supporting learning and teaching. Key changes to the law should aim to:

1. Improve the standards by which students and schools are assessed, so that important forms of learning and measures of student progress are valued and evaluated;
2. Fix the accountability system so that it sets appropriate and challenging goals in a manner that encourages higher achievement and stronger graduation rates, identifies truly failing schools, and provides useful guidance for improvement;

**Figure 2**  
**Annual Rate of Gain in Mathematics Achievement**  
**Pre- and Post-NCLB 4th and 8th Grades**



3. Develop and retain high-quality teachers, and distribute them to high-need schools;
4. Strengthen incentives for equity in providing resources at the state and local level; and
5. Invest in more productive approaches to school improvement, and ensure integrity in the federal system of evaluating and funding interventions.

## 1. Improve the standards by which students and schools are assessed.

### Issues

If education is to improve, schools must be assessed in ways that produce high-quality learning. Current accountability reforms are based on the idea that standards can encourage states to be explicit about learning goals, and that the act of measuring progress toward meeting these standards will help develop high levels of achievement for all students.

Indeed, research on high-stakes accountability systems shows that, “what is tested is what is taught,” and this can help direct more attention to necessary skills and content in the curriculum. At the same time, the quality, design, and scope of the assessments is critical. Studies have found that an exclusive emphasis on primarily multiple-choice standardized test scores narrows the curriculum. The Center for Education Policy documented the fact that schools have reduced their attention to science, social studies, writing, and the arts as a function of test requirements under NCLB. Other

studies have shown that students are less likely to engage in extended research, writing, complex problem-solving, and inquiry when high-stakes tests emphasize multiple-choice or short-answer responses to formulaic problems.<sup>1</sup>

These higher-order thinking skills are those very skills that often are cited as essential to maintaining America's competitive edge and as necessary for succeeding on the job, in college, and in life. As described by Achieve, a national organization of governors, business leaders, and education leaders, the problem with measures of traditional on-demand tests is that they cannot measure many of the skills that matter most for success in the worlds of work and higher education:

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States ... will need to move beyond large-scale assessments because, as critical as they are, they cannot measure everything that matters in a young person's education. The ability to make effective oral arguments and conduct significant research projects are considered essential skills by both employers and postsecondary educators, but these skills are very difficult to assess on a paper-and-pencil test.<sup>2</sup>

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One of the reasons that many U.S. students fall further and further behind their international counterparts as they go through school is because of differences in curriculum and assessment systems. International studies have found that the curriculum in many U.S. states tends to try to cover too many topics superficially, rather than a smaller number of topics deeply, as is true in high-achieving countries. The assessment systems used in most high-achieving countries around the world (for example, top-scoring Finland, Sweden, Australia, New Zealand, Hong Kong, and Singapore) include state and local components that emphasize essay questions, research projects, scientific experiments, oral exhibitions, and performances that encourage students to master complex skills as they apply them in practice, rather than in multiple-choice tests. These tasks require them to apply knowledge to a range of tasks that represent what they need to be able to do in different fields: find and analyze information; solve multi-step, real-world problems; develop computer models; design and conduct investigations and evaluate their results; and present and defend their ideas in a variety of ways. Teaching to these assessments prepares students for the real expectations of college and of highly skilled work. Scoring them helps teachers become more knowledgeable about the standards and how to teach students to succeed.

A number of states in the United States developed similar systems that combine evidence from state and local standards-based assessments to ensure that serious intellectual tasks are used to guide curriculum, teaching, and learning. These states have included Connecticut, Kentucky, Maine, Maryland, Nebraska, New Hampshire, Oregon, Rhode Island, Pennsylvania, Vermont, and Wyoming, among others. Research on the strong gains in achievement shown in a number of these states in the 1990s attributed these gains in substantial part to their performance-based assessment

systems and related investments in teaching quality.<sup>3</sup> Studies in several states using performance assessments found that student performance improved as teachers assigned more ambitious reading, writing, and mathematical problem solving.

Not incidentally, more authentic measures of learning that look directly at what students can do with their learning are especially needed to gain accurate measures of achievement for English language learners and special needs students for whom traditional tests often provide less valid measures of understanding.<sup>4</sup>

Encouraging these kinds of measures of student performance is critical to getting the kind of learning we need in schools. However, many of these elements of productive assessment systems are not currently used to gauge school progress under NCLB. The every-grade, every-year testing requirement in NCLB – and the way the law has been administered – has discouraged the use of performance assessments that motivate ambitious intellectual work. Several states have abandoned performance components of their systems because of the law’s requirements; others have had to fight to keep them. There are also serious problems with the use of inappropriate tests for evaluating English language learners and special education students who require more sophisticated measures to show what they know, and more sensitive accountability tools to monitor it. Although the law calls for multiple measures and for assessing higher-order thinking skills, it currently lacks incentives to encourage better assessments. To address these problems, Congress should:

- **Fund an intensive development effort** that enables federal labs, centers, and universities in collaboration with states to develop, validate, and test high-quality performance assessments, and to train the field of practitioners – ranging from psychometricians to a new generation of state and local curriculum and assessment specialists to teachers – who can be involved in the development, administration, and scoring of these assessments in valid and reliable ways. Fund high-quality research on the validity, reliability, instructional consequences, and equity consequences of these assessments.
- **Encourage improvements in state and local assessment practice.** To model high-quality items and better measure the standards, move the National Assessment of Educational Practice toward a more performance-oriented assessment, as it was when it was first launched, with tasks that evaluate students’ abilities to solve problems, explain, and defend their ideas. Provide incentives and funding for states to refine their state assessments, and introduce related, high-quality, locally-administered performance assessments that evaluate critical thinking and applied skills. Support states in making such assessments reliable, valid, and practically feasible (e.g., through teacher professional development and scorer training, moderated and audited scoring systems, and calibration systems for assessments).

- **Ensure appropriate assessment for special education students and English language learners** by underwriting efforts to develop, validate, and disseminate more appropriate assessments in the content areas for these students, and by ensuring that the law and regulations encourage assessments that are based on professional testing standards for these groups. Credit schools for the gains these students make throughout their school careers, rather than only for the time they are classified in these categories. (This will encourage reclassification of students while crediting schools for making such gains possible.) Fix the Catch 22 for English language learners by requiring that states follow professional testing standards for assessing new English learners: Encourage tests that are language-accessible for ELLs; measure gains in English proficiency on high-quality measures during an appropriate period of exemption from state tests; and, for purposes of accountability, count ELLs as part of the subgroup until they finish school (even after they are reclassified as proficient). Using appropriate measures, assess special education students' gains at all points along the achievement continuum.

## 2. Fix the accountability system.

### Issues

NCLB requires states to show 100 percent of students reaching “proficiency” by 2014, setting targets every year for subgroups defined by race, ethnicity, SES, language background, and special education status. For diverse schools, each of more than 30 separate targets must be reached each year to make “adequate yearly progress.” Using the current metrics, more than 80 percent of all public schools are expected to be identified as failing by 2014 – even those that are high-achieving and have steadily improving performance for all groups. It is impossible with the current metrics to distinguish, for example, between a school that shows little gain for its students – or for a subgroup of students – on any of the tests, and one that shows substantial gains for all groups, but had a 94 percent testing participation rate on one test in one subject area (rather than the required 95 percent).

Furthermore, under current rules, all schools that serve English language learners will eventually be declared failing, because a Catch-22 provision in the law requires reaching 100 percent proficiency for this group, but removes students from the subgroup after they become proficient, making the target is impossible to meet. Schools that serve a steady stream of new immigrants who are non-native English speakers are, by definition, unable to make adequate yearly progress under the law, no matter how successful they are in helping their students learn English over time.

In addition, the focus on increasing test outcomes alone has created incentives for schools to boost scores by keeping or pushing low-scoring students out of school. Push-out incentives are especially severe for special needs students and English language

learners. School incentives should recognize the value of keeping students in school as well as improving learning. To address these problems, the Congress should:

- Replace the current “status model” for measuring school progress with a **Continuous Progress Index** that sets expectations for schools – and groups of students within them – to show progress on an index of measures that includes assessments of student learning and school progression and graduation rates. Such an index would evaluate students’ growth over time, across the entire achievement continuum, thus focusing attention on progress in all students’ learning, not just on those who fall at the so-called “proficiency bubble.” This would recognize schools’ gains with students who score well below and above a single cut score. The CPI would also encourage more appropriate measurement of gains for special education students and English language learners by tracking gains at all points along the continuum and by incorporating the results of appropriate measures.

With most of the index focused on reading and mathematics scores, states could choose to include subject areas beyond reading and mathematics – such as writing, science, and history – which are important in their own right and essential to encourage and evaluate students’ literacy skills as they are applied in the content areas. Within a given subject, the index could accommodate assessments of student learning that capture a wider array of skills, including the more complex inquiry and problem solving skills demanded by 21st century jobs and colleges.

A continuous progress index would give schools a single challenging but realistic growth target to aim for each year for each student group (rather than 30 or 40 separate targets) – one that increases more steeply for groups that are further behind, so that incentives focus both on raising the bar and closing the achievement gap. It would encourage schools’ attention to all students’ learning, and allow for several kinds of important evidence about progress to be considered in evaluating schools. It would also more clearly identify those that are truly failing, so that states can focus their resources for improvement where they are most needed.

### **3. Invest in developing highly-qualified teachers and distributing them to high-need schools.**

#### **Issues**

If learning is to improve, teaching has to improve. One of the most important aspects of the federal No Child Left Behind Act (NCLB) is its demand that states ensure a “highly qualified” teacher for every child. Research demonstrates that, in terms of influence on student achievement, expert teachers are the most important – and the most inequitably distributed – school resource. The schools with the highest-need students are often staffed by a revolving door of under-prepared and inexperienced teachers who are unable to meet students’ needs. Thus, it is critical that the federal

government take on the task of ensuring that all students have teachers who know well how to teach challenging content to diverse learners.

Most other high-achieving countries that we consider peers or competitors have made substantial investments in teacher training and equitable teacher distribution in the last decade. These typically include: high-quality teacher education, fully subsidized for all entrants, including a year of practice teaching in a clinical school connected to the university; mentoring for all beginners in their first year of teaching from expert teachers who have released time to coach them in the classroom; equitable salaries (often with additional stipends for hard-to-staff locations) that are competitive with other professions, such as engineering; and ongoing professional learning embedded in 10 or more hours a week of planning and professional development time.

The “highly qualified teacher” provision has had a beneficial effect in many states, strengthening recruitment incentives, teacher preparation, and certification, and beginning to reduce the number of emergency certified teachers in many locations. However, the supports are still inadequate to actually supply such teachers to the neediest communities, which typically have fewer resources, lower salaries, poorer working conditions, meager pipelines, and a high turnover of teachers. These policy supports have to be put in place if high-quality teachers are to be routinely available in all communities. Furthermore, the definition of highly-qualified teachers should aim to support the qualities that most matter for strong teaching. To address these issues, Congress should:

- **Help states and districts tackle the HQT challenge by supporting high-quality urban and rural teacher preparation programs** in high-need communities with Title II funds. Such programs should include school-university partnerships that train prospective teachers under expert mentors in “teaching” schools that function like teaching hospitals to provide state-of-the-art education to students, while developing new and experienced professionals. These partnerships – integrating credential coursework with a strong clinical experience – would include both professional development school models and top-quality, year-long teacher residencies for candidates who will stay in high-need districts for at least four years (the point at which most teachers have made a commitment to the profession). Since better-trained teachers stay longer and are more effective, it is critical to build an infrastructure that solves the on-going recruitment problems of these communities, rather than struggling with a revolving door of teachers.
- **Expand recruitment of well-prepared new teachers to high-need schools** by encouraging states and districts to use Title II funds for service scholarships and forgivable loans that fully underwrite strong preparation through programs such as those described above for those who commit to teaching in high-need locations for four years or more.

The recently authorized Higher Education Act provides a start toward this goal through its important TEACH grants. Following the highly successful model of the North Carolina Teaching Fellows, these should be expanded to cover the full costs of high-quality preparation for teachers in any field needed in high-need communities.<sup>5</sup>

- **Support mentoring for novices** during their early years when up to 30 percent of them drop out. Providing mentoring for all beginning teachers would reduce attrition (which costs districts from \$15,000 to \$20,000 for each teacher who leaves) and would increase competence. Retaining early-career teachers would also increase overall achievement, since teachers are noticeably more effective when they have three or more years of experience. A matching grant program could ensure support for every new teacher in a Title I school through investments in state and district mentoring programs. Based on the funding model used in California's Beginning Teacher Support and Assessment Program, a federal allocation of \$4,000 for each beginning teacher in such schools, matched by states or local districts, could fund weekly in-classroom coaching for every novice. At 100,000 new teachers each year,<sup>6</sup> an investment of \$400 million could ensure that each novice is coached by a trained, accomplished mentor with expertise in the relevant teaching field. If even half of the early career teachers who leave teaching were to be retained, the nation would save at least \$600 million a year in replacement costs.
- **Set standards for professional development investments** under Title II to encourage intensive content-focused professional development that includes sustained study and coaching focused on teaching the specific subject matter and students teachers are working with (rather than "drive-by" workshops that have little long-term effect). These investments should also emphasize the development of skills for working effectively with families and for teaching English language learners and exceptional needs students.
- **Encourage more attention to effective teacher performance** by tying investments in preparation, mentoring, and recruitment to the use of teacher performance assessments that measure actual teaching skill and incorporate evidence of student learning. Current examinations used for licensing and for federal accountability typically measure basic skills and subject matter knowledge in paper-and-pencil tests that demonstrate little about teachers' abilities actually to teach effectively. Several states, including Connecticut and California, have incorporated such performance assessments in the licensing process. These assessments – which can also be used as data for the accreditation process – have been found to be strong levers for improving preparation and mentoring, as well as for determining teachers' competence. Federal

support for the development of a nationally available, performance assessment for licensing would not only provide a useful tool for accountability and improvement, but it would also facilitate teacher mobility across states, thus allowing states with shortages to better recruit from those with surpluses of teachers.

- **Create incentives to attract and keep veteran expert teachers in high-need schools** through improved administrative support and working conditions – the most important variables associated with teacher retention – and through programs that reward expert teachers for teaching in high-need schools and offering leadership through mentoring, coaching, and curriculum development. Such expert teachers should be identified through performance assessments that include evidence of accomplished practice and contributions to student learning, such as National Board Certification, local standards-based evaluations, and portfolios that assemble evidence of what teachers and their students have accomplished.
- **Allow states to develop appropriate standards and means for certifying the content knowledge of teachers** whose assignments require them to teach multiple subjects, including special education teachers, those who teach interdisciplinary courses, and those who teach in small and remote schools, subject to approval in their state plans by USDOE.

#### **4. Strengthen incentives for investments and equity in providing resources at the state and local level.**

The onus of NCLB is on individual schools to raise test scores. However, the law does not address the profound educational inequalities that plague our nation. With a 3-to-1 ratio between high- and low-spending schools in most states, multiplied further by inequalities across states, international studies repeatedly find that the United States has the one of the most inequitable education systems in the industrialized world. School funding lawsuits brought in more than 25 states describe: segregated schools serving low-income students of color with crumbling facilities; overcrowded classrooms; out-of-date textbooks; no science labs, art, or music courses; and a revolving door of untrained teachers – while their suburban counterparts frequently spend twice as much for students with fewer needs.

NCLB's small allocation – less than 10 percent of most schools' budgets – does not provide substantial investments in the under-resourced schools where many students currently struggle to learn. Nor does it require that states demonstrate progress toward equitable and adequate funding or greater opportunities to learn. Federal funding is also allocated in ways – such as giving more to states that spend more – that reinforce rather than compensate for unequal funding across states.<sup>7</sup> And current federal policy does not require that states demonstrate progress toward equitable and adequate funding or toward greater opportunities to learn.

At a time when the percentage of Americans living in severe poverty has reached a 32-year high, NCLB's efforts to improve the impoverished schools these students must attend must leverage substantial improvements in both education and child welfare if they are to be successful. In addition to investing in universal health care and preschool for all low-income students, the Congress should:

- **Require states to create an opportunity index** for each school that accompanies its report of academic progress and reflects the availability of well-qualified teachers; strong curriculum opportunities; books, materials and equipment (including science labs and computers); and adequate facilities. Evaluate progress on these measures in state plans and evaluations, and require states to meet this set of opportunity-to-learn standards for schools in Program Improvement (PI) status. As a condition for receiving federal funds, each state should include in its application for federal funds a report describing the state's demonstrated movement toward adequacy and equitable access to education resources – and a plan for further progress.
- **Better equalize allocations of ESEA resources** across states so that high-poverty states receive a greater share. This would require more emphasis on indicators of student needs in allocation formulas, with adjustments for cost-of-living differentials, rather than relying as heavily on measures of spending that disadvantage poor states.
- **Better enforce comparability provisions for ensuring equally qualified teachers** to schools serving different populations of students. The law already requires that states develop policies and incentives to balance the qualifications of teachers across schools serving more and less advantaged students, but this aspect of the law is weakly enforced, and wide disparities continue to occur.

## **5. Invest in more productive approaches to school improvement, and restore the integrity of the federal system of evaluating and funding interventions.**

### Issues

NCLB's approach to program improvement has had several major problems. One is that the school improvement model envisioned by the law does not reflect what is known about effective school improvement. The law requires a hastily constructed plan (to be completed in a matter of weeks) put together by members of the school itself, who may not have the time, knowledge, or access to resources to propose changes that could make a difference. Indeed, the neediest schools are frequently staffed by an ever-changing parade of inexperienced teachers and school leaders, who lack both the expertise and the stability to develop a well-grounded diagnosis and plan of action. Many truly failing schools also lack the resources – including

access to quality teachers and curriculum materials – to make the most important changes that would transform student learning.

In addition, the law's approach to school improvement assumes that major school changes can be completed quickly, and that the results will be seen within a year. Once reforms are launched, it takes at least three years to see the results of those reforms. Pulling them up by the roots and changing course annually reduces school effectiveness.

The law also assumes that improvements in performance will occur by adding supplemental services to the edges of the school setting, offered by independent providers, rather than by transforming the school setting at its core. The kinds of reforms needed in schools where students are struggling typically include major resource investments in the quality of teaching and longer time devoted to instruction (longer school day, longer school year) in an integrated fashion, rather than disconnected services offered by private providers to a subset of students after school, without the benefit of knowing students' needs or the curriculum they are working on in school.

Another major problem is that many of the interventions prescribed for and undertaken by schools are unlikely to improve the quality of learning and schooling. States and districts sometimes have little capacity to plan and support productive interventions; furthermore, the USDOE has identified and funded interventions in a manner that has been disassociated from research on what actually works. (Issues with the Reading First program provide one example of how decisions about programs approved for funding have been made in ways that sometimes contravened solid research.) To substantially improve failing schools, Congress should:

- **Require states to correct inadequate resources** to targeted schools, including the provision of well-qualified teachers, as described above.
- **Create a School Quality Review process** that provides a closer look at schools that do not meet their targets and that separates those that are truly failing from those that are improving. This process would provide an analysis of school practices and outcomes on a range of indicators, including value-added gains in student achievement, student progress through school, success in rigorous courses, and success on local performance assessments. Like the Inspectorate model used in many European and Asian countries, it would also allow for an on-site review of curriculum and instruction by expert educators. Schools identified through this process as in need of improvement would have a strong diagnostic basis on which to develop a school improvement plan. Those not placed into intervention will also benefit from data produced by this opportunity for a close look at their progress.
- Ensure, through guidance to USDOE about the review process, that **high quality curricula, assessments, programs, and interventions**

are allowed and encouraged by federal and state governments. Correct the flaws in DOE “peer reviews” of research and local applications that have led to the Reading First scandals and the denial of funds to more effective programs.

- Allow schools that can demonstrate the capacity to do so to **integrate supplemental services in a seamless way** with improved instruction during the school day and week, rather than farming it out to private companies that are disconnected from the school curriculum (and meet no accountability standards.)
- **Create more capacity in state agencies** to facilitate stronger school improvement strategies by investing in these agencies to develop school quality review and assistance capacity for schools, as ESEA Title V did before it was eliminated in the early 1980s.

Ultimately NCLB cannot achieve its goals unless it invests in state and local capacities to dramatically improve teaching. A much more productive federal role in building capacity is possible, as has been demonstrated in other countries with steeply improving achievement. For example, national projects in the United Kingdom and Australia have provided a wide range of resources to support implementation of standards. These include research programs designed to identify and promote best practice, as well as programs to develop and disseminate professional learning resources in priority areas. These include packets of high quality teaching materials, resource documents, and videos depicting good practice, as well as support for teacher, leader, and coach training in schools of education and in regional centers structured around these resources.

Both nations also fund the development of professional networks for teachers and school leaders. In 2004, England began a new component of the Strategies designed to allow schools and local education agencies to learn best practices from each other by funding and supporting 1,500 groups of six schools each. In Australia, the State and Territory Projects include school-based action research and learning, conferences and workshops around the standards; use of on-line or digital media to disseminate best practices in curriculum, assessment, and instruction; and training of trainers and school project and team leaders.

It is possible to dramatically improve the quality of schools currently struggling in the United States. Central to this task will be an Elementary and Secondary Education Act that: encourages 21st century standards and assessments; uses an index of continuous progress to gauge how students and schools are improving against these standards – as well as the fundamental goal of high school graduation; invests in a steady supply of high-quality teachers, especially in high-need schools; leverages more equitable funding within and across districts and states; and supports productive approaches to school improvement.

<sup>1</sup> See for example, Haney (2000). The myth of the Texas miracle; J.L. Herman & S. Golan (1993). Effects of standardized testing on teaching and schools. *Educational Measurement: Issues and Practice*, 12(4): 20-25, 41-42; B.D. Jones & R. J. Egley (2004). Voices from the frontlines: Teachers' perceptions of high-stakes testing. *Education Policy Analysis Archives*, 12 (39). Retrieved August 10, 2004 from <http://epaa.asu.edu/epaa/v12n39/>; M.G. Jones, B.D. Jones, B. Hardin, L. Chapman, & T. Yarbrough (1999). The impact of high-stakes testing on teachers and students in North Carolina. *Phi Delta Kappan*, 81(3): 199-203; Klein, S.P., Hamilton, L.S., McCaffrey, D.F., & Stetcher, B.M. (2000). *What do test scores in Texas tell us?* Santa Monica: The RAND Corporation; D. Koretz & S. I. Barron (1998). *The validity of gains on the Kentucky Instructional Results Information System (KIRIS)*. Santa Monica, CA: RAND, MR-1014-EDU; D. Koretz, R.L. Linn, S.B. Dunbar, & L.A. Shepard (1991, April). The effects of high-stakes testing: Preliminary evidence about generalization across tests, in R. L. Linn (chair), *The Effects of high stakes testing*. Symposium presented at the annual meeting of the American Educational Research Association and the National Council on Measurement in Education, Chicago; R.L. Linn (2000). Assessments and accountability. *Educational Researcher*, 29 (2), 4-16; R.L. Linn, M.E. Graue, & N.M. Sanders (1990). Comparing state and district test results to national norms: The validity of claims that "everyone is above average." *Educational Measurement: Issues and Practice*, 9, 5-14; W. J. Popham (1999). Why Standardized Test Scores Don't Measure Educational Quality. *Educational Leadership*, 56(6): 8-15; M.L. Smith (2001). Put to the test: The effects of external testing on teachers. *Educational Researcher*, 20(5): 8-11.

<sup>2</sup> Achieve, "Do graduation tests measure up? A closer look at state high school exit exams." Executive summary. Washington, DC: Achieve, Inc.

<sup>3</sup> J.B. Baron (1999). *Exploring high and improving reading achievement in Connecticut*. Washington: National Educational Goals Panel. Murnane & Levy (1996); B.M. Stecher, S. Barron, T. Kaganoff, & J. Goodwin (1998). *The effects of standards-based assessment on classroom practices: Results of the 1996-97 RAND survey of Kentucky teachers of mathematics and writing*. CSE Technical Report. Los Angeles: UCLA National Center for Research on Evaluation, Standards, and Student Testing; S. Wilson, L. Darling-Hammond, & B. Berry (2001). *A case of successful teaching policy: Connecticut's long-term efforts to improve teaching and learning*. Seattle: Center for the Study of Teaching and Policy, University of Washington.

<sup>4</sup> L. Darling-Hammond, E. Rustique-Forrester, and R. Pecheone, *Multiple Measures for High School Graduation*. Stanford, CA: The School Redesign Network.

<sup>5</sup> The North Carolina Teaching Fellows program pays all college costs for an enhanced and fully funded teacher education program, for thousands of high-ability students each year in return for four years of teaching. After seven years, retention rates for these teachers exceeded 75 percent, with many of the remaining graduates having taken public school leadership positions (NCTAE, *What Matters Most: Teaching for America's Future*, 1996).

<sup>6</sup> About 250,000 teachers are hired each year, but typically only 40-60 percent of them are new to teaching. The others are experienced teachers changing schools, or returning teachers who are re-entering the labor force.

<sup>7</sup> Goodwin Liu (2008). Interstate inequality and the federal role in school finance. In Gail Sunderman (ed.), *Holding NCLB accountable: Achieving accountability, equity, and school reform*. Thousand Oaks, CA: Corwin Press. (103-120).

# Lessons for the United States from Other Advanced Economies in Tackling Child Poverty

by Kate Bell, Jared Bernstein, Ph.D. and Mark Greenberg, J.D.

## Introduction: The Paradox of High Child Poverty and High Per-Capita Income

When it comes to child poverty, the United States has a serious problem. Almost 13 million children – 17.4 percent of the population under age 18 – were poor in 2006 by the official measure. Among children, the youngest are the poorest – in 2006, the poverty rate for children under age 3 was 20.9 percent. Research has consistently revealed the deep and lasting disadvantages faced by children who begin their lives in poverty.

With a more accurate measure of poverty, the child poverty rate would be higher. The official U.S. approach to measuring poverty, essentially unchanged for more than 40 years, is widely considered to be outdated. Moreover, because the U.S. poverty measure falls so short of reflecting the costs of making ends meet, researchers often construct family budgets, or use the benchmark of 200 percent of the poverty measure (about \$41,000 for a family of four in 2006) to reflect low-income status – and, in 2006, fully 39 percent of U.S. children were low-income by this measure.

The U.S. child poverty rate ranks among the highest for developed nations. International comparisons often measure poverty by looking at the share of people with income below a percentage of the nation’s median income. Using a measure of children in households falling below 50 per cent of median income around the year

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*Kate Bell is currently a Visiting Fellow at the Center for American Progress. She is the Head of Policy and Research at One Parent Families, a London-based non-profit organization that works toward “a fairer society for all families, in which lone parents and their children are not disadvantaged and do not suffer from poverty, isolation, or social exclusion.”*

*Jared Bernstein, Ph.D is a senior economist and the Director of the Living Standards program at the Economic Policy Institute.*

*Mark Greenberg, J.D. is a Senior Fellow and Director of The Poverty and Prosperity program at the Center for American Progress.*

2000, a study from the Organization of Economic Cooperation and Development (OECD) placed the United States 25th out of 26 countries (see table 1).

Yet, the U.S. economy is one of the richest in the world, boasting a 26 percent advantage over the average per-capita income of 19 other advanced economies according to 2007 data.<sup>1</sup> What explains this paradox of high per-capita incomes relative to other economies, yet much higher child poverty? Some might suspect the answer has to do with less effort in the paid labor market by American parents of poor children. But this explanation is not supported by the data. While a group of nations with more supportive policies does show higher maternal employment rates than the United States, the principal explanation for higher child poverty here is not lower work effort.

Instead, the single biggest factor is the role that government plays in reducing the poverty generated by the market. As we show below, there are numerous economies under which child poverty rates are similar to ours before the tax and transfer system kicks in. But these countries go much further than we do in providing benefits that help low-income parents move above the poverty threshold – often through universal or near-universal benefits to all children.

Of course, other advanced nations have different political and policy traditions than the United States, but there is still much we can learn from their approaches about how to make progress in tackling child poverty.

What should the United States do? An existing tax benefit, the federal Child Tax Credit (CTC), should provide help to all low- and middle-income families, but its current design leaves out the poorest families. Moreover, the credit could be designed to provide more help when a child is born, a time of particular importance. Accordingly, we propose that:

- Congress should end the exclusion of low-income families from the child tax credit, preferably by making the credit available to all low-income families with children or alternatively, by ensuring that any low-income family with earnings qualifies; and
- Congress should enact a Baby Benefit, by making the credit twice as large for infants.

This expansion could be funded through revenue from the federal Estate Tax, making clear the links between one generation and the next, while reducing child poverty and benefitting a broad group of low- and middle-income families with children.

### **How do other countries achieve lower child poverty rates?**

U.S. child poverty rates, measured using the poverty threshold of half median income, are higher than in every country in the OECD except Mexico (see Table 1).

**Table 1: Poverty rates in OECD countries around the year 2000 (in descending order)**

Poverty rates of OECD countries around 2000 using 50 percent of median income:

<b>Country</b>	<b>Percentage of children living below 50 percent of median income</b>
Denmark	2.4
Finland	3.4
Norway	3.6
Sweden	3.6
Belgium	4.1 (data for 1990s)
Switzerland	6.8
Czech republic	7.2
France	7.3
Luxembourg	7.8
Netherlands	9
Germany	10.9
Australia	11.6
<b>OECD average</b>	<b>12.2</b>
Greece	12.4
Hungary	13.1
Austria	13.3
Canada	13.6
Japan	14.3
Poland	14.5
New Zealand	14.6
Portugal	15.6
Spain	15.6
Ireland	15.7
Italy	15.7
UK	16.2
Turkey	21.1
U.S.	21.7
Mexico	24.8

Source: Adapted from Table 1 in Peter Whiteford and Willem Adema, *What Works Best in Reducing Child Poverty: A Benefit or Work Strategy?* OECD (2007).

Summarizing a range of studies on how other advanced economies achieve low child poverty rates, two broad factors are important.

1. A high share of parental employment, with a particular focus on maternal employment and tackling poverty for those in work. A high share of working households is a key factor in all countries achieving very low child poverty rates, but countries performing best also ensure high rates of maternal employment and low rates of working poverty.
2. Generous benefits targeted at children. Countries that target more resources at families with children achieve lower child poverty rates.<sup>2</sup>

Regarding the first factor, low-income parents in the United States spend relatively high levels of hours at work compared to those in other countries. In a study of annual hours worked by poor parents, Timothy Smeeding finds that in 2000 the average for U.S. parents was about 1,500 hours, compared to the non-U.S. average of about 1,100.<sup>3</sup> For single-parents, the difference is even starker: 1,100 vs. 500 hours. Smeeding finds that the United States had the highest child poverty rate among seven nations, despite having the highest hours of work by poor parents among the seven.<sup>4</sup> Similarly, a recent UNICEF report found that the United States ranked 24th among 24 nations on a relative child poverty measure, despite ranking fifth in the share of children living in a household with a working parent.<sup>5</sup>

There is room for increased maternal employment in the United States. The employment rate of mothers in the United States, while higher than average for advanced economies, is well below that of some countries with very low child poverty rates. For example, the U.S. rate of mothers' employment in 2005 was 66.7 percent, compared to 76.5 percent for Denmark and 82.5 percent for Sweden. However, it is exceedingly doubtful that the United States can make much more progress in raising employment rates by restrictive policies and mandates – the United States already ranks the lowest among OECD nations in the income levels of unemployed single parents. Rather, the nations with higher maternal employment rates provide more support to reconcile work and family life. Noting the strong performance of the Nordic countries in this respect, the OECD recommends promoting childcare assistance, paid parental leave, and family friendly workplaces that offer part-time and flexible working as well as arrangements for taking leave to care for sick children.<sup>6</sup>

But, work alone will not solve the problem. The jobs typically available to low-income parents, the majority of whom are non-college educated, pay low wages. For example, the 20th percentile wage for women in 2007 was about \$8.75, which given full-year work (2,000 hours), yields annual earnings of \$17,500, before any taxes or transfers. Thus, low-wage work alone will not lift families' incomes to a level at they can effectively meet their material needs, much less save for or invest in their children's future. A recent study comparing the impacts of investing more in children and increasing parental work effort found that increasing parental

employment rates would make little difference to the U.S.'s poverty rate using a relative poverty line.<sup>7</sup>

To understand why our child poverty rate is so high, it is helpful to look at two measures – the poverty rate based on market income alone and the poverty rate after government tax and transfers are considered.

**Table 2: How effective are countries at reducing poverty after market income? (in descending order)**

Country	Child poverty rate based on market income alone	Child poverty rate after taxes and transfers	Difference
Denmark	10.9	2.1	80.4 percent
Finland	14.3	3.3	76.8 percent
Sweden	13.8	3.2	76.7 percent
Belgium	13.1	3.3	74.7 percent
France	24.6	6.7	72.7 percent
Norway	10	2.9	71.5 percent
Czech Republic	17.2	5.6	67.6 percent
Australia	24.1	10.2	57.7 percent
Germany	17.9	9.5	46.9 percent
Netherlands	13.9	7.6	45.6 percent
UK	25	13.6	45.6 percent
New Zealand	24.1	12.4	43.5 percent
<b>OECD average</b>	<b>16.3</b>	<b>9.2</b>	<b>40.2 percent</b>
Canada	18.1	11.5	36.7 percent
Ireland	20.7	13.5	34.9 percent
U.S.	22.6	18.4	18.9 percent
Portugal	13.4	13.1	2.8 percent
Italy	14.6	14.3	1.7 percent
Switzerland	5.7	6.3	-10.8 percent
Japan	10.7	12.2	-19.9 percent

Source: Adapted from Annex Table 7 in Peter Whiteford and Willem Adema, *What Works Best in Reducing Child Poverty: A Benefit or Work Strategy?* OECD (2007).

An OECD study found that our market-based child poverty rate is 22.6 percent, compared with an OECD average of 16.3 percent (see table above). By dint of our much more unequal income distribution compared to these other countries (only the United Kingdom posts similar levels of income disparity), poverty rates are already higher than might be expected given our relatively strong growth record

and high per-capita income. So, a family with two adults working is more likely to be poor in the United States than across the OECD, even before taxes and transfers are taken into account. If, as has been the case over much of the past 30 years, growth disproportionately flows to the top end of the income scale, economic growth becomes less effective at reducing poverty. According to Mishel, et al. (2008), income inequality added 6 percentage points to the growth of poverty since 1969, suggesting that poverty would be that much lower today had the benefits of growth been more broadly shared.

While our market income poverty rate is high, that in itself does not explain our child poverty ranking. Among OECD nations, the United States does among the least to reduce market poverty through taxes and transfers. Ireland, New Zealand, France, Australia, the United Kingdom, all have market-based rates that are similar to the United States, but each does more to reduce child poverty through tax and transfer policies. The Nordic countries, France, and Belgium all reduce child poverty by at least 70 percent compared with market-based rates; Germany, the Netherlands, the United Kingdom, and New Zealand are in the mid-40s. In contrast, U.S. tax and transfer policies reduce child poverty by about 19 percent compared with the market-based rate – among the lowest reductions of the countries measured.

The reason why the United States reduces pre-market child poverty so little is that it spends less than other nations. The United States spends just 0.7 percent of GDP on expenditures for families (including cash benefits, spending on child care and family leave policies, but excluding health and education)<sup>8</sup> compared to an OECD average of 2.1 percent, and expenditure of 3 percent or more in Denmark, Sweden, Norway, Australia, Finland, and France.<sup>9</sup> The same study that found that increasing employment would have little effect also discovered that the U.S. child poverty rate would approach zero if income were to be transferred at the same rate as the third best performing country in child poverty terms (Sweden).<sup>10</sup>

These two characteristics – high inequality and low expenditures – help to explain the high U.S. child poverty rate in an international context. Reducing child poverty is a “heavier lift” because our skewed income distribution means that growth in itself is a less-effect force reducing poverty. And our very low expenditures relative to GDP suggest that we apply little fiscal “muscle” to making that lift.

### **What should the United States do?**

A number of steps should be taken in an overall effort to reduce child poverty and strengthen family economic security. As noted, there is far more that the United States should do to help promote parental employment through policies such as expanded child care, sick and family leave policies, and policies to promote flexible and part-time employment. Another set of strategies would focus explicitly on efforts to improve earnings, benefits, and other features of job quality for low-

wage jobs. Additional efforts need to be directed at helping the families facing the deepest and most extreme policy, many of which are effectively excluded from our highly restrictive cash assistance systems.

Here, we highlight the potential contribution of extending the federal Child Tax Credit to more low-income families, and creating a new Baby Benefit that would be broadly available to low- and middle-income families. While this is one among a number of needed components, there is much reason to believe it could play an important role in increasing resources for families with children and reducing child poverty.

### Extend the Child Tax Credit to More Low Income Families

The Child Tax Credit provides a tax credit of up to \$1,000 per child for children under the age of 17. High income families are not eligible for the CTC because it is reduced by \$5 for every \$100 by which a family's adjusted gross income exceeds \$110,000 for married couples, or \$75,000 for single parents.

Low-income families are often not eligible for the CTC or are only eligible for a partial credit because the CTC is only partially "refundable." Under the U.S. tax structure, a tax credit is refundable if the family can directly receive the amount of the credit that exceeds a family's tax liability. In the current CTC, the amount of the refundable credit is 15 percent of earnings exceeding \$12,500. So, for example, a family with earnings of \$13,500 can receive a \$150 credit, while a family with earnings of \$12,000 will receive no credit.

In 2007, 31 million families benefitted from the credit, with total expenditures of about \$45 billion dollars. However, because many low-income families are excluded from the credit, less than 10 percent of eligible families in the bottom quintile of families received any benefit from it, and less than 1 percent of current benefits from the credit went to families in the bottom quintile.<sup>11 12</sup>

We believe the CTC should be made fully refundable so that all low-income families with children should receive the same benefit that is received by middle- and higher-income families. Modeling by the Urban Institute has estimated that adopting such a proposal would reduce child poverty by 20 percent, using a definition of poverty drawn from recommendations of the National Academy of Sciences.<sup>13</sup>

We recognize that, apart from cost, the principal objection to doing this is that it would allow families with few or no earnings to receive a full credit. Some may object that this would reduce work incentives or be inequitable by providing tax-based help to those without earnings.

There is little reason to fear that extending the child credit to all low-income children would create a significant, if any, work disincentive. The amount of the credit would still be a small fraction of the actual cost of child-raising. Notably, the three countries that are most effective at reducing poverty through social

transfers (Denmark, Finland, and Sweden) all have maternal employment rates higher than that of the United States, and levels of jobless households overall that are very similar.<sup>14</sup> In addition, the continued operation of the federal Earned Income Tax Credit would always ensure that entering employment and increasing hours of work was in the financial interest of a very low-income family, as would the fact that the child credit would not phase out as low-income families entered or increased hours of employment. Moreover, if the United States hopes to even minimally reduce the severe income inequality with which American children begin life and spend their childhoods, making the distribution of child tax credit benefits more equitable is a straightforward way to do so.

While the best approach would be full refundability, a useful but considerably more modest approach would be to lower the earnings threshold at which a family can begin qualifying for the credit from \$12,500 to zero, so that any earnings can begin qualifying a family for the credit. This would mean, for example, that a family with \$1,000 in earnings could qualify for a \$150 credit (15 percent of \$1,000), and a family with \$5,000 in earnings could qualify for a credit of \$750 (15 percent of \$5,000). Note, however, that doing so would still completely leave out children in the poorest, most marginalized families.

Probably, the principal objection against taking this approach is that the current threshold encourages full-time work, because a family with earnings below \$12,500 receives nothing. To that, we respond that it is highly doubtful that many low-income families (or other families) can follow the complexities of tax rules such that the threshold has a significant behavioral impact; that the design of the Earned Income Tax Credit already encourages additional hours of work from low-earners and there is little reason to believe the CTC has an important additive effect, and the virtues of helping the poorest children and encouraging any work far outweigh any factors to the contrary.

We understand that current congressional debate largely centers on whether the threshold for the credit should be reduced to \$8,500. We think that would be a valuable initial step, but that over time, it is essential to go further.

## Establish a Baby Benefit

Second, we propose to create a Baby Benefit, by doubling the child tax credit for infants in all families that qualify for the credit. We recommend the introduction of the Baby Benefit once the Child Tax Credit has been extended to the lowest income families, both because the expanded inclusion of lower-income children should be the highest priority, and because enacting a Baby Benefit without addressing refundability would actually exacerbate the inequities in the existing child credit.

We recommend a Baby Benefit for four reasons. First, an extensive literature tells us that children's environments in the first years of life are critical for a child's

health and brain development, and the nation should have a strong interest in increasing the resources available to families in this period.<sup>15</sup> Second, families can face new financial stresses when they have an infant, either because of the high costs of infant care,<sup>16</sup> or because of lost wages due to time out of the workforce,<sup>17</sup> or both. While an expanded child credit would be no substitute for expanding child care subsidy assistance or advancing paid parental leave, it could help reduce the financial burdens families face in this period. Third, families with young children are disproportionately poor. Some 21 per cent of families with infants and toddlers are poor on the current U.S. measure, compared to 17 per cent of all children.<sup>18</sup> Finally, poverty is particularly damaging when experienced in early childhood. As explained in the National Academy of Sciences report, *From Neurons to Neighborhoods: The Science of Early Childhood Development*, “young children are more likely than any other age group in this society to live in poverty, and poverty during the early years is more powerfully predictive of later achievement than is poverty at any subsequent stage of development.”<sup>19</sup>

If the CTC is made fully refundable, so should be the Baby Benefit. Even if the CTC is only partially refundable, there is a strong argument for a fully refundable Baby Benefit, given reduced parental employment when a family has an infant. If not fully refundable, though, we would propose to structure the Baby Benefit as a \$2,000 tax credit for families with sufficient tax liability to claim the full credit, and otherwise as a refundable credit of 30 percent of initial earnings until the maximum credit was reached. This would mean, for example, that only families with earnings of \$6,667 or more would qualify for the full credit. Recognizing that families will often have lower earnings in the year in which the infant was born, a family would receive the higher of the credit that it would qualify for based on earnings in the year in which the infant was born, or the prior year.

In the long run, the Baby Benefit should be structured so that at least part of the benefit could be paid to the family promptly after the birth of the baby. While there are many virtues in using tax policy to provide help to families, a principal limitation is that tax benefits are typically received in a once-a-year lump sum. The Earned Income Tax Credit allows part of the benefit to be paid through an advanced payment structure, but the provision is complex, not well understood, and rarely used. Over time, if the United States continues to use the tax code as a key way to provide a range of benefits, it will be important to develop mechanisms for more prompt provision of benefits in forms not limited to lump sums.

### Costs, and How to Pay for Them

Adopting these two changes would not eliminate the gap between the United States and many other developed nations – our expanded credit would still be modest by comparison to many – but it would move the United States closer to the average for investment in children, and target this investment at a time when it may have the most impact.

It is beyond our scope to engage in a detailed accounting of the costs of the program we recommend. We note that according to the Tax Policy Center, providing for full refundability of the CTC would have costs in the range of \$12 billion a year (and more assuming it resulted in additional families entering the tax system); starting benefits at the first dollar of earnings has a price tag of around \$9 billion per year, and doubling the credit rate in the first year of a child's life would cost around \$2 billion (and a higher amount as it interacted with an overall CTC expansion).

One way to pay these costs, and more, would be through restoring a meaningful estate tax on the largest estates. The logic of doing so should be compelling: It is possible to both allow for substantial inheritances and to provide that wealth from a passing generation is used to enhance the well-being of the next generation of American children. Under current law, the estate tax is scheduled to disappear for a single year, 2010, and then be restored to a substantially higher level – 60 percent of the amount exceeding \$1,000,000 – in 2011. It is widely anticipated that the debate in Congress will center on whether to continue the tax, and if so, with what exemptions and at what rate. To end the tax altogether would result in an enormous loss in federal revenues (more than \$1 trillion over 10 years, according to the Center on Budget and Policy Priorities).<sup>20</sup> As Congress debates the parameters of the estate tax revision, a modest adjustment to the applicable rates – affecting only the very wealthiest inheritances – would more than pay for the proposed expansion of assistance to the next generation of low- and middle-income children.

## Conclusion

Child poverty in the United States is much higher than in other advanced nations, and one main reason is our low expenditures in programs designed to offset market-driven poverty outcomes. Given the lasting damage engendered by child poverty, these investments make a lot of sense to us, and we recommend expanding the Child Tax Credit to end the exclusion of low-income families and establish a Baby Benefit for low- and middle-income families.

Of course, a CTC expansion is but one way to accomplish the goal of investing more in poor children, and policy makers may debate the relative merits of this and other approaches. Our main point is that other advanced economies simply invest more of their GDP in children, poor or non-poor, and the results are both clear and salutary. Many fewer children in these countries grow up poor, and that strikes us as an extremely laudable goal for the United States.

- <sup>1</sup> Mishel et al., *The State of Working America*, 2008/09, forthcoming.
- <sup>2</sup> See e.g. Jonathan Bradshaw *A review of the comparative evidence on child poverty* JRF, UK (2006); Sheila B. Kamenman, Michelle Neuman, Jane Waldfogel and Jeanne Brooks-Gunn, *Social Policies, Family Types and Child Outcomes in Selected OECD Countries* OECD (2003); Hugh Frazer and Eric Marlier *Tackling child poverty and promoting the social inclusion of children in the EU Key lessons Synthesis Report* European Commission (2007); Directorate-General for Employment, Social Affairs and Equal Opportunities *Child Poverty and Well-Being in the EU; Current status and way forward* European Commission (January 2008).
- <sup>3</sup> The countries in the study are the Netherlands, Germany, Canada, Belgium, Austria, and Ireland.
- <sup>4</sup> Timothy Smeeding, *Poor People in Rich Nations: The United States in Comparative Perspective* (January 2006) available at [http://www-cpr.maxwell.syr.edu/faculty/smeeding/pdf/JEP\\_percent20V5\\_2006.pdf](http://www-cpr.maxwell.syr.edu/faculty/smeeding/pdf/JEP_percent20V5_2006.pdf)
- <sup>5</sup> UNICEF, *Child poverty in perspective: An overview of child well-being in rich countries, Innocenti Report Card 7*, UNICEF Innocenti Research Centre, Florence. (2007).
- <sup>6</sup> OECD *Babies and Bosses: Reconciling Work and Family Life: A synthesis of findings for OECD countries* OECD (2007).
- <sup>7</sup> Peter Whiteford and Willem Adema, *What Works Best in Reducing Child Poverty: A Benefit or Work Strategy?* OECD (2007).
- <sup>8</sup> Further details can be found at [http://stats.oecd.org/wbos/Index.aspx?datasetcode=SOCX\\_AGG](http://stats.oecd.org/wbos/Index.aspx?datasetcode=SOCX_AGG) under 'Type of expenditure'.
- <sup>9</sup> OECD social expenditure database. See [http://stats.oecd.org/wbos/Index.aspx?datasetcode=SOCX\\_AGG](http://stats.oecd.org/wbos/Index.aspx?datasetcode=SOCX_AGG)
- <sup>10</sup> Peter Whiteford and Willem Adema, *What Works Best in Reducing Child Poverty: A Benefit or Work Strategy?* OECD (2007).
- <sup>11</sup> Taxation and the Family: What is the Child Tax Credit, <http://www.taxpolicycenter.org/briefing-book/key-elements/family/ctc.cfm>
- <sup>12</sup> In 2005, 28 per cent of all children, half of all African-American children, 46 per cent of Hispanic children, and 18 per cent of white children received no credit or only a partial credit because their families had low or no earnings. See Leonard E Burman and Laura Wheaton *Who gets the child tax credit?* Urban Institute (2005) available at [http://www.urban.org/UploadedPDF/411232\\_child\\_tax\\_credit.pdf](http://www.urban.org/UploadedPDF/411232_child_tax_credit.pdf)
- <sup>13</sup> Estimating the Anti-Poverty Effects of Changes in Taxes and Benefits with TRIM3, [http://www.urban.org/UploadedPDF/411450\\_Estimating\\_Effects.pdf](http://www.urban.org/UploadedPDF/411450_Estimating_Effects.pdf). See also Center for American Progress *From Poverty to Prosperity: A National Strategy to Cut Poverty in Half*, Center for American Progress (2007) available at [www.americanprogress.org/issues/2007/04/pdf/poverty\\_report.pdf](http://www.americanprogress.org/issues/2007/04/pdf/poverty_report.pdf)
- <sup>14</sup> See Table A2 in Peter Whiteford and Willem Adema, *What Works Best in Reducing Child Poverty: A Benefit or Work Strategy?* OECD (2007) and Table 3.2. OECD 2007 *Babies and Bosses – Reconciling Work and Family Life (Vol. 5): A Synthesis of Findings for OECD Countries* available at <http://www.oecd.org/dataoecd/15/47/39680843.xls>
- <sup>15</sup> National Scientific Council on the Developing Child *The Timing and Quality of Early Experiences Combine to Shape Brain Architecture* Centre on the Developing Child Harvard University (February 2008) available at [http://www.developingchild.net/pubs/wp/Timing\\_Quality\\_Early\\_Experiences.pdf](http://www.developingchild.net/pubs/wp/Timing_Quality_Early_Experiences.pdf)

<sup>16</sup> For example, the average costs of full-time childcare for an infant can be as high as \$14,591 a year, compared to \$10,787 for a four year old . See NACCRRA *Parents and the High Price of Childcare: 2008 Update* NACCRRA (2008) available at: [http://www.naccrra.org/docs/reports/price\\_report/Price\\_Report\\_2008\\_One\\_Page.doc](http://www.naccrra.org/docs/reports/price_report/Price_Report_2008_One_Page.doc)

<sup>17</sup> Nearly half of first-time mothers (45 percent) are not in paid work six months after a child's birth, and more than a third (36 percent) are not in work 12 months later. For first-time mothers who were working during their pregnancy, 28 per cent were not in work six months after a child's birth, and 20 per cent are not in work 12 months later. See Talesse D. Johnson *Maternity Leave and Employment Patterns of First Time Mothers: 1961-2003* U.S. Census Bureau (2008) available at: <http://www.census.gov/prod/2008pubs/p70-113.pdf>

<sup>18</sup> National Center for Children in Poverty *Basic facts about low income children: Birth to age 3* NCCP (2007) available at: [http://www.nccp.org/publications/pdf/download\\_221.pdf](http://www.nccp.org/publications/pdf/download_221.pdf)

<sup>19</sup> Jack P. Shonkoff and Deborah A. Phillips, *From Neurons to Neighborhoods: The Science of Early Childhood Development*, National Academies Press (2000) available online at [http://www.nap.edu/openbook.php?record\\_id=9824&page=280](http://www.nap.edu/openbook.php?record_id=9824&page=280)

<sup>20</sup> Joel Friedman, *The High Cost of Estate Tax Repeal* Center on Budget and Policy Priorities (2007), available at: <http://www.cbpp.org/6-5-06tax.htm>

# A Springboard to the Ownership Society

by Katie McMinn Campbell, M.P.P. and Jason D. Newman, J.D.

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“The test of the morality of a society is what it does for its children.”

– Dietrich Bonhoeffer

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This exciting presidential election has engaged more people from all age groups, races, ideologies, regions, and income levels than any other in recent history. The final two major-party presidential candidates have captured the attention of a particularly tuned-in American public. Those interested in children’s issues must capitalize on this historic moment and urge the candidates to commit to sound policies that can help every child reach his or her full potential.

Over the last few years, we have heard significant discussions about creating an ownership society. However, 12.8 million children currently live in poverty in the United States. At the same time, the fact that an increasing number of American families is living paycheck-to-paycheck is creating a major barrier to upward economic mobility, not only for the working parents, but for their children as well.

All children deserve to have an equal opportunity to achieve the American dream, and the next president should enact policies to bring this about. We propose a four part plan:

- **Create Baby Bonds for all American Children.** The United States should invest in its most precious resource by creating birth accounts, or Baby Bonds, for all of the 4 million children born each year. The federal government should make a small deposit in the savings account when a child is born, and again 10 years later. Family members and state governments could also invest in these accounts. At the age of 18, with compound interest, all children would have a modest pool of assets

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*Katie McMinn Campbell, M.P.P. is a policy analyst at the Progressive Policy Institute.*

*Jason D. Newman, J.D. is the state and local policy director at the Democratic Leadership Council.*

to start their adult lives. They could use these funds to pay for higher education, make a down payment on a first home, start a small business, or save for retirement.

- **Build a Renewed Commitment to Financial Literacy.** In return for a federal investment in Baby Bonds, states must commit to implementing an evidence-based, comprehensive financial-literacy curriculum that spans all grade levels. This commitment will give all children the knowledge and tools necessary for a lifetime of financial success.
- **Expand Rewards for Work.** The Earned Income Tax Credit (EITC), a fully refundable credit that supplements the wages of low-income workers, is the key tool for making work pay, and should be expanded so that it provides more relief for working Americans including non-custodial fathers who meet their child support obligations. In addition, we should simplify the tax code by folding the expanded EITC, the Child Credit, and the Child and Dependent Care Credit into a single Family Tax Credit (FTC) that would provide more tax relief for working families.
- **Institute a Universal College Tuition Tax Credit.** In order to make college affordable for every American, the next administration should fold the confusing assortment of tax incentives and provisions into a refundable \$3,000 per year tax credit that will offset the majority of tuition at a public, in-state institution, while at the same time simplifying the tax code.

These four efforts would signal that America cares about the next generation and is truly committed to giving all children the knowledge and opportunity they need to participate in the ownership society.

## Create Baby Bonds for All American Children

Because of a growing wealth gap, too many children begin life from behind the starting gate. According to a recent study from the University of Michigan, over the last 20 years, the net worth of the richest 2 percent of American families nearly doubled, while the net worth of the poorest quarter of American families actually declined.<sup>1</sup> Startlingly, half of non-white children and one out of every four white children grows up in a home with no savings and no family resources for investments – a trend that is only getting worse.<sup>2</sup> In 2005, the national savings rate dipped into the red for the first time since the Great Depression.<sup>3</sup>

The next administration can narrow this wealth gap by instituting birth accounts – or Baby Bonds – for each of the 4 million children born each year. Modeled after a similar program in the United Kingdom, the United States government would invest \$500 in each child's Baby Bond at birth and again 10 years later.

Families could invest additional funds in the Baby Bond accounts, a limited amount of which would be tax-free. The federal and state governments should also encourage greater family participation through partial-matching programs for low-income families, and by giving them the option to direct annual government benefits into the accounts on a tax-free basis.

These Baby Bonds would remain untouchable until the age of 18, when, thanks to compound interest, each child would have a modest pool of assets with which to start his or her adult life. In order to access the funds, however, each child must graduate from high school and perform a minimum of 100 hours of community service. These requirements would provide an incentive for every child to finish school, and instill in them a sense of responsibility and commitment to their communities.

Once these requirements are met, individuals could use that money to pay for college or technical training, make a down payment on a first home, start a small business, or save for retirement.

This idea isn't new. A bipartisan coalition in Congress has introduced the America Saving for Personal Investment, Retirement and Education (ASPIRE) Act, which would give every child a minimum \$500 contribution at birth. Children from low-income households would get supplemental government contributions and matching funds for amounts saved in the account each year. The ASPIRE Act also requires the secretary of the Treasury to develop and promote financial literacy programs to account holders and their guardians.

At the state level, former State Treasurer Jonathan Miller, a Kentucky Democrat, proposed a similar plan to help children from the Bluegrass State pay for college. These "Cradle to College" accounts would give every child born in Kentucky a college savings fund. Miller, along with Republican Secretary of State Trey Grayson, designed the initiative so that every child would have enough money to cover the costs of community college or technical school. Families could make additional payments to supplement these funds in order to afford a four-year institution. The "Cradle to College" program requires beneficiaries to perform at least one year of military or civilian service before accessing the money.

The potential benefits of these accounts are tremendous. Baby Bonds can put every child on track to a lifetime of wealth accumulation, and provide an opportunity springboard for all children, regardless of their start in life.

## **Build a Renewed Commitment to Financial Literacy**

In addition to giving children the asset boost necessary to achieve the American Dream and join the ownership society, we must also equip them with the financial knowledge necessary for a lifetime of economic success. Part of the bargain for federal investment in Baby Bonds should be a requirement that states develop and implement an evidence-based, comprehensive financial-literacy curriculum that spans all grade levels.

Our increasingly complex economic structures make it more important than ever for individuals to have a foundation of financial understanding so they are ready to make decisions about choosing a credit card, buying a home, investing in their children, and saving for retirement. As financial literacy becomes more vital, it seems that we know less and less about what it takes to make smart money choices.

In the latest biennial survey of financial literacy scores by the JumpStart Coalition, in 2008 high-school seniors correctly answered only 48.3 percent of the questions – a score 4 percent lower than that of seniors who took the same quiz in 2006.<sup>4</sup> College students fared slightly better, answering 62 percent of the questions correctly, but still showed an unsatisfactory grasp of personal financial knowledge.

Furthermore, Americans realize their ignorance about financial matters and thus, lack confidence in their decision making skills. Only 24 percent of students and 20 percent of parents say kids are very well prepared to make important personal economic decisions.<sup>5</sup>

Chairman of the Federal Reserve Ben Bernanke has noted that “The financial preparedness of our nation’s youth is essential to their well-being and of vital importance to our economic future.”<sup>6</sup> Yet according to a 2007 survey by the National Council on Economic Education, only seven states require students to take a personal-finance course as a requirement for high-school graduation, and only nine states test student knowledge in personal finance.<sup>7</sup> In fact, according to a 2007 back-to-school survey from Visa, only 5 percent of adults learned about money management in elementary or high school.<sup>8</sup>

The absence of financial-literacy courses does not stem from a lack of support among American parents and teachers. Approximately 91 percent of Americans support financial education requirements,<sup>9</sup> and nearly three-quarters of K-12 teachers believe their state should have academic standards for financial-literacy education.<sup>10</sup>

Policies that enhance upward mobility and financial stability will ultimately fail if Americans do not have the information and tools to invest and spend money wisely. Therefore, as part of the bargain for federal investment in Baby Bonds, each state must implement a comprehensive financial literacy curriculum in its schools. Our future economic vitality as a country depends on how we prepare today’s children to navigate our complex economy.

## Expand Rewards for Work

The first, and most important, step in raising a new generation of responsible citizens begins at home. Children need to witness their parents going to work and living responsibly.

However, in the past decade, many low-income men have not served as good models for their children and communities. Some studies show that only 42 percent of working-age, poor men worked at all in 2005; only 16 percent of this group reported working full time, year round; and a mere 6 percent of poor African-American men worked full time.<sup>11</sup>

The lack of responsible, breadwinning fathers in low-income neighborhoods weaves a well-documented tangle of poor outcomes. It undermines marriage, leaves single moms strapped for cash, diminishes the supervision of children, and deprives adolescents of positive male role models.

Yet if we are to demand work among all able-bodied adults, policy makers cannot ignore that many jobs today do not pay enough to help families obtain a minimally decent standard of living. For children to truly benefit from the opportunity springboard we propose, it is essential to make work pay for their parents today.

For years, the Earned Income Tax Credit has been the key tool for making work pay. This refundable tax credit supplements the wages of workers in low-paying jobs, providing an enormous incentive to work. Currently, families with two or more children receive a maximum federal EITC benefit of \$4,536, and families with one child receive \$2,747. However, single workers with no children, including fathers without custody, receive far less in EITC benefits – a mere \$412 per year – giving them a much smaller incentive to work than mothers with custody of their children.

If the EITC is to reach its full potential in rewarding work, lifting families out of poverty, and giving children an early example of what it means to live responsibly, then we must expand the credit to childless workers and non-custodial fathers who work full-time and pay their child support.

This particular plan offers a new twist: expanded work supports coupled with tax-code simplification. We propose folding three similar provisions – an expanded EITC, the Child Credit, and the Child and Dependent Care Credit – into a single Family Tax Credit (FTC). This combined credit would not only provide more tax relief for working mothers with dependent children, but it would also triple the amount of benefits for childless workers and non-custodial fathers.

Qualifying families would receive \$1 in a refundable credit for every \$2 earned, with a maximum credit of \$3,500 for families with one child, \$5,200 for families with two children, and \$7,000 for families with three children. The FTC would also provide increased benefits of up to \$1,236 for childless workers and non-custodial dads.<sup>12</sup> Families, including fathers without custody of their children, would have the option to deposit credits into their children's Baby Bond accounts, tax-free.

Children not only need physical care, but they also need positive role models at home who demonstrate daily how to become responsible citizens. Expanding work supports to childless and non-custodial parents will give families more money to help make ends meet. It will also create a greater incentive for low-income adults to participate in the labor market, and ultimately, provide the next generation with positive examples of the dignity and prosperity that come with hard work.

## Institute a Universal College Tuition Tax Credit

Earning a college degree is one of the primary predictors of future economic success and social mobility, but this pillar of the American Dream is slipping out of reach for too many because of high costs. If we are going to promise our children a bright future in exchange for their hard work, then we must ensure that every child who wants to attend college has the economic means to do so.

Currently, we cannot fulfill our end of this bargain, and are therefore putting the ownership society out of reach for too many children. A report from the College Board shows that the 2007–08 list price for higher education rose by 6.6 percent and 4.2 percent at public four-year and two-year institutions, respectively. What is more, the increases follow an almost 30-year trend of tuition costs growing faster than inflation.<sup>13</sup> When you add in the costs of books and other fees, it is no wonder that many students cite costs as the number-one reason for not entering or not continuing their higher education. For example, even with need-based aid, low-income students still have to pay as much as \$3,800 per year in college expenses.<sup>14</sup>

Congress has tinkered with the tax code over the years in an effort to help families better afford the costs of college. Unfortunately, these well-intentioned fixes have created a complex and sometimes contradictory tax system. Students looking to the tax code for financial assistance will find a confusing assortment of incentives and provisions.<sup>15</sup>

If students work hard and are accepted to college, they should not need a tax manual to help them figure out how to pay for it. It is time to make college aid simpler and more generous by rolling all of the higher education tax credits into one simple refundable \$3,000 College Tax Credit (CTC). This CTC would combine the HOPE Scholarship, the Lifetime Learning Credit, and the deduction for higher education into one more generous higher education benefit.

Students who attend college more than half time would be eligible for the \$3,000 tax credit for each of the first four years. This credit could be used by students attending private and public colleges or universities, graduate school or continuing education programs. Additionally, unlike current higher-education benefits, there would be no limit on the number of students per family who receive the CTC, and since it is a refundable credit, it would not be phased out for higher-income families.

On the campaign trail, Democratic presidential nominee Barack Obama has advocated for a similar plan. His American Opportunity Tax credit is a universal, fully refundable credit that would cover the first \$4,000 of college costs for all Americans.

Regardless of who wins in the fall, the next administration must make college affordability a priority. In today's global market, the vitality of our economy requires a highly educated workforce. We must stop inhibiting students from gaining the qualifications and skills they need to compete. Ensuring that every child has the economic means to attend college will not only make our economy

strong, but will fulfill our end of the bargain to ensure all children have a shot at earning a college degree.

### Covering the Costs

When the new president takes the oath of office, he will be facing the largest budget deficit in U.S. history. The 2009 deficit will likely exceed \$562 billion including the total costs of the wars in Iraq and Afghanistan, and could grow even higher depending on the volatile economy and whether Washington considers further economic bailouts of struggling markets.<sup>16</sup> Despite the daunting deficit, however, Senators Barack Obama and John McCain continue to propose ambitious plans to fix the health care system, recharge the struggling economy, and address our energy crisis – none of which will come cheap.

Therefore, if we are going to make children a priority, we need to ensure that we pay for it. We estimate that taken together, these four proposals will cost \$48.75 billion in the first year and \$492.5 billion over the next 10 years.

The investments we propose are not cheap, but they have the potential to produce long-term benefits for individual children and society as a whole. Regardless of the future benefits, we still must pay for these proposals now so that today's children don't foot the bill as adults. If our elected leaders are willing to make difficult choices among competing priorities, then we can afford them.

The Progressive Policy Institute has compiled a list of tax and budget reforms in "Return to Fiscal Responsibility II" that would save the federal government a total of \$1.88 trillion.<sup>19</sup> Policy makers could choose from this set of offsets that would more than pay for our proposals.

With the war in Iraq, a troubled economy, and an energy crisis, the next president will have a full agenda starting on day one. However, we must insist that policies to better the lives of American children remain in the forefront. It will require federal leadership to ensure that all children who work hard have the springboard necessary to become a member of the ownership society.

<b>Proposal</b>	<b>One Year Cost (in billions)</b>	<b>Ten Year Cost (in billions)</b>	<b>Description of Cost</b>
<b>Baby Bonds</b>	\$3.25	\$37.5	The estimated first-year cost for Baby Bonds is \$3.25 billion with a 10-year cost of \$37.5 billion <sup>17</sup> since annual costs will rise as new participants are eligible for benefits. <sup>18</sup>
<b>Financial Literacy Curriculum</b>	–	–	There would be no federal costs for implementing financial literacy curriculum since this is a state requirement in return for the large federal investment in Baby Bonds.
<b>EITC Expansion</b>	\$28	\$280	We predict that four million additional single, childless or non-custodial, low-income Americans would benefit from the expanded credit. Therefore, this particular piece of the FTC would cost \$3 billion annually. Taken in total, the entire FTC would cost an additional \$28 billion per year over the next decade.
<b>College Tax Credit</b>	\$17.5	\$175	Consolidating the Hope Scholarship, the Lifetime Learning Credit and the higher education deduction into one \$3,000 refundable credit will cost approximately \$175 billion over 10 years.
<b>Total</b>	<b>\$48.75</b>	<b>\$492.5</b>	

<sup>1</sup> University of Michigan (2007, August 9). Wealth Gap Is Increasing, Study Shows. *ScienceDaily*. Retrieved July 13, 2008, <http://www.sciencedaily.com/releases/2007/08/070807171936.htm>.

<sup>2</sup> “The America Saving For Personal Investment, Retirement, and Education Act: Questions and Answers.” New America Foundation Asset Building Program. [http://www.assetbuilding.org/files/archive/Doc\\_File\\_1247\\_1.pdf](http://www.assetbuilding.org/files/archive/Doc_File_1247_1.pdf)

<sup>3</sup> Crutsinger, Martin. “Personal Savings Rate Drops to a 73-Year Low.” *The Washington Post*. February 1, 2007.

<sup>4</sup> “Financial Literacy Still Declining among High School Seniors, JumpStart Coalition’s 2008 Survey Shows,” News Release, JumpStart Coalition, April 9, 2008.

- <sup>5</sup>The Hartford Financial Services Group, Inc., *New Survey by the Hartford Reveals financial Literacy Communication Gap Among College Students and Parents*, February 2007, <http://ir.thehartford.com/releasedetail.cfm?releaseID=237682>.
- <sup>6</sup>Remarks of Ben Bernanke, chairman of the Board of Governors of the Federal Reserve System, “The Importance of Financial Education and the National JumpStart Coalition Survey,” April 9, 2008.
- <sup>7</sup>“Survey of the States: Economic and Personal Finance Education in Our Nation’s Schools in 2007,” the National Council on Economic Education, <http://www.ncee.net/about/survey2007/NCEESurvey2007.pdf>.
- <sup>8</sup>Visa, *Visa Back-To-School Survey Finds That Only 5% of Kids Learn Vital Life Skill of Money Management in Class*, August 2007, <http://www.practicalmoneyskills.com/english/presscenter/releases/081307.php>.
- <sup>9</sup>Id.
- <sup>10</sup>Networks Financial Institute at Indiana State University, *National K-12 Financial Literacy Qualitative & Quantitative Research*, March/April 2007, <http://www.networksfinancialinstitute.org/sitecollectiondocuments/nationalk12financialliteracystudy.pdf>.
- <sup>11</sup>Mead, Lawrence. “Toward a Mandatory Work Policy for Men.” *The Future of Children*, Vol. 17, No. 2, Fall 2007.
- <sup>12</sup>Campbell, Katie McMinn and Will Marshall. “Making Work Pay: For Men Too.” Progressive Policy Institute. November 2007.
- <sup>13</sup>“Trends in College Pricing.” College Board. 2007.
- <sup>14</sup>Weinstein, Paul Jr. “Family-Friendly Tax Reform.” Progressive Policy Institute. April 2005.
- <sup>15</sup>Ibid
- <sup>16</sup>Taylor, Andrew, “US 2009 deficit will reach \$482 billion, record driven by sagging economy,” CNBC, July. 28, 2008, <http://www.cnbc.com/id/25886962/for/cnbc/>.
- <sup>17</sup>Cramer, Reid, “The America Saving for Personal Investment, Retirement, and Education Act: Questions and Answers,” October 3, 2007, [http://www.newamerica.net/files/ASPIRE%20Frequently%20Asked%20Questions%20\(PDF,%208pp.\).pdf](http://www.newamerica.net/files/ASPIRE%20Frequently%20Asked%20Questions%20(PDF,%208pp.).pdf)
- <sup>18</sup>We used the estimated cost of the ASPIRE Act to predict the 10-year cost of our Baby Bonds proposal. However, our proposal will be more expensive after this 10-year period as the federal government begins making the second deposit when the first beneficiaries turn 10 years old.
- <sup>19</sup>Weinstein, Jr., Paul and Katie McMinn Campbell, “Return to Fiscal Responsibility II,” April 2007, [http://www.ppionline.org/documents/Fiscal\\_Responsibility\\_04302007.pdf](http://www.ppionline.org/documents/Fiscal_Responsibility_04302007.pdf).

# Supporting Young Children and Families

## An Investment Strategy That Pays

by Julia B. Isaacs

### Summary

In the United States, public investment in children typically does not begin until they are age five or six and enter a public school system. Until that time, we regard the care of young children as the almost exclusive domain of parents, relying on them to provide a good environment – one that will promote healthy physical, intellectual, psychological, and social development. Good care early in life helps children to grow up acquiring the skills to become tomorrow’s adult workers, caregivers, taxpayers, and citizens.

Yet today, many parents, early in their own careers and family life, are stretched thin, in both time and money, trying to care for their young children. Whether a single mother working the night-shift at a fast-food restaurant, or a busy executive dashing home before the child care center closes, parents across the socioeconomic spectrum struggle to balance both their children’s developmental needs and the demands of their employers.

For families with children under age six, time is especially scarce if both parents work or if there is a working single-parent. Yet, two-thirds of young families fit one of these models. Money is scarce for the 40 percent of these families that have incomes below 200 percent of the poverty line – less than \$34,000 a year for a family of three. And, there is a double squeeze on the 22 percent of families where parents work outside the home and are low-paid.<sup>1</sup>

Despite the challenges facing young families, the federal government has provided little direct support. At the state government level, however, there has been a significant change. A majority of states have now adopted public pre-kindergarten programs and other forms of early childhood intervention. Attitudes toward public investment in the pivotal early childhood years are shifting, and the time is ripe for a new president to provide federal leadership in developing policies to support young children and their families as a key part of his domestic policy agenda.

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*Julia B. Isaacs is the Child and Family Policy Fellow at the Brookings Institution and a Fellow with First Focus.*

The president should work with Congress to expand early childhood programs that have proved cost-effective and to promote tax and workplace policies to reduce burdens on young families. More specifically, he should:

- Provide federal funding for high-quality, center-based preschool programs for three- and four-year-old children, that are open to any family that wishes to enroll a child and fully subsidized for the poorest families;
- Send nurse home visitors into the homes of all first-time pregnant women in economically impoverished families to promote sound prenatal care and the healthy development of infants and toddlers through age two; and
- Support young families at all income levels through a federal-state initiative to provide up to 12 weeks of paid parental leave after birth or adoption.

## Context

Attitudes regarding the early education and care of young children are shifting because people see the positive results. Public support has enabled states to rapidly expand funding for public pre-kindergarten programs, and 38 states now provide some level of services—primarily to four-year olds. Families with even younger children also have benefited from expanded services. In 1994, the federal Head Start program began serving children and their parents from before birth through age three, and some states also now include services in their pre-K agendas for younger children.

Interest in high-quality services for young children and their parents is supported by biomedical science. Research has shown that the development of neural pathways in the brains of infants and toddlers is influenced by the quality of their interactions with other people and their surroundings.<sup>2</sup> Growing up in healthy environments and engaging in sensitive interactions with parents and other caregivers in their early years provides children with life-long advantages and makes them more productive citizens.

Rigorous evaluations of a number of early childhood programs reinforce the lessons of brain research. Children who participate in effectively designed preschool programs achieve more in elementary school, are less likely to be held back a grade or to need special education, and are more likely to graduate from high school. Long-term research has shown that the positive effects of high-quality early education programs continue into adulthood; program participants have higher rates of employment, greater earnings, lower levels of criminal activity, and in some studies, less use of welfare. In other words, starting children off on the right foot makes a real difference.

Commitment to the American ideal of equal opportunity is another strong motivation for government to invest in high-quality pre-kindergarten programs. Many of the racial, ethnic, and income gaps found in school achievement begin before children ever set foot in kindergarten. African-American and Hispanic children, as well as children from impoverished or recently immigrated families, enter kindergarten with smaller vocabularies and more limited math skills. Overall, they are less ready for school, on average, than white children and children from economically advantaged families. Addressing gaps in skills at an early age gives more children from disadvantaged families a fighting chance to achieve the American Dream.

Finally, the number of mothers of young children who are working is increasing, whether they are young professionals in two-earner families or low-income single mothers working in the wake of welfare reform. The large number of working parents means that many children spend long hours every day in some form of non-parental care, and the quality of that care affects their development. It must provide a good learning environment, not just custodial services. While attention to quality and school-readiness may be of highest importance for children from the most disadvantaged families, all working parents face challenges in finding reliable, quality child care.

Too often, policymakers separate the need for “child care” to keep children safe so that parents can go to work, from the need for “preschool education,” so that children can enter kindergarten ready to learn. Yet, in order to develop to their full potential, most children need both—safety, of course, but also developmentally appropriate stimulation and quality interactions with caregivers. A key challenge in early childhood education is to bridge gaps between child care and preschool, as well as gaps between the federal Head Start program and state-funded pre-kindergarten programs.

### Three Principles for Federal Action

The time is ripe for federal leadership to consolidate the existing patchwork of early childhood policies and programs and move them forward. The federal government can play an important role in providing funds for this under-invested area, encouraging collaboration across the different actors and institutions, and testing and demonstrating models. Governmental action should be guided by the following principles:

- **Proved Effectiveness:** The federal government should invest only in programs of proven effectiveness – particularly cost-effectiveness – that result in long-lasting benefits to participants.<sup>3</sup>
- **Targeting:** As a corollary to the principle of cost-effectiveness, federal resources should be targeted on the most vulnerable populations. Most evidence of cost-effectiveness comes from well designed analyses of

high-quality programs that served low-income children and others at risk for poor developmental outcomes. At the same time, there are advantages to designing programs and policies with universal appeal that provide some level of service to all children.

- **Respect for Parents:** A final principle is respect for the parents who bear primary responsibility for raising their children. Respect for parents, however, does not mean leaving parents to sink or swim on their own. Carefully designed services can support parents in their childrearing work, easing the burden on all parents and providing extra assistance to families that do not have the financial resources or parenting skills to provide their children with the healthy start that maximizes chances for life-long success.

## Programs that Work

### Preschool Education for Three- and Four-Year Olds

The first recommendation is to invest federal resources in supporting high-quality early education experiences for three- and four-year-old children, providing them with the building blocks for future success in school, the workforce, and society. A large research literature has documented the benefits of enrolling poor children in early childhood programs, not only to improve outcomes in elementary school, but also, in later life, through reduced high school dropout rates, less juvenile crime, and better employment outcomes. When these benefits are quantified in dollar terms, estimated benefit-cost ratios range from a conservative 2:1 for a generic “real-world” early childhood education program to 17:1 for the model Perry Preschool curriculum, which has been studied since 1962.<sup>4</sup>

While the strongest evidence of long-term benefits comes from model programs with dozens of years of follow-up data, large, new state pre-kindergarten programs have had substantial positive effects on children’s school readiness, according to several evaluations.<sup>5</sup> The Head Start program, also, has had clear positive impact on young children, according to the recent national evaluation of Head Start, although Head Start participants continue to lag behind their age peers in cognitive skills. Researchers have also found evidence of long-term positive effects of Head Start on high school completion, college attendance, and criminal behavior.<sup>6</sup>

### Policy Proposal for Three- and Four-Year-Olds

What is needed is a universal, but targeted pre-school program, under which the federal government would fund a half-day of high-quality prekindergarten services for children from low-income families and a partial (one-third) federal subsidy for services to children in higher-income families, as in the National School Lunch Program. Families qualifying for free school lunches or Head Start – that is, those

with family incomes below 130 percent of poverty—could enroll their children at no cost. Families at higher income levels also could participate, but a combination of parental fees and state and local funding would be needed to cover program costs not covered by the partial federal subsidy.

To be eligible for federal funding, programs would have to meet national standards for critical design elements, such as: class size (for example, no more than 16 children), child-to-staff ratios (for example, no more than 8:1), staff qualifications (a minimum of a bachelor's degree for the head teacher and an associate's degree for the assistant teacher, as well as specific training in child development), and activities to involve parents. Pre-kindergarten programs would be required to provide, directly or through partnerships with other organizations, additional hours of child care coverage for children of working parents. Curriculum choices would be left to local programs, but should meet state guidelines for early learning and school readiness.

The estimated cost to the federal government of such a proposal, if fully funded for all families that choose to participate, would be \$18 billion a year.<sup>7</sup> This funding level includes \$13.3 billion for the “free” portion of the preschool program, \$8.6 billion for the federal share of the partially subsidized portion, \$2.4 billion for “wrap-around” child care for working parents, and \$20 million in research and demonstration projects to study and refine the key dimensions of program quality. Such research could compare costs and outcomes of half-day and full-day preschool interventions, assess program designs for three-year-olds, and study the effects of specialized training in child development on teacher quality and child outcomes. Subtracting out the \$6.5 billion currently provided through Head Start yields the \$18 billion figure in new costs.

The long-term goal would be to bring the national Head Start program and the burgeoning state pre-kindergarten programs together into an expanded national pre-kindergarten initiative that provides comprehensive, high-quality services to three- and four-year-olds. Integration of Head Start with local early childhood education programs is possible; almost one in five Head Start grantees is currently a local school district, and most states allow pre-kindergarten programs to operate in community-based settings (e.g., Head Start centers, private preschools, and local child care agencies), as well as in traditional schools. An integrated program could improve services to children and reduce duplication by blending the comprehensive view of child and family development embedded in Head Start with the educational strengths of state pre-kindergarten programs.

Many institutional, philosophical, and political barriers to integrating pre-kindergarten services remain. Initially, the federal government might have to continue separate funding streams for Head Start and the new pre-kindergarten initiative. Eventually, however, the two programs should be integrated and have a single funding stream at the federal level. The wrap-around child care also could be funded initially through expansion of the existing federal child care assistance

programs (collectively known as the Child Care Development Fund), or be established as a supplement to the pre-kindergarten initiative.

### Policy Proposal on Nurse Home Visiting for Infants and Toddlers

Children under age three are the next priority for targeted investments. It would be a grave mistake to ignore infants and toddlers during the expansion of pre-kindergarten programs for four-year olds. Differences in home environments and parent-child interactions associated with family income make significant differences in children's skill levels by the time they reach age three. Federal programs that focused exclusively on three- and four-year-olds could pull funding, trained caregivers, and other resources away from infants and toddlers, to these children's detriment.

While the potential benefits of serving very young children are clear, there is less evidence on the best intervention strategy for this age group. Child development centers have had good effects on the development of children's cognitive skills, but are very costly. Providing services through home-visiting programs has had mixed evidence of success, but some models have been shown to be effective.

Most notably, rigorously designed research has produced ample evidence of positive effects – and cost-effectiveness – of the Nurse-Family Partnership model developed by David Olds and his colleagues. Under this program, public health nurses visit the homes of low-income families expecting the birth of a first child, offering support at a time when young mothers are highly motivated to make healthy choices for themselves and their new infants. Visiting the home from pregnancy through the baby's second birthday, nurses provide carefully chosen information and guidance on ways that families can assure their new baby's optimal health and development. Local programs are carefully monitored to determine whether they are continuing to successfully engage and retain parents' active participation.<sup>8</sup>

This program should be available to all low-income pregnant women expecting their first birth. Low-income women could be defined as those with incomes below 185 percent of poverty, as defined for the WIC program (which serves a similar population of low-income pregnant women, infants, and children). Cost for serving all eligible women nationwide who chose to participate would be \$2 billion under an 80/20 federal/state match.<sup>9</sup>

In return, society could expect many positive results such as: longer time before a second birth; reduced risks of child abuse and injury; higher levels of maternal employment; improvements in the child's cognitive, social, and emotional outcomes through elementary school; and reduced juvenile crime. Benefit-cost studies estimate \$2.88 in benefits for every \$1 spent on this program, which come about because of reduced criminal activity, greater employment, higher tax revenues, and reduced welfare costs. The program has been thoroughly tested in three diverse settings (Elmira, New York; Memphis, Tennessee; and Denver,

Colorado), and has been replicated in 150 sites across 21 states, making it a proven candidate for investment.

In addition, the federal government should test alternative approaches to serving children from birth to three. A robust competitive grants program could be mounted for \$300 million annually. Most of these funds would go to states, with some reserved for national multi-site demonstrations. Funding would be contingent on rigorous evaluation plans for the programs being tried, which might include ways to: 1) adapt the high-quality, center-based care planned for three- and four-year-olds to serve two-year-old or even younger children; 2) integrate the Nurse-Family Partnership model of home visiting with center-based programs; 3) expand the Early Head Start program, and develop models to integrate its services with the Nurse-Family Partnership model; 4) test approaches to professional development and training in order to improve quality across the spectrum of center-based and family-based care; and 5) test other home-visiting models, such as the Parents as Teachers or Healthy Families America programs.

### Policy Proposal on Paid Parental Leave

Unlike the nurse-home visiting initiative, which would be targeted to at-risk mothers, the third priority for policy change—paid parental leave—would assist all new parents, regardless of income, as they struggle to balance family and financial pressures. Our nation’s family leave policy (the Family Medical and Leave Act, or FMLA) provides up to 12 weeks of unpaid leave for parents working for public or private employers with 50 or more workers. Many parents cannot afford to lose income for three months, so are unable to benefit fully. And there is no job-protected leave for the half of the private sector workforce employed by smaller establishments.<sup>10</sup> As a result, a great many new parents must return to work before they have time to bond adequately with their infants or to gain other health and financial benefits:

- Infants whose mothers return to work quickly (within zero to 12 weeks of birth) are less likely to be breast-fed, fully immunized, or receive proper physical checkups.<sup>11</sup>
- Longer paid leave helps families avoid financial distress, inasmuch as a fourth of poverty spells begin within months of the birth of a new baby.<sup>12</sup>
- A growing body of social science research finds that children’s cognitive development is higher, on average, when mothers stay at home or work only part-time in the child’s first year of life.<sup>13</sup>

A year of combined maternity and paternity leave, largely paid leave, is common in other member-countries of the Organisation for Economic Co-operation and Development (OECD). The United States and Australia stand out as the only two OECD countries with no paid maternity leave.<sup>14</sup>

Moving to 12, or even six, months of paid family leave, would be a radical step for the United States. A more modest expansion to 12 weeks of paid leave is probably more possible in our political and economic climate, and still would help infants toward a healthier start in life and reduce the risk of job loss and economic adversity for parents of young children.

While the benefits of paid parental leave policies have not been evaluated as thoroughly as those of nurse home visiting and early childhood education programs, paid parental leave, by providing a benefit valuable to families of all income levels, provides an important complement to the two earlier proposals. Moreover, adoption of a national-state initiative of paid parental leave would put us on record as a country that values parents and families.

The federal government should work with the states on setting up pooled funds to provide employee-financed paid parental leave to eligible working parents. California's Paid Family Leave program could serve as a model for other states (as it already has for programs in Washington state and New Jersey). California's program provides six weeks of coverage over 12 months after the birth or adoption of a child, with benefits equal to about 55 percent of wages. The California system, which paid out \$368 million in benefits in 2006, is completely financed by an increase in the employee – not employer – share of payroll taxes for the State Disability Insurance system.<sup>15</sup>

As an incentive for state participation, and to provide for a longer leave period, the federal government could match each week of coverage provided by the state, up to a maximum of six weeks. Thus, if states provided six weeks of paid leave, the combined federal and state funds would allow 12. Federal costs might be in the neighborhood of \$1 billion to \$3 billion annually, depending on how many states participate and how closely their benefits resemble those provided by California.

In conjunction with establishing a federal-state paid leave initiative, the president should work with Congress to amend FMLA so that employees in smaller firms also have access to 12 weeks of job-protected leave – which would be paid leave in states opting into the new paid leave initiative.

## Conclusion

Growing evidence on the critical importance of children's early years is changing public attitudes toward early childhood programs. If we want all children to enter school ready to learn, public investment in children cannot wait until kindergarten. Tight government budgets require that any new spending stand up to sharp scrutiny.

Fortunately, there is ample evidence of successful programs that make a difference in the lives of children. The three policies outlined here emphasize programs of proven effectiveness, balancing investments targeted on at-risk families with support for all families and underscoring the country's strong family values.

The first policy would be to expand preschool enrichment for three- and four-year-olds, with full funding for low-income children and partial federal subsidies to open access to children from all families. This initiative would receive the most funding (\$18 billion of the total \$21 to \$23 billion) because it has the strongest evidence of large economic returns on investment. The second priority would be to invest \$2 billion on a highly successful program of nurse home visiting for low-income mothers and their infants. Third, federal funding of roughly \$1 to \$3 billion should be devoted to encouraging and supplementing state programs of paid parental leave—an important complement to the other two programs.

Adopting a well designed package of investments in children from birth to five will improve children’s health, school achievement, and opportunities for future economic success – and thus, will be good for the country as a whole as well as for the children.

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1 Author's calculations based on data in Table 8 of Detailed Poverty Tables from the Current Population Survey, U.S. Census Bureau.  
[[http://pubdb3.census.gov/macro/032007/pov/new08\\_200.htm](http://pubdb3.census.gov/macro/032007/pov/new08_200.htm), accessed 7/16/08].

2 Nelson, 2000.

3 Since following this principle will exclude some promising programs, where evidence of benefit and cost is not yet available, the author's recommendations include modest investment in testing and refining new models.

4 Isaacs, 2007.

5 Isaacs, 2008.

6 *Ibid.*

7 The estimate assumes annual per child costs of \$9,200 per year and participation rates of 75 percent for poor four-year olds, 60 percent for poor three-year olds as well as partially subsidized four-year olds, and 35 percent for partially subsidized three-year olds. For more details, see Isaacs, 2007.

8 Olds, 2006.

9 The \$2 billion estimate follows the methodology outlined in Isaacs, 2007, except that it assumes that 50 percent of eligible women would participate, as in typical sites operating today, rather than 75 percent, as in the initial three experiments. This change, based on information provided by the Nurse-Family Partnership National Service Office, reduces the cost estimate from \$3 billion to \$2 billion.

10 Waldfogel, 1999.

11 Berger, Hill, and Waldfogel, 2005.

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13 Waldfogel, Han, and Brooks-Gunn, 2002.

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15 See Boots, Macomber, and Danziger, 2008, for further information on California's Paid Family Leave program and for a similar proposal for employee-financed paid family leave through state pooled funds.

# 2020 Vision for America's Children

by William C. Bell

What if, by the end of the next decade, we could improve the lives of millions of America's children in foster care? At Casey Family Programs, we have a vision to do just that. Our 2020 strategy provides a new frame for helping children and vulnerable families in America.

The numbers tell a troubling story. Today, there are more than a half million children in the foster care system. Each year, in America over 3.5 million children are reported as abused and neglected. Of those, 905,000 are confirmed victims.<sup>1</sup> That means that at least every 36 seconds a child is abused or neglected.<sup>2</sup>

**If nothing changes in the United States between 2008 and 2020:**

- 16,800 children will die from child abuse and neglect.
- Nearly 11 million children will be confirmed as victims of abuse or neglect.
- 7.2 million children will experience foster care.
- 288,000 youth will age out of foster care, most with inadequate support to build successful adult lives.

Behind these numbers are real children whose lives are forever altered and whose chances for personal success are diminished in an instant. What if, by the time this next generation comes of age, the millions of children who are projected to experience foster care never felt the pain of physical or sexual abuse or serious neglect, never had siblings torn apart to go live with strangers, never experienced the grief, doubt, fear, embarrassment and self-loathing that comes with removal from their home, school, friends, and loved ones? What if millions of American

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*William C. Bell is President and Chief Executive Officer of Casey Family Programs. Casey Family Programs is the nation's largest operating foundation with a mission focused solely on providing and improving – and ultimately preventing the need for – foster care. Mr. Bell has nearly 30 years of experience in the human services field. Prior to joining Casey, he served two and a half years as commissioner of the New York City Administration for Children's Services (ACS). There he managed child welfare services – including Child Protection, Foster Care, Child Abuse Prevention, Day Care, and Head Start – with a staff of more than 7,000 and a budget of about \$2.4 billion.*

children did not have to experience the post-traumatic stress disorder that comes with life in foster care? And what if those same children got a better chance at a solid education, a good job, and a chance to fulfill their dreams? What if the change came as a result of a private/public partnership that involved the voices of the children, families and communities that it seeks to serve?

At Casey Family Programs, we believe that to change the trajectory of the current system, we must have a clear vision of what we hope to achieve. We call this our 2020 Vision – a clear picture of a different life for children living in vulnerable families. We believe that we can, in fact we must, safely reduce the number of children in America's foster care system. To do so, we must help families avoid situations where their children are taken from them. Proactive intervention and support ultimately save U.S. taxpayers money. At the same time, governments must strategically reinvest what they save into programs and services that help families and communities stay healthy and together. By working collaboratively with communities, the public and private sector can enhance services to strengthen vulnerable families. If a child cannot safely remain at home, we must ensure that policies are in place to support programs that prepare and support foster, kinship, and adoptive families to care for children who have experienced the trauma of abuse and neglect, as well as separation from the only family and community they have ever known.

Casey Family Programs believes so strongly in this 2020 strategy that we are investing an estimated \$2 billion of our own philanthropic dollars to make this vision a reality over the next 12 years. To accomplish these goals, however, we will need strong political leaders at the local, state, tribal and federal levels to partner with the philanthropic, constituent and advocacy communities to craft solutions that build on successful initiatives and take into account the subtle factors that lead to improved outcomes. We must be guided by research that explains what makes one program effective for a given population, and use it to frame policies that will help all children benefit from such initiatives. And we must do this with a sense of urgency. What can federal policymakers do to make this vision a reality?

### **Invest in Prevention and Early Intervention**

To prevent children from entering the child welfare system in the first place we must address conditions that lead children and their families to the door of the child protective system in the first place. This is not a mystery. We know why most families come to the attention of child welfare: substance abuse, unmet mental health needs, parental incarceration, poverty, and the absence of resources to address these issues. We also know that effective models of prevention and intervention exist. States have started to explore how to strategically support such initiatives. In 2007, the Washington State Legislature commissioned a study of programs that specifically focused on prevention and intervention for children and families in the child welfare system. The 2008 report reveals that investments

in prevention and early intervention are not only the right thing to do, but the economically smart thing to do. Out of 26 individual programs reviewed, 14 demonstrated a statistically significant cost savings.<sup>3</sup> Our 2020 prevention strategies include the following:

- Community engagement and concrete supports – family financial supports that respond to neglect, abuse, family unemployment and substance abuse or domestic violence.
- Prevention resources for communities – access to funding, services and philanthropic resources that sustain a viable CBO/FBO community.
- Alternatives to placement – disposition of cases reported to child protective services should include differential or alternative response strategies (neighbor, community, kinship engagements and comprehensive family-based substance abuse treatment).
- Investigations and decision making – safety and risk assessment. Training and support for frontline staff to make qualified removal decisions recognizing both youth and system risks.

## Examples of Effective Prevention Programs

Home-visiting is one area for strategic investment. Part of the theoretical underpinning for nursing and public health-based family support services is research demonstrating that successful caregiver-infant relationships may be highly important for preventing future parenting problems, including child maltreatment. Parents are helped to deal with the inevitable stresses that a new infant brings to a family, and are helped to feel comfortable in caring for that child. Thus, a promising approach to child abuse prevention efforts has been the voluntary use of home visitors for families with newborns and young children at-risk. Not until the late 1970s, when David Olds conducted the now landmark Elmira nurse home visitation study, did these programs gain traction in the US.<sup>4</sup> Since then, evidence of effectiveness has begun to emerge through rigorously conducted research that demonstrates the social and economic benefit of investments in a range of home visiting programs including the Nurse Family Partnership, Parents as Teachers and Healthy Families.<sup>5</sup> States have struggled to support these programs through a patchwork of state, local and private dollars. In 2008, the federal government made its first significant investment in funding home visitation programs by earmarking \$10 million Child Abuse Prevention and Treatment Act (CAPTA) program dollars for implementation of effective home visiting models. Although these targeted investments in existing programs are helpful, advocates have long called for increased federal support through a dedicated funding source to help create or expand proven home visiting models.

High quality home visiting programs have an economic value. These programs can help strengthen parent functioning in ways that reduce child abuse and neglect.

There are also important longer-term economic benefits:

- Education costs associated with developmental delays and learning disorders.
- Medical costs associated with fetal growth retardation, preeclampsia, and prematurity-related problems such as respiratory distress syndrome.
- Social services spending for public assistance, child abuse and neglect and foster care.
- Spending for emotional and psychological problems including aggressive behavior and conduct disorders.
- Financial burdens on families that result from limited economic, social, and emotional support of non-resident fathers; productivity losses among caregivers and injured children later in life; and permanent disability by injury.<sup>6</sup>

In order for early intervention models such as home visiting programs to successfully prevent child maltreatment, policies must also be in place to encourage the development of an array of community-based, accessible, and family-centered support services to help parents and caregivers cope with issues affecting their ability to provide children with safe and nurturing homes. Such issues may include inadequate income, homelessness or poor housing, the need for parent-skills training, substance abuse or mental health treatment for children or adults, and the need for safe and affordable child care so that single parents may work or attend school. The importance of an adequate service array in determining the success of efforts to safely reduce foster care utilization cannot be overstated. Without ready access to appropriate services, recommended foster care prevention strategies such as Differential Response cannot succeed, and efforts to move children already placed in foster care to safe, permanent homes are significantly handicapped.

### **Promote Timely Permanence**

Government was never intended to raise children. Strong families and communities are the most effective resources for raising safe, healthy children. Children, if they must temporarily enter foster care, must exit as soon as it is safely possible to a permanent family. Our 2020 Strategy to move children to a safe, loving, permanent family in a timely way includes the following:

- Reduce reliance on institutionalized care.
- Safely shorten time to permanency.
- Prevent unintended disincentives to permanency by extending pre- and post-services and supports to young people who exit foster care through a range of permanency outcomes.

- Promote placement with kinship caregivers by providing greater flexibility in licensing standards and by providing supports to caregivers outside the formal foster care system.

### Example of an Effective Strategy to Achieve Timely Permanence

Each child in care will have a different set of circumstances and needs that require a range of permanent options, including reunification, adoption, and guardianship. Policies should be designed to support all options. Under the current federal policy framework, once a child enters foster care, federal funds support only one form of permanency – adoption. While adoption may be appropriate for some children in care, other children are best served by returning home or living permanently with a relative caregiver who is their legal guardian. Federal policies should, whenever possible, build on effective state efforts to move children safely into permanent homes. One area where the federal policy framework should be guided by state policy and practice is supports for relative caregivers. Most states and the District of Columbia have created subsidized guardianship programs that support relative caregivers who provide children in foster care a permanent home. Research demonstrates that children in kinship care fare as well if not better than children in foster care. State and federal policies should also provide relatives caring for children who are at risk of entering foster care the supports they need to care for children outside the formal system. A number of states have created highly effective navigator programs to help relative caregivers access existing services and supports. Modifications to federal policy also should provide states with incentives to move children out of foster care for a full range of permanency options by expanding the Adoption Incentive Program to a Permanency Incentive Program.

### Encourage Cross System Collaboration

Child welfare systems cannot solve this problem alone. The issue is too big. Working across systems is essential and federal policy should encourage cross-systems collaborations. For example, collaboration between child welfare and Temporary Assistance for Needy Families (TANF) agencies could help many families who are involved, or at high risk of involvement, in the child welfare system. There is a substantial correlation between poverty and child maltreatment. The Third National Incidence Study of Child Abuse and Neglect (NIS-3) found that children from families with incomes below \$15,000 were 22 times more likely to be maltreated than children from families with incomes greater than \$30,000. Accordingly, there is significant overlap between the two systems. An ongoing longitudinal study of TANF applicants in Milwaukee found that nearly two-thirds of the study participants experienced at least one Child Protective Services (CPS) investigation, with the mean number of investigations being 5.4.<sup>7</sup> Families on TANF and those involved in child welfare face similar obstacles, namely low levels of education, mental health issues, domestic violence and unresolved substance abuse issues. These problems make it difficult for parents

to both hold down jobs and provide safe care for their children. Another reason to focus on the child welfare/TANF connection is that new federal TANF policies regarding work participation rates require states to redouble their efforts to remove barriers to employment, and states risk substantial financial penalties under the TANF program if they fail to do so. Nevada's current biennial budget, for example, contains funding for new staff to work with TANF recipients to boost the state's work participation rate. These new efforts to get parents into the workforce could be coordinated with the child welfare system to improve child safety and reduce foster care placements.

## Focus on Improving Child Well Being

Casey Family Programs believes in the power of three forces to improve the well-being of youth and help break the cycles that keep children and youth in foster care: education, employment and mental health. Federal policies should promote the following goals.

### Education

Over 70 percent of youth aging out of foster care report that they want to attend college. But in reality, only 35 percent actually get the opportunity to attend college, and only 3 percent graduate. Casey Family Programs is committed to helping youth in foster care succeed in school and complete their education. In order to do so, we focus on achieving outcomes in the following three educational domains:

- Early education –Youth entering K-12 system will be developmentally on par with peers in the general population.
- High school–Foster youth and youth aging out of foster care will graduate from high school at the same rates as their peers in the general population.
- Post-secondary education–Youth aging out of foster care will enter and graduate from postsecondary education and training programs at the same rates as their peers in the general population.

### Employment

Youth who are about to age out of foster care at age 18 often face unemployment and homelessness or end up in low-wage, unsteady jobs. It is critically important to increase employment experiences for youth in foster care and for those who have transitioned out of care. Our strategies combine traditional employment and training programs with support services such as counseling, mentoring and peer support, childcare, and transportation assistance.

Casey has two employment goals for youth in care:

- Job readiness – Youth who have experienced foster care will have had work preparation experiences on par with the general population.
- Employment experience – youth aging out of foster care will have work experience on par with the general population.

## Mental Health

Abuse or neglect—the principal reasons children enter care—can have a serious effect on mental health later in life. Children in care may often be moved from home to home and school to school. This causes tremendous instability and insecurity. To improve these outcomes, Casey Family Programs is now working to:

- Assure that the mental health for youth aging out of foster care will be on par with the general population. Specifically, all mental health screening, diagnosis, and treatment for youth in care and for alumni of foster care will be timely, appropriate, strengths-focused, and of high quality to enable them to function at their optimal capacity.
- Increase access to mental health services for youth while they are in foster care.
- Increase the age range of eligibility for health insurance coverage to age 25 (or, at a minimum, to age 21) for alumni of foster care.
- Decrease the incidence of mental health disorders among youth in foster care.

## Align Resources to Desired Outcomes

In order to improve outcomes and reduce the number of children and youth in foster care, federal financing of the child welfare system must be amended. The current child welfare financing system is antiquated and fundamentally fails to prevent children from entering care. Federal child welfare funds should be aligned with desired outcomes. Current federal funds dedicated to child welfare are aligned by service type. For instance, Title IV-E of the Social Security Act guarantees funding for all eligible children, but can be used only to pay for foster care maintenance, administrative costs and some related training. Child welfare financing should be structured to support desirable outcomes, including the safe reduction of the number of children in foster care and improved outcomes in education, employment and mental health.

We also must ensure equity in child welfare financing. Under the current federal framework, families are eligible for Title IV-E funding only if their income does not exceed levels set by the 1996 welfare reform law. Because the income standards have not changed since 1996, fewer children needing out-of-home care can qualify

for federal funding. In addition, Native American tribes do not have direct access to these federal child welfare funds. The federal/state partnership in child welfare should apply to all vulnerable children. Federal financing must enable states to recapture money saved from reducing foster care placement and reinvest those dollars in other child welfare services and support. Once numbers are reduced, rather than make corresponding cuts in the budget, the money saved should be reallocated to fund prevention services and programs to curb the flow of families entering the system.

Federal incentives should support a full range of desired outcomes including: (1) broad development of differential responses for child protection referrals that present low or moderate risk to children; (2) prevention, so that fewer children unnecessarily enter care; (3) accelerated permanence in safe and appropriate homes; and (4) improved transitions to adulthood, particularly in the areas of education, mental health and employment. The effectiveness of these incentives can be measured by a diminished recurrence of maltreatment and a drop in the number of children reported to the child protection system. Any child welfare finance reform effort must be coupled with accountability for measurable outcomes and reinvestment of any savings into the child welfare system. Service array is not the only gauge of funding adequacy for a child welfare system. Child welfare financing should be structured in a way that facilitates a caseworker and supervisor's ability to make decisions that are appropriate for each individual case. Additionally, financing should support manageable workloads. Caseworker training and education levels, caseload size, caseworker retention, supervisor to caseworker ratios, and many other measures may also be indicators of whether a child welfare system has sufficient resources to perform the functions demanded of it under law and federal regulatory requirements.

## Conclusion

Jim Casey, founder of United Parcel Service (UPS) and Casey Family Programs, was passionate about the well-being of America's children. Jim's most frequent question for board members and staff was the traditional Maasai greeting, *Kasserian ingera*, which translates, "And how are the children?" Today, Casey Family Programs continues to embrace Jim Casey's philosophy of advocating for our nation's most valuable resource—our children. The Maasai know and Jim Casey believed that, if our children are well, our society will prosper. Our country is one of the wealthiest in the world but our children lag behind in basic security and well-being. The most vulnerable are those at risk of being placed into foster care. Currently, there are approximately 508,000 children in the U.S. foster care system, mostly due to abuse or neglect. The majority are children of color. Many are taken from their families and communities and placed in a system that means well but is under-supported and challenged to achieve the outcomes children deserve. The state of our child welfare system is a symptom of the fragile state of our nation's children. Casey Family Programs strongly believes that, as a

nation, we need to take action to better care for our vulnerable children. National leadership is vital to improving outcomes for vulnerable children and families. In order to improve outcomes and reduce the number of children and youth in foster care, federal financing of the child welfare system must be amended. Our nation will be best served by offering safe, loving, permanent families and strong communities in which the most precious resource we have – our children - can grow and thrive. We have a vision that through strategic partnerships between the private and public sectors, through collaborations with the children, families, and communities we serve, and the political will to see different outcomes for our children, we can transform the child welfare system so that we can answer the Maasai greeting with the following reply, “they are well, all the children are well.”

<sup>1</sup> U.S. Department of Health and Human Services, Administration on Children, Youth and Families. (2008), *Child Maltreatment 2006* (Washington, DC: U.S. Government Printing Office, 2008). See <http://www.acf.hhs.gov/programs/cb/pubs/cm06/cm06.pdf>.

<sup>2</sup> Children's Defense Fund, “Moments in America for Children” March 2008. Retrieved from the internet: [http://www.childrensdefense.org/site/PageServer?pagename=research\\_national\\_data\\_moments](http://www.childrensdefense.org/site/PageServer?pagename=research_national_data_moments) on August 21, 2008.

<sup>3</sup> Stephanie Lee, Steve Aos, and Marna Miller. (2008). *Evidence-based programs to prevent children from entering, and remaining in the child welfare system: Benefits and costs for Washington*. Olympia: Washington State Institute for Public Policy, Document No. 08-07-3901.

<sup>4</sup> Olds, D. L., Henderson, C. R., Chamberlin, R., & Tatelbaum, R. (1986). Preventing child abuse and neglect: A randomized trial of nurse home visitation. *Pediatrics*, 78, 65-78.

<sup>5</sup> The Nurse Family Partnership program produced a \$3 benefit for every dollar invested, The Parents as Teachers model produced \$1.39 benefit for each dollar invested, and The Healthy Families America model produced a \$0.57 benefit for every dollar invested. Stephanie Lee, Steve Aos, and Marna Miller. (2008). *Evidence-based programs to prevent children from entering, and remaining in the child welfare system: Benefits and costs for Washington*. Olympia: Washington State Institute for Public Policy, Document No. 08-07-3901. See also Olds, Sadler and Kitzman. (2007). Adapted from Chapter 9 of Pecora, P.J., Whittaker, J.K., & Maluccio, A.N., Barth, R.P., & DePanfilis, D. (Forthcoming). *The child welfare challenge*. (Third Edition.) Piscataway, NJ: Aldine-Transaction Books. Abstracted from: [http://www.nursefamilypartnership.org/resources/files/PDF/Fact\\_Sheets/Cost-BenefitOverview.pdf](http://www.nursefamilypartnership.org/resources/files/PDF/Fact_Sheets/Cost-BenefitOverview.pdf).

<sup>6</sup> Ibid.

<sup>7</sup> U.S. Department of Health and Human Services, Administration on Children, Youth and Families. (2008), *Child Maltreatment 2006* (Washington, DC: U.S. Government Printing Office, 2008). See <http://www.acf.hhs.gov/programs/cb/pubs/cm06/cm06.pdf>. U.S. Department of Health and Human Services, (2008).

# A New Way of Thinking About Child Abuse and Neglect Prevention

by James M. Hmurovich

## Executive Summary

No issue is more ripe for change than the prevention of child abuse and neglect. The path to effective policy change involves a 180-degree shift in thinking – from policies that deal with abuse and neglect after they take place, to policies that focus on preventing their occurrence. For our nation to embrace prevention of child abuse and neglect in a more effective and meaningful manner, six steps must be taken.

- Step One: Help the public recognize and understand the connection between child abuse and neglect and other social ills.
- Step Two: Establish a national child abuse and neglect prevention policy.
- Step Three: Analyze existing funding sources and develop fiscal policies to support activities that prevent child abuse and neglect.
- Step Four: Cultivate multiple and diverse prevention champions to rally the public support necessary to change policies to prevent child abuse and neglect.
- Step Five: Identify and strengthen governmental planning and quality assurance activities that support a national policy on child abuse and neglect prevention.
- Step Six: Ensure effective state and local planning and implementation of child abuse and neglect prevention strategies.

Our collective failure to implement effective policies and strategies to prevent child abuse and neglect costs taxpayers \$104 billion per year and that sum does not consider the personal toll on the victimized child.<sup>1</sup> Research shows that child abuse and neglect have life-long consequences, not only for the victimized child, but for the nation.<sup>2</sup> These studies show a strong correlation between child abuse and neglect and debilitating and chronic health consequences, delinquency, criminal behavior, mental health illness, drug dependency, and lower academic performance. Child abuse and neglect are serious national problems affecting families regardless of wealth.

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*James M. Hmurovich is President and CEO at Prevent Child Abuse America.*

Many recent initiatives and efforts have focused on improving the child protection system. These efforts have resulted in more people looking at prevention strategies as a means to decrease the escalating need and costs incurred for services after the abuse and neglect have occurred. These efforts also provide an opportunity to view the child protection system as a part of a continuum that must include services on the front-end. The current situation can allow policy makers to move the dial closer to more universal prevention strategies. The central question that policy makers must focus on is: What can be done to move policy to prevention, so all children have the opportunity to grow up in a healthy environment that prepares them for adulthood?

By establishing a national policy on the prevention of child abuse and neglect, coordinated state service systems can be developed that promote healthy child and family development and ultimately a higher quality of community functioning.

### **The Current Context of Child Abuse and Neglect**

Since 1993, market research indicates that more than nine out of 10 Americans view child abuse and neglect as serious problems. Research as recent as March 2008<sup>3</sup> indicates that:

- 59 percent of Americans view child abuse and neglect as problems in their community;
- 29 percent view child abuse and neglect as problems in their family; and,
- The 48 percent who believe that child abuse and neglect can be prevented had diverse opinions on how to prevent maltreatment. Many of the suggestions focused on criminal punishment of the adult perpetrator or other after-the-fact solutions, but not prevention strategies that prevent the abuse or neglect from occurring.

The same research also suggests that much of what the public hears about certain child abuse and neglect prevention messages supports a belief that the government cannot be effective in addressing this critical issue. It is clear that child abuse and neglect prevention messaging must communicate practical solutions that engage the public without leaving it feeling overwhelmed with a sense of hopelessness.

Prevention messages must convey an understanding that child abuse and neglect include more than sexual abuse/incest or “stranger danger.” They must illustrate the need to help families feeling pressures and stresses, and unable to cope with the demands of parenthood because of substance abuse, depression and other mental health concerns, violent home life, poverty, or lack of resources. A prevention message must incorporate the importance of the kind of community services and intensive interventions provided within a comprehensive array of services, including home visitation, crisis respite care, parent education, and parent support groups.

In 2007, a UNICEF report<sup>4</sup> ranked the United States 20th in child well-being out of the world's 21 wealthiest nations. The measures used by UNICEF – educational, health and safety, material, and family and peer well being – can reduce the potential for child maltreatment. We as a nation have responded decisively whenever our economic stability or national security has been threatened. We have not responded with the same sense of urgency and resolve when our nation's children are abused or neglected. This situation unfortunately may not be that surprising since the United States does not have a comprehensive policy or strategy to prevent the abuse and neglect of our nation's children.

The absence of a comprehensive policy is not the result of a lack of information about child abuse and neglect. The U.S. Department of Health and Human Services issues a “Child Maltreatment Report”<sup>5</sup> each year providing information on the characteristics of children who are maltreated and by whom. Research is abundant on the precipitating factors of child abuse and neglect, and much is known about successful prevention strategies. Despite this wealth of information, efforts to prevent child abuse and neglect have been inconsistent. Believing child abuse and neglect are national problems is not enough. We must establish a national policy to prevent it, plan a deliberate and thoughtful implementation strategy to accomplish it, ensure an adequate financing mechanism to pay for it, and develop a mechanism to build the capacity of states to sustain it. Our nation's children, regardless of their means, deserve nothing less.

## Six Steps

### 1. Help the public recognize and understand the many connections between child abuse and neglect and other social ills.

The public recognizes that child abuse and neglect should be prevented, but there is not a consistent understanding of child abuse and neglect prevention. Clarity in message is critical to ensure that we focus on the same issue consistently, so we as a nation can respond effectively to the needs of children and families before abuse or neglect ever happens.

Corporate America spends billions of dollars annually to introduce and maintain its various brands. Corporate leaders understand the importance of branding, and the impact branding has on their ability to successfully market products to consumers. No such brand identity currently exists for the prevention of child abuse and neglect. To address the issue, child abuse and neglect prevention must be understood uniformly, and the message must be to prevent child abuse and neglect from ever happening. Through this branding, education and information can help the public uniformly understand child abuse and neglect prevention, including the benefits of prevention as well as the adverse consequences of failing to achieve it.

## 2. Establish a national child abuse and neglect prevention policy.

Our national policy must be guided by a belief that child abuse and neglect are not only problems, but can be prevented. A prevention strategy may be actualized through individual acts of kindness to neighbors and strangers, but sustainable change cannot occur until there is a national policy and commitment to prevent child abuse and neglect. It must be the responsibility of public officials and communities to create a norm of supporting children and families. Until a national policy is developed and communicated, states will be hampered in developing and implementing local coordinated service systems that promote healthy child, family, and community development.

## 3. Analyze existing funding sources and develop fiscal policies to support activities that prevent child abuse and neglect.

To implement a national child abuse and neglect prevention policy, it is essential that funding streams be assessed and then realigned. In local implementation activities, policy and funding decisions would be governed by the national policy so financing decisions are made that: 1) promote the national policy, and 2) are accompanied by clearly identified, measurable, and results-oriented strategies.

To develop this financing system, we must broaden the current service system for children and families to fully incorporate services that focus on preventing child abuse and neglect. The challenge is how to transform the current service system that responds to child abuse and neglect after it happens into coordinated systems that provide services to all families before child abuse and neglect occur. It is neither feasible nor advisable to simply transfer funding from services and programs that are offered after the child abuse or neglect has occurred. It would shortchange children who have experienced abuse or neglect, and make a bad situation for them worse.

Our nation must determine on a state-by-state basis (and sometimes on a community-by-community basis) how the transformation can take place to a coordinated system that provides services to all families before child abuse or neglect happens. Any transformation must occur within the context of multiple factors: the nuances of state laws and administrative codes; the capacity of current service delivery systems; funding priorities; other competing public policy interests; the extent to which local, state or federal funds pay for a specific service or strategy and the leadership characteristics of the ranking elected official.

This transformation can only be accomplished through a state-by-state assessment and planning and implementation based on the national policy, and measured by thoughtfully established national outcomes.

Individual jurisdictions and policy makers develop budgets taking into account legislative mandates related to the use of the funds. When funding criteria are not based on clear public policy, the results achieved from the use of the funds

most likely will not advance the policy. The absence of a consistent national policy hampers communities in developing local implementation, in financing strategies, and in attaining positive results for children and families.

We must ask: What type of nation and society do we wish to live in, and what are the critical success factors to attain that vision? Once this question is answered, fiscal policies and management decisions must be implemented to support and provide incentives to promote the public policy, not vice versa. Change of this nature takes time and often transcends the term(s) of an elected official. By developing a thoughtful, bi-partisan, and multi-branch national policy, we increase the potential for success even when leadership changes. Services for children must be viewed as investments, not expenditures, and credible cost benefit analyses must be developed to demonstrate the value of the investment.

#### 4. Cultivate multiple and diverse prevention champions to rally the public support necessary to change policies to prevent child abuse and neglect.

The president of the United States and state and local government leaders should be the leading champions of children. Platforms developed for political campaigns and initiatives frequently support the notion that children are our future, and that we as a nation should embrace and support family and community development. Often times, however, these campaign platforms fall by the wayside once the rigors of balanced budgets and the realities of governance take hold. It is not that public figures are insincere; often specific initiatives are accomplished, but they are small victories for children and families who have much greater needs.

These champions must identify other leaders who can promote the implementation and sustainability of the national policy to prevent child abuse and neglect. Prevention champions can be found in “children’s cabinets” or legislative caucuses that are bi-cameral and bi-partisan. Additionally, the leader can designate key members of the administration, such as the deputy chief of staff and a deputy budget director, to promote the integration of administration policy across departments, encourage strong best practice information sharing, identify common assessment and service delivery strategies, and encourage fiscal accountability and efficiency that promote the national policy for children.

An administration can provide leadership, but it cannot be the sole voice for the answers. Administrations need to avail themselves of the expertise of agencies, national organizations, and individuals in pediatric, public health, public safety, and educational areas that have credible and informed thoughts, opinions, and proven leadership. Leadership should ideally “start at the top,” but it should be complimented by leadership spanning all professions and diverse areas of interest, and it should involve service providers as highly visible spokespersons. It also is the responsibility of interested individuals to come together to promote change in public will regarding child abuse and neglect prevention so that leadership at the top ultimately will assume the responsibility that comes with their authority.

## 5. Identify and strengthen governmental planning and quality assurance activities that support the national policy on child abuse and neglect prevention.

Many existing government efforts that benefit children can be used to promote and support a clearly stated national policy to prevent child abuse and neglect. One of the most common and perhaps underutilized strategies is the use of state plans. These are documents used by states to draw down federal matching funds such as Title IV-B (Child Welfare Services), Title IV-E (Foster Care), Temporary Assistance for Needy Families (TANF) to improve family economics, Medicaid, Maternal and Child Health, and the Early Childhood Comprehensive Systems plan. Strong federal guidance and appropriate financial incentives should be established so that states develop these plans in a manner that integrates cross-disciplinary planning and service delivery systems, and focus on nationally approved child well-being outcomes (not output indicators) that prevent child abuse and neglect.

These state plans can be powerful tools to promote child abuse and neglect prevention by focusing on attaining outcomes such as healthy child development, success in school, and appropriate community interactions. States also should be encouraged to develop plans for a robust integrated planning process for juvenile justice and community-based prevention funding. Each of these plans has elements that relate to child abuse and neglect prevention, but without a national policy focus, an opportunity is missed to create more seamless coordinated service systems. At the same time, quality assurance processes such as the federal Child Services and Family Review (CSFR) required by the Adoption and Safe Families Act (ASFA) could be expanded to hold the child welfare system accountable in the prevention of child abuse and neglect.

## 6. Ensure effective state and local planning and implementation of child abuse and neglect prevention strategies.

The development of a comprehensive, thoughtful national policy to prevent child abuse and neglect must be undertaken immediately. With that policy in place, real and sustainable change can then be initiated on a state-by-state basis. The focus should be on each state implementing comprehensive, evidence-based, community-driven child abuse and neglect prevention strategies based upon the state's needs. With an emphasis on healthy child, family and community development, a state could develop benchmarks and measures to assess progress and demonstrate to the public what is being accomplished. These plans cannot merely be a written document, they should be a well-developed process that encourages states to look at inter-agency policy integration, shared funding among the various service delivery systems, information sharing, and common goals. These state plans must be a methodology to view prevention services as more than a funding stream or specific program, and instead, as an entirely new way of thinking about the long-term safety, health, growth, development, and well-being of our nation's children.

Successes have been achieved through the use of the public health model to address such issues as tobacco cessation and the prevention of diabetes and cancer. These models may be instructive in statewide child abuse and neglect prevention planning. The model includes steps that define the problem, identify risk and protective factors, develop and test strategies, and promote widespread adoption of those strategies. Some states have already taken some of these steps, and state child abuse and neglect prevention planning can build upon this foundation. Statewide prevention planning must be more than a call to action; it must provide the framework to implement and sustain a complete transformation of an outdated service delivery system that finances strategies and a patchwork of related but uncoordinated children's policies. State prevention planning must become a blueprint for change based upon a clear understanding of prevention and the development of fiscal policies that support the child abuse and neglect national prevention policy.

This statewide prevention planning process represents a multi-year effort that should focus on two objectives:

- Understanding the current status of prevention in the state; and
- Addressing the actions identified in this paper to initiate and sustain child abuse and neglect prevention strategies.

A clearly understood national policy for child abuse and neglect prevention must be established and executed with vigor and commitment. Our nation must act on the belief that child abuse and neglect are national problems, but more importantly, that they are preventable, and that the real work lies within our states and communities.

We must initiate a new way of thinking about prevention, and we can do this by achieving the six steps specified in this paper. It must be a way of thinking that encompasses a concrete understanding of how children, families, and communities develop, and what adversely impacts that development, or conversely, what promotes that development.

The public also must understand and accept values that attach responsibility for child development beyond the family. The quality of relationships with teachers, childcare providers, friends, and neighbors do matter, and therefore, are critical not only to healthy child and family development, but to ensure the kind of healthy community development that we all expect.<sup>6</sup>

State prevention planning not only promotes these goals, it provides a blueprint for our nation to attain global leadership in the ethical treatment of children; a most honorable goal.

<sup>1</sup> Wang, CT, & Holton, J (2007). *Total estimated cost of child abuse and neglect in the United States*. Chicago, IL: Prevent Child Abuse America. [http://www.preventchildabuse.org/about\\_us/media\\_releases/pcaa\\_pew\\_economic\\_impact\\_study\\_final.pdf](http://www.preventchildabuse.org/about_us/media_releases/pcaa_pew_economic_impact_study_final.pdf)

<sup>2</sup> Felitti, VJ, Anda, RF, Nordenberg, D, Williamson, DF, Spitz, AM, Edwards, V, Koss, MP, & Marks, JS. (1998). The relationship of adult health status to childhood abuse and household dysfunction. *American Journal of Preventive Medicine*, 14, 245–258. <http://download.journals.elsevierhealth.com/pdfs/journals/07493797/PIIS0749379798000178.pdf>

<sup>3</sup> Specht, Bryan. (March 2008). *Breaking the Resistance: Creating a Movement for Prevention*. Presented to Prevent Child Abuse America, Chicago, Illinois.

<sup>4</sup> United Nations Children's Fund (2007). *Child Poverty in Perspective: An overview of Child Well-being in Rich Countries*. Innocenti Report Card 7, UNICEF Innocenti Research Center, Florence, Italy, p. 2. <http://www.unicef.org/media/files/ChildPovertyReport.pdf>

<sup>5</sup> U.S. Department of Health and Human Services, Administration on Children, Youth and Families (2008). *Child Maltreatment 2006*. Washington, DC: U.S. Government Printing Office. <http://www.acf.hhs.gov/programs/cb/pubs/cm06/cm06.pdf>

<sup>6</sup> Davey, Lynn. (July 2008). FrameWorks Institute. Commissioned work for Prevent Child Abuse America.

# Cutting the Gordian Knot: National Reforms to Assure Coverage of Developmental Child Health Treatment

by Sara Rosenbaum, J.D.

This “Big Idea for Improving Federal Policies for Children” focuses on a national investment in pediatric developmental health care. The purpose of this proposal is to foster the spread of a particularly effective, multi-disciplinary innovation in pediatric health practice, thereby strengthening pediatric quality for the nation’s most vulnerable children.

This proposal is intended to overcome three basic challenges that arise in efforts to diffuse this innovation in developmental pediatric practice: (1) the meaning of “developmental condition” within a health care financing context, (2) the multi-disciplinary and non-traditional-setting nature of the intervention, and (3) the tendency of traditional insurers and health plans to exclude coverage and treatment because of uncertainty about how to classify both the condition and the intervention.

Following a background, the proposal sets forth a federal initiative that would establish a multi-payer “developmental child health” benefit, coupled with grants to states to support certification and oversight functions. In addition, a federal developmental child health training program would award a combination of National Health Service Corps loan repayment awards, as well as grants to participating institutions of higher learning, in order to foster the training of developmental child health specialists, with deployment to medically underserved communities experiencing a shortage of primary health and developmental professionals.

## Background

### The need for system reforms to spur advances in child health and development

Assuring the healthy development of all children represents one of the paramount goals of any society. Over the years, experts in child health and development have

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*Sara Rosenbaum, J.D. is Chair of the Department of Health Policy, and Harold and Jane Hirsh Professor of Health Law and Policy at the George Washington University School of Public Health and Health Services.*

identified an important innovation for preventing or ameliorating developmental delays in young children with physical and mental health conditions.

Boiled down to its simplest version, this strategy consists of a range of health and developmental interventions that:

- (i) Are initiated at the earliest appropriate point in child development;
- (ii) Extend throughout the period of child development, but with a particular focus on early childhood; and
- (iii) Combine the skills and capabilities of several distinct professional disciplines (medicine, education, public health, child care and child development, and social services) to furnish a fully integrated developmental treatment using a family-centered team approach.

The fundamental purpose of this early and continuous multi-disciplinary team approach to developmental health is to prevent or ameliorate the adverse developmental effects of underlying physical or mental health conditions in children. Over the decades, a wealth of literature has emerged that documents the effectiveness of this approach to child health, and its flexibility in intensity and duration depending on the child's and family's needs.<sup>1</sup>

### Three practical problems that impede adoption of developmental health treatment

Despite evidence of its positive effect, this innovation in the pediatric standard of care in the case of children with, or at risk for, developmental delays remains stymied or non-existent. This is particularly the case in the thousands of communities that experience high health risks along with a shortage of health professionals and enriched educational, social, and public health services.<sup>2</sup>

Pediatric health experts have described the broad, conceptual, and structural barriers to this important innovation: the absence of stable health insurance coverage, fragmented programs at the state and federal levels that lack a common set of goals or clear performance standards and quality measures, and the absence of well-functioning information technology that can support unified access to integrated information across disciplinary sectors and service settings.<sup>3</sup>

But beyond these conceptual and structural failings lie three practical problems that interact with one another in ways long familiar to health policy reform. Their net impact is to hobble innovation diffusion to such a degree that, with the exception of periodic demonstrations followed by isolated examples of success, the model simply cannot take hold and flourish. These three problems are so foundational that until they are addressed, simply adding small new stimulus grants will not produce the intended effect of systemic innovation.

**Problem 1: What is the condition?** The first problem has to do with defining what, exactly, the condition is. Is the condition of pediatric developmental delay (or the risk of developmental delay) a “health” condition? Alternatively, is developmental delay a social or educational condition that lacks a basic health nature, even if its roots are traceable to recognized medical conditions or syndromes? If it is the former, then the condition of developmental delay fits squarely within the ambit of health care financing. If developmental delay is social or educational, however, it would be considered non-medical in nature. Treatments and services to address the condition would be considered non-medical and coverage and payment would be excluded from health insurance and employee health benefit plans.

**Problem 2: Who owns the service innovation?** The second problem can be thought of as one of ownership. By definition, the intervention requires multiple disciplines with expertise in health, education, child development, and social service. As a result, implementation of the intervention literally requires collaboration across disciplinary fields, each with its own licensure and certification process, and at times at odds with one another. This “failure to communicate” can stop the diffusion of service innovations in its tracks because of the inability to agree on various dimensions of interdisciplinary collaboration and control. Indeed, while federal policy plays a primary role in health care financing, it is states that ultimately control the shape and structure of the health system itself as a result of their power to define much of the meaning of health care, and of the relative involvement of various professional disciplines in health care delivery and supervision.

In the case of services that fall cleanly in one professional sphere, questions of who “owns” the service tend not to arise. For example, if a pediatric cardiac surgery innovation is introduced, because the service is classically medical, the question of who has the power to furnish and oversee the service is a settled matter. As a result, the treatment innovation can diffuse smoothly across the cardiac medical specialty disciplines.

But in the case of a multi-disciplinary, integrated service, the innovation encompasses multiple professional disciplines crossing the fields of health care, public health, social welfare, and education and child development. In this situation, the challenge becomes developing an integrated disciplinary approach that frames the issue as a health care matter, while assuring the appropriate blending of disciplinary fields.

**Problem 3: Who pays for innovation?** Most of the focus in the current health care debate is on the existence of any coverage at all. But how health insurance coverage is defined and administered – that is, the services, treatments, and benefits that health insurance will actually provide – is of equal importance, particularly for children and adults with significant health care needs. This is especially true where the health care financing question involves a less traditional medical treatment that spans professional disciplines, and is designed to address a condition that is ambiguous at its definitional roots.

With the exception of Medicaid, where coverage rules and definitional parameters are exceptionally broad, traditional insurers (in the absence of external standards) have the discretion to adopt narrow definitions of the conditions and interventions they will finance. Furthermore, in recent years, the Bush Administration has sought to import traditional insurance concepts and principles into Medicaid, proposing to impose the types of condition and treatment service limitations and exclusions found in commercial insurance plans.<sup>4</sup> Although these proposed restrictions on the reach of Medicaid coverage have been temporarily halted as the result of a series of Congressional moratoria, the long-term status of these efforts is unclear.

Exclusionary insurer practices play out in specific ways in the case of developmental pediatric health care:

- **Condition-related exclusions:** As noted, traditional insurers might exclude developmental delay as a social condition, even where the delay is attributable to an underlying physical or mental condition. For example, an insurer might pay for limited physical therapy for the condition of cerebral palsy, while at the same time denying coverage for developmental health interventions that are aimed at ameliorating the effects of the cerebral palsy by improving a child's motor skills through group play.
- **Disciplinary exclusions:** Because the developmental pediatric health program might be under the direction of a professional who holds an advanced degree in childhood development or early childhood education, the intervention would be excluded as "educational," even though the treatment team is engaged in a health intervention, and despite the fact that the team includes licensed medical and health professionals.
- **Setting exclusions:** Pediatric developmental health treatment might take place in a service setting that is not licensed as a health care setting under state law. In this type of situation, the setting alone might be sufficient to trigger exclusion. For example, many traditional insurers will not pay for even undeniable medical treatment when furnished in schools.

Historically, Medicaid has been the only source of health insurance that contemplates a broad enough definition of health condition to encompass developmental health, and to permit payment for team services in community settings through its Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) service benefit. Other insurers have routinely excluded both the treatments and the condition, and whether EPSDT is permitted to continue to play this role remains open to question as a result of efforts by the Administration to realign Medicaid with commercial coverage and payment principles.

**What about other sources of funding?** It is entirely possible, of course, to define the condition and set of interventions described in this analysis as social and educational. In this case, the proper approach to financing might be via an

educational or social program. The fact of the matter, however, is that educational and social service financing lacks the dynamism and elasticity that characterize health care financing. Simply put, to define a condition and intervention as educational or social is to leave it unfunded.

For example, many of the educational and social services (and at least the diagnostic health services) described in this background represent the types of interventions falling within the parameters of the Individuals with Disabilities Education Act (IDEA). However, the IDEA is financed at levels far below those that are necessary even to carry out its core educational mission of assisting with the education of children whose disabilities affect their ability to learn in classic educational settings.

## Proposal

This proposal would cut the proverbial Gordian knot that impedes this systemic advance in child health care by defining a new health benefit known as a developmental child health benefit. The benefit would be legislated federally, and would be made applicable to all payers by means of amendments to the Employee Retirement Income Security Act (ERISA), the Public Health Service Act, and Medicaid and the State Children’s Health Insurance Program (SCHIP). The establishment of licensure and regulatory schemes to create accountable delivery systems would become a condition of state participation in Medicaid and SCHIP, and federal grants would be provided to states to assist in the transformation.

## Developmental Child Health Benefits Defined

**Scope and applicability.** All payers – Medicaid, SCHIP, state regulated insurance, and federally regulated employee health benefit plans – would be expected to cover and pay for developmental child health benefits.

- In the case of Medicaid, the benefit is already encompassed in the program’s broad benefit and service classes, including both EPSDT as well as other service classes such as preventive services and rehabilitation services. In the case of Medicaid, legislation would simply need to clarify the intervention and conditions as falling within the ambit of EPSDT “early preventive” or “ameliorative” reach.
- In the case of separately administered SCHIP plans, state regulated insurers, and employee health benefit plans, the coverage mandate would take effect on the promulgation of final regulations, described below.

**Eligibility.** The children entitled to the benefit would be those, from birth through elementary school age who exhibit, or who are at risk of exhibiting, one or more types of developmental delays in connection with one or more underlying physical or mental conditions associated with developmental delay.

**Benefit definition.** The developmental child health benefit would be a “bundled intervention” intended to prevent or ameliorate developmental delay and its health, educational, and social consequences. During the age period for which coverage is available, there would be no fixed durational limits; arbitrary amount, duration, and scope limits unrelated to health need would be prohibited. Applicable insurer/health benefit plan cost sharing rules would apply, but deductibles would be limited.

Within the broad service class of “developmental child health,” there would be a series of sub-classes of services, treatments, and benefits:

- Periodic and as-needed assessment and diagnostic services in order to ascertain the existence of a developmental delay or risk of delay;
- Integrated treatment services, furnished by licensed professionals spanning the full range of disciplines required in the provision of developmental child health treatment, including, but not limited to medical, nursing, and other clinical health professionals, and to professionals holding licensure or certification in child development, education, and social work;
- All necessary medical and dental services required to prevent developmental risk or to ameliorate the effects of conditions that may be present;
- Case management services, defined as services that assist families in securing needed care and making appropriate use of such care;
- Transportation and scheduling;
- Anticipatory guidance and case management services for parents and caregivers whose children are receiving developmental child health benefits; and
- Initial and ongoing treatment planning and treatment modification.

The secretaries of Health and Human Services and Education would jointly be required to convene a national advisory panel consisting of experts in child health, performance measurement, education and child development, and health care financing to create a detailed service definition, identify evidence-based treatment standards, and develop performance measures for the evaluation of service quality and outcomes. The definition would be published as a proposed rule to permit public comment. Once the rule is adopted in final form, the coverage mandate would commence for payers other than Medicaid, whose payment obligations exist and simply are subject to clarification.

**Coverage parameters and limitations.** In order to manage the benefit, certain treatment parameters and limitations would apply:

- The provision of developmental child health treatment services would be conditioned on the existence of a treatment plan developed by a qualified care team and in consultation with the child’s family.
- The treatment plan would be required to be periodically updated and to set forth the full range of items and services, including their amount, duration and scope, recommended treatment team involvement, and appropriate service settings.
- Following the initial authorized service period, service continuation would be subject to prior authorization, with documentation of developmental progress in relation to the child’s own health condition and needs, and as measured by certain milestone and outcomes categories developed by the secretary’s national advisory committee.

**Payment methods.** The secretary would be required to develop a payment methodology that is efficient, case-based, and cost related, with payments linked to service scope and intensity to permit the adjustment of services to address severity of need.

**Provider participation.** Regardless of underlying disciplinary training and licensure, providers would be required to be certified as specialists in developmental child health treatment, and would have to display both individualized and team-based competencies.

## State regulatory development and oversight

As a condition of Medicaid and SCHIP participation, states would be required to develop all-payer certification standards and procedures for developmental child health specialization, with the certification process jointly overseen by a state’s Title V Maternal and Child Health program, state education agency, and with state agencies overseeing early child development, child care, and children’s social service programs. The purpose of the certification process would be to establish minimum competencies for both individual professionals as well as developmental child health service teams. States would also be required to certify both home- and a range of community-based service settings.

The secretarial national advisory panel would develop model certification standards for developmental child health specialists and teams.

## Reporting

The secretarial national advisory group would propose a minimum dataset covering all payers, including race, ethnicity, SES, and child characteristics, as

well as sufficient data on developmental condition severity, along with assessment, diagnosis, and treatment to permit a full, cross-payer evaluation of quality and outcome. Data would be reported to each state's maternal and child health agency for annual public reports, as well as to HHS for national comparative reporting.

## Workforce Investment

Health professions education programs would be revised to include grants to schools of medicine, nursing, dentistry, public health, education, and social work, as well as to programs in nutrition and psychology and other relevant professions in order to train candidates in developmental child health intervention.

The National Health Service Corps would be revised to provide loan repayments to developmental child health professionals who work in underserved communities experiencing a shortage of primary health care professionals.

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<sup>1</sup> Neal Halfon, Michael Regalado, and Kathryn Taaffe McLearn, Building a Bridge from Birth to School: Improving Developmental and Behavioral Health Services for Young Children [http://www.commonwealthfund.org/publications/publications\\_show.htm?doc\\_id=221307](http://www.commonwealthfund.org/publications/publications_show.htm?doc_id=221307) (Accessed August 10, 2008)

<sup>2</sup> Brett Brown and Michael Weitzman, Early Childhood Development in Social Context, [http://www.commonwealthfund.org/publications/publications\\_show.htm?doc\\_id=237483](http://www.commonwealthfund.org/publications/publications_show.htm?doc_id=237483) (accessed August 10, 2008)

<sup>3</sup> Neal Halfon, Helen Du Plessis and Moira Inkeles, Transforming the U.S Child Health System, *Health Affairs* 26(2) 2007, 315–330.

<sup>4</sup> Sara Rosenbaum and Paul Wise, Crossing the Medicaid-Private Insurance Divide: The Case of EPSDT, *Health Affairs* 26(2) 2007, 382–393

# How Policymakers Can Use Automation to Help Families and Children

by Stan Dorn, J.D.

Futurists have long sung the praises of automation. When it comes to families and children, three new automated procedures hold tremendous promise:

- 21st century information technology can ensure that millions of eligible, low-income families and children finally receive essential services long promised by government.
- Restructuring need-based programs to automatically provide more help during economic downturns would shield families from harm while shortening recessions and making them less severe.
- Cable and satellite television companies could be required to automatically provide family-friendly programming unless subscribers affirmatively request channels that offer violence, sex, and profanity. For most parents, this would be the first realistic chance to protect their children from harmful and inappropriate television.

## 1. 21<sup>st</sup> century information technology can help eligible, low-income children receive promised benefits

Most of America's nine million uninsured children are eligible for but not enrolled in Medicaid or the State Children's Health Insurance Program (SCHIP).<sup>1</sup> And millions of families go without other critically important assistance for which they qualify, including Earned Income Tax Credits that support low-wage work,<sup>2</sup> food assistance for families at risk of malnutrition,<sup>3</sup> etc.

These problems share a common cause. Needy families with children are often denied assistance until they complete application forms and present paperwork demonstrating eligibility – even if government officials already have information in-hand that proves the families qualify for help!

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*Stan Dorn, J.D. is a Senior Research Associate at the Urban Institute.*

A different approach applies to the Medicare program, which serves America's seniors.<sup>4</sup> No one asks seniors to complete Medicare paperwork when data in government hands show eligibility. For example, if previous years' federal income tax information, or data from Medicaid, or cash assistance programs indicate that a particular beneficiary has low income, that senior automatically receives subsidies for prescription drugs and outpatient care. Only when government data do not show eligibility is an application required.<sup>5</sup>

Similar strategies can help families with children. For example, tax records and other information about earnings can identify families with income low enough to qualify for benefits. Citizenship and satisfactory immigration status can often be shown through data matches with the Social Security Administration, the Department of Homeland Security, and state birth records.<sup>6</sup> If these data do not show eligibility, families can submit applications to qualify for health care, nutrition, housing, and other basic benefits. But where government information already shows a family's eligibility, why deny assistance until that family completes redundant paperwork?

Replacing 1950s-style bureaucratic red tape with 21st century information technology cuts administrative waste, since government employees have less paperwork to inspect and verify.<sup>7</sup> Program integrity likewise improves, since eligibility is based on reliable third-party sources of income data rather than on an applicant's fallible memory and records.<sup>8</sup>

Above all, the government becomes more accountable and transparent. Officials can no longer promise benefits to the public while erecting bureaucratic obstacles that prevent eligible families from receiving help.<sup>9</sup> If government officials want to save money by changing the rules, they must say who loses assistance under their proposals, encouraging open and honest public debate.

Put simply, this more automated approach means that:

- Millions of eligible, low-income children and families finally get the help they need;
- Less taxpayer money is wasted on program administration;
- Fewer errors are made in determining eligibility; and
- State and federal officials become more accountable to the public in how they run these critically important programs.

## **2. Need-based programs can automatically provide extra help during recession**

Public programs that help low-income families pay for health care, food, fuel, housing, and other basic needs are most important when the economy worsens, since more families need help. But during recession, public benefit programs also

stimulate the economy and save jobs by helping low-income families buy their necessities from local merchants.<sup>10</sup>

Ironically, these state-administered programs are often cut back when the economy suffers – precisely when they are most essential! That is because almost all states are legally required to balance their budgets.<sup>11</sup> During economic slowdown, more families seek help, which increases state spending – but that same economic decline also lowers state revenue. This double-whammy leaves many states with no choice but to cut services.

During the current economic slowdown, budget shortfalls that total approximately \$50 billion are affecting nearly half of all states.<sup>12</sup> Forty percent of the states are thus cutting health care and other services, and some states are raising taxes and fees.<sup>13</sup> Not only can these actions deliver a tough blow to families that are already suffering, they withdraw money from the local economy, deepening the downturn and delaying recovery.

Unlike states, the federal government can shore up the economy during hard times through deficit spending. As a result, several national programs automatically provide additional federal resources during economic decline. For example, when a state's unemployment levels rise by amounts specified in federal law, the length of time for which workers receive Unemployment Insurance (UI) increases from six to 12 months;<sup>14</sup> and the state automatically receives extra federal money to provide income support through Temporary Assistance to Needy Families (TANF).<sup>15</sup>

Unfortunately, the federal “triggers” for UI and TANF were crafted more than 20 and ten years ago, respectively, and no longer fit the economy. During the economic slowdown earlier this decade, for example, UI was extended automatically in only five states,<sup>16</sup> and not a single state received extra help with TANF.<sup>17</sup>

At a more basic level, Medicaid and the State Children's Health Insurance Program (SCHIP) give states no extra help during hard times. Restructuring these health programs to function more effectively in recession could make them powerful engines of economic recovery,<sup>18</sup> for two reasons. First, Medicaid and SCHIP are by far the states' largest source of federal dollars.<sup>19</sup> A small proportionate boost of automatic extra federal help during economic slowdown could provide substantial support to local economies. Second, a larger proportion of spending remains in the state economy with health care than with other spending, more of which tends to buy goods and services produced in other states and overseas.<sup>20</sup>

When a recession hits, and a program's automatic adjusters are broken or nonexistent, federal lawmakers may step in and fill the breach.<sup>21</sup> These efforts can do a world of good. However, ad hoc, “seat of the pants” fixes are far inferior to an effectively targeted, automated mechanism built into the basic structure of need-based programs.

While Congress and the president are negotiating about whether and, if so, how to provide help, families and the economy can suffer. For example, when the economic slowdown earlier this decade caused major Medicaid cutbacks, federal lawmakers eventually gave states extra resources – but it took more than a year to reach agreement. During that time, Medicaid cuts caused tremendous damage.<sup>22</sup>

Moreover, when fiscal relief is based on the decisions of elected officials, rather than on each state's objective economic indicators, federal resources can be poorly targeted to states and families in need.<sup>23</sup> For example, although the Medicaid relief package earlier this decade prevented many cutbacks to health coverage, aid was not based on each individual state's economic conditions. As a result, many states got less help than they needed, while a few received too much money.<sup>24</sup>

The better approach carefully targets federal resources based on state economic conditions, so that stimulus automatically flows to states in trouble when their economies decline. As each state's economy recovers, federal aid automatically ends, preventing financial over-heating that risks inflation. And when aid is carefully targeted based on objective economic conditions, a fixed amount of federal money goes much farther in helping the states and families that most need help.<sup>25</sup>

Unfortunately, lawmakers usually have good excuses to avoid fixing these programs. During an economic slowdown, it is tempting to focus on the immediate crisis by enacting a short-term, ad hoc “fix.” And once the economy recovers, these issues move off the Congressional radar screen. If now is not the time for policymakers to strengthen the country's structural capacity to withstand economic downturn, when will they make these necessary changes?

The potential payoffs are enormous. Even with the limitations described above, UI's automatic responsiveness to economic downturn saved more than 130,000 jobs during the peak year of the average recession between World War II and the year 2000, mitigating GDP loss by 15 to 17 percent.<sup>26</sup> If both UI and other need-based programs were restructured to provide more effective automatic help when state economies decline, economic slowdowns in America would be shorter, shallower, and do less harm to families and children.

### **3. Unless subscribers affirmatively request television that includes sex, violence, and profanity, cable and satellite networks can automatically provide family-friendly programming**

When they watch television, most children encounter sex, violence, and profanity. Some 70 percent of prime-time TV shows contain explicit sexual content, averaging five scenes per hour.<sup>27</sup> Nearly two out of three television shows include violent acts, averaging six per hour, with children's shows particularly likely to offend.<sup>28</sup>

This divergence from most parents' values<sup>29</sup> has serious consequences. Abundant research confirms that watching sex and violence on TV increases the odds that young people initiate early sex<sup>30</sup> and commit violent acts in later years.<sup>31</sup>

It is challenging for parents to protect their children from this onslaught. In fact, current safeguards seem almost designed to fail. The V-chip, for example, lets viewers program their TV sets to block offending programs unless the proper password is entered on the remote. Unfortunately, most parents do not even know they have a V-chip, and among the few who know they have it, most don't know how to use it.<sup>32</sup>

In many homes, only the children have the technical facility to master digital safeguards.<sup>33</sup> Shielding children from offensive television by requiring the effective use of technology is like preventing underage drinking by locking a liquor cabinet to which only teenagers have the key – failure is guaranteed, in most families.

Today, children are exposed to sex, violence, and profanity unless parents take effective action to stop it. Why not reverse this “default setting” and exclude channels that are inappropriate for children unless consumers request them? Cable and satellite television companies could thus be required to give their subscribers “family friendly” packages unless subscribers affirmatively and clearly request subscriptions that include sex, violence, and profanity. Family-friendly packages would include only stations that guarantee their shows and advertisements include no content in these three categories.<sup>34</sup> This would keep offensive material out of children's reach without any technological intervention from parents.

Economic research confirms the power of changing default options.<sup>35</sup> If people received only “clean” television shows unless they clearly requested sex, violence, and profanity, a large viewing audience would subscribe to family-friendly channels exclusively. This would give Hollywood powerful new incentives to produce appealing shows that contain no offensive content.<sup>36</sup> Such incentives would likewise change the behavior of television networks, which could reap the rewards of participating in this new market by modifying their current offerings to create new entertainment and sports channels that are entirely family-friendly.

This approach keeps the First Amendment safe and secure. Adults can watch as much sex, violence, and profanity as they want. But for the first time, parents can easily keep offensive programming off their children's television screens.

Neither technological savvy nor constant vigilance is required. All a parent need do is to say once, when signing up for cable or satellite service, “No thank you, we'd rather not have sex, violence, and profanity in our home.”

- <sup>1</sup> Dubay, L., J. Holahan, and A. Cook. 2007. “The Uninsured and the Affordability of Health Insurance Coverage.” *Health Affairs* 26(1): w22–w30. Hudson, J. L., and T.M. Selden. 2007. “Children’s Eligibility and Coverage: Recent Trends and a Look Ahead.” *Health Affairs*, Web Exclusive, August 16.
- <sup>2</sup> Caputo, R.K. 2006. “The Earned Income Tax Credit: A Study of Eligible Participants vs. Non-Participants.” *Journal of Sociology and Social Welfare* 33(1): 9-29.
- <sup>3</sup> U.S. Department of Agriculture, Food and Nutrition Service, Office of Analysis, Nutrition and Evaluation, *Evaluation of Food Stamp Research Grants to Improve Access Through New Technology and Partnerships*, by Sheila Zedlewski, David Wittenburg, Carolyn O’Brien, Robin Koralek, Sandra Nelson, and Gretchen Rowe (Urban Institute). Project Officer, Rosemarie Downer, Alexandria VA: 2005
- <sup>4</sup> Medicare also serves non-elderly people with severe disabilities.
- <sup>5</sup> Dorn, S. 2007. *Eligible but Not Enrolled: How SCHIP Reauthorization Can Help*. Prepared by the Urban Institute for the Robert Wood Johnson Foundation.
- <sup>6</sup> Dorn, op cit.
- <sup>7</sup> Kennedy, J. R. 2007. “LaCHIP Outreach, Enrollment, & Retention,” paper prepared for the Winter Medicaid Administrative Management Conference (New Orleans, LA., January 17). Gleason, P., et al. 2003. *Direct Certification in the National School Lunch Program – Impacts on Program Access and Integrity*. Prepared by Mathematica Policy Research, Inc., for the U.S. Department of Agriculture. Report E-FAN-03-009. Cole, N. 2007. *Data Matching in the National School Lunch Program: 2005, Volume 1: Final Report*. Prepared by Abt Associates, Inc., for the Department of Agriculture. Report CN-06-DM. Food and Nutrition Service of the Minnesota Department of Children, Families and Learning. 2002. *Free and Reduced Price Meal Eligibility Cost Study*, March.
- <sup>8</sup> Gleason, et al., op cit. See also the discussion of WIC adjunctive eligibility and program integrity in Government Accountability Office. 2005. *Means-Tested Programs: Information on Program Access Can Be an Important Management Tool*. GAO-05-221. March.
- <sup>9</sup> For example, when California’s then-Governor Gray Davis wanted to cut spending on that state’s Medicaid program earlier this decade, he proposed that each adult enrollee should be required to submit quarterly status reports. The governor’s budget office estimated that nearly 200,000 people would not meet this requirement and would lose coverage as a result. *Governor’s Budget Summary: 2003-2004*. Submitted by Gray Davis, governor of California, to the California Legislature, Regular Session, 2003-2004. For mention of “back door eligibility cuts,” see Coughlin, T.A., and S. Zuckerman. 2005. “Three Years Of State Fiscal Struggles: How Did Medicaid And SCHIP Fare?” *Health Affairs*, Web Exclusive. August 16. Pages W5-385 – W5-398.
- <sup>10</sup> Congressional Budget Office. 2008. *Options for Responding to Short-Term Economic Weakness*. January.
- <sup>11</sup> National Association of State Budget Officers. 2004. *Budgeting Amid Fiscal Uncertainty: Ensuring Budget Stability by Focusing on the Long Term*.
- <sup>12</sup> McNichol, E.C., and I. Lav. 2008. *29 States Faced Total Budget Shortfall of at Least \$48 Billion In 2009*. Center on Budget and Policy Priorities. Updated June 30.
- <sup>13</sup> Johnson, N., E. Hudgins, and J. Koulish. 2008. *Facing Deficits, Many States Are Imposing Cuts That Hurt Vulnerable Residents*. Center on Budget and Policy Priorities. Updated July 2.

- <sup>14</sup> UI automatically provides extended benefits if, during thirteen consecutive weeks: (a) regular UI is received by at least 5 percent of workers currently or formerly employed at jobs covered by UI and (b) the percentage of such workers receiving UI is at least 10 percent higher than during the same period in either of the two previous years. This measure – the so-called “insured unemployment” rate – excludes consideration of unemployment among many part-time workers, recent entrants into the labor market, and long-term, unemployed workers who have exhausted UI benefits. Primus, W., and J. Golbert. 2002. *The August Unemployment Rate Masks The Severity Of The Downturn And The Problems Of Those Exhausting Their Unemployment Benefits*. Center on Budget and Policy Priorities. Revised September 16. Accordingly, at state option, extended benefits can also be paid if the state’s overall unemployment rate during a three-month period is 6.5 percent or more and is at least 10 percent higher than during that same period in either of the two previous years. Federal-State Extended Unemployment Compensation Act Of 1970, Section 203.
- <sup>15</sup> States qualify for TANF “contingency funds” when unemployment during a three-month period is 6.5 percent or more and is at least 10 percent higher than that same period in either of the two preceding years.
- <sup>16</sup> *Testimony of Maurice Emsellem, National Employment Law Project*, Hearing before the U.S. House of Representatives, Ways and Means Committee, Subcommittee on Income Security and Family Support, March 15, 2007.
- <sup>17</sup> Given the country’s increasingly globalized economy, no state experiencing fiscal crisis met the TANF statute’s requirement of a 6.5 percent unemployment rate. Fremstad, S., and S. Parrott. 2004. *The Senate Finance Committee’s TANF Reauthorization Bill*. Center on Budget and Policy Priorities, Revised May 12.
- <sup>18</sup> Dorn, S., B. Smith, and B. Garrett. 2005. *Medicaid Responsiveness, Health Coverage, and Economic Resilience: A Preliminary Analysis*. Prepared by the Economic and Social Research Institute, Health Policy Innovation, Inc., and the Urban Institute for the Joint Center for Political and Economic Studies. September 27.
- <sup>19</sup> U.S. Commerce Department, Bureau of Economic Analysis. 2008. *National Economic Accounts*. “Underlying Detail Table 3.22U. Federal Grants-in-Aid to State and Local Governments.” Last Revised on June 27, 2008.
- <sup>20</sup> Blumberg, L., et al.. 2005. *Building the Roadmap to Coverage: Policy Choices and the Cost and Coverage Implications*. Prepared by the Urban Institute for the Blue Cross Blue Shield of Massachusetts Foundation. June.
- <sup>21</sup> The text uses the example of Medicaid fiscal relief legislation earlier this decade, but UI provides other examples. From 1958 through 2003, the extended benefit formula’s failures led federal lawmakers to enact eight temporary extensions of UI, raising precisely the inevitable risks of legislative mistiming that statutory triggers are intended to prevent. Lake, J.E. 2003. *Unemployment Benefits: Temporary Extended Unemployment Compensation (TEUC) Program*. Congressional Research Service. January 24. Available at <http://digital.library.unt.edu/govdocs/crs/permalink/meta-crs-5108:1>. In recent months, Congress has enacted another temporary extension, responding to the failure of UI’s statutory formula for extended benefits.
- <sup>22</sup> Smith, V., R. Ramesh, K. Gifford, E. Ellis, V. Wachino. 2003. *States Respond to Fiscal Pressure: State Medicaid Spending Growth and Cost Containment in Fiscal Years 2003 and 2004*. Prepared by Health Management Associates for the Kaiser Commission on Medicaid and the Uninsured. September.

- <sup>23</sup> See, e.g., Feldstein, M. 2002. “Is There a Role for Discretionary Fiscal Policy?” Comment on Alan Auerbach, “Is There a Role for Discretionary Fiscal Policy?” *Jackson Hole Federal Reserve Conference*. August 29-31. Available at <http://www.nber.org/feldstein/auerbach2002.pdf>.
- <sup>24</sup> Wachino, V., M. O’Malley, and R. Rudowitz. 2005. *Financing Health Coverage: The Fiscal Relief Experience*. Kaiser Commission on Medicaid and the Uninsured. November 9.
- <sup>25</sup> Dorn, S., B. Garrett, J. Holahan, and A. Williams 2008. *Medicaid, SCHIP and Economic Downturn: Policy Challenges and Policy Responses*. Prepared by the Urban Institute for the Kaiser Commission on Medicaid and the Uninsured.
- <sup>26</sup> Chimerine, L., T.S. Black, and L. Coffey. 1999. *Unemployment Insurance as an Automatic Stabilizer: Evidence of Effectiveness Over Three Decades*. Prepared by Coffey Communications, LLC, for the U.S. Department of Labor. Unemployment Insurance Occasional Paper 99-8. July.
- <sup>27</sup> These averages are for 2005. They represent a significant increase from 1998, when 56 percent of shows had sexual content, with an average of 3.2 sexual scenes per hour. Kunkel, D., L. Eyal, K. Finnerty, E. Biely, and E. Donnerstein. 2005. *Sex on TV: 2005*. Prepared by the University of Arizona for the Kaiser Family Foundation. November.
- <sup>28</sup> Center for Communication and Social Policy, University of California, Santa Barbara. 1998. “Executive Summary.” *National Television Violence Study*, Volume 3.
- <sup>29</sup> Most parents disapprove of the violence, sexual behavior, and profanity their children see on television, believe that children’s behavior is affected by what they view, and support public policy changes to address the problem. Rideout, V. 2007. *Parents, Children and Media: A Kaiser Family Foundation Survey*. Kaiser Family Foundation. June.
- <sup>30</sup> See, e.g., studies summarized in Kunkel, et al., op cit. Collins, R. L., M. N. Elliott, S.H. Berry, D.E. Kanouse, D. Kunkel, Dale, S.B. Hunter, and A. Miu. 2004. “Watching Sex on Television Predicts Adolescent Initiation of Sexual Behavior.” *Pediatrics* 114(3): e280-e289. Ashby, S. L., C. M. Arcari, and M. B. Edmonson. 2006. “Television Viewing and Risk of Sexual Initiation by Young Adolescents.” *Archives of Pediatric Adolescent Medicine* 160(4): 375-380.
- <sup>31</sup> See, e.g., the research summarized in Kaiser Family Foundation. 2003. *Key Facts: TV Violence*. Spring. Huesmann, L.R., J. Moise-Titus, C. Podolski, and L.D. Eron. 2003. “Longitudinal Relations Between Children’s Exposure to TV Violence and Their Aggressive and Violent Behavior in Young Adulthood: 1977–1992.” *Developmental Psychology* 39(2): 201–221.
- <sup>32</sup> Rideout, op cit. Television ratings are similarly ineffective. Most parents either do not know about such ratings or do not understand them. Federman, J. 2002. *Rating Sex and Violence in the Media: Media Ratings and Proposals for Reform*. Kaiser Family Foundation. November.
- <sup>33</sup> Remarks By Elisabeth Hirschhorn Donahue, Lecturer of Public and International Affairs, Woodrow Wilson School, Princeton University, at *Children And Electronic Media: A Future Of Children Event*, Brookings Institution, Washington, DC, April 23, 2008.
- <sup>34</sup> Regulation would need to define these three categories of content that prevent a designation of channels as family friendly. To guard against the risk that cable and satellite providers might try to sabotage this new policy, further regulations may be required to specify the minimum required elements for the least costly package above the basic level that federal law requires of all cable companies. Such minimum elements could include, for example, sports programming, entertainment channels aimed at children and teens, etc.

- <sup>35</sup> Perhaps the best-known example involves retirement savings. If an employer enrolls new workers into 401(k) accounts after they complete application forms, 33 percent participate. If new employees are enrolled unless they complete forms “opting out” of benefits, participation reaches 90 percent. Laibson, D. 2005. “Impatience and Savings.” *National Bureau of Economic Research Reporter*. Fall. Pages 6-8. For other examples, see Sunstein, C.R., and R.H. Thaler. 2003. “Libertarian Paternalism Is Not an Oxymoron.” *The University of Chicago Law Review* 70(4): 1159-1202.
- <sup>36</sup> For this to happen, both content producers and networks need time to gear up to meet the definition of family-friendly programming, which argues for a short delay in the new policy’s effective date.

# Helping Parents Raise Healthy, Happy, Productive Children<sup>1</sup>

by Nemours Health and Prevention Services

## Overview

Parents today are trying to raise healthy kids in a world much different from the one in which they grew up. It is hard for moms and dads to stay on top of what their children do, see, and eat. And there is little support for parents – not just to keep their kids healthy, but also to prepare them to go out into the world and succeed.

While America invests in education, welfare, and health care for children, the functions are largely a patchwork of disconnected programs that do not address the myriad health issues facing today's children.

Just in the case of medical care, children are living with a legacy of programs designed at a time when infectious diseases posed a widespread health threat. Put into place a generation ago, these 40-year-old programs and policies, while extremely important, are not fully capable of addressing today's real and growing risks – obesity, mental illness, chronic disease, etc. It is time for a change.

We need a child health system in America designed for the way kids today live and grow. We should adopt a comprehensive, coordinated approach that addresses the health and well-being of the whole child, including the child's physical environment and social service needs. And this approach should consider these needs over the long term, not just in early childhood.

What is at stake is not just the health of children today, but the health of America tomorrow. The modern epidemics we face have life-long consequences, and present significant costs to the economy. And many are preventable. Our failure to ensure the health of our children may jeopardize their ability to function effectively as

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*Nemours Health and Prevention Services and The California Endowment have supported a group of national and state policy experts in the development of this proposal. The members of this group include: Debbie I. Chang, MPH, Helen DuPlessis, Christine Ferguson, Neal Halfon, Laura Hogan, Sara Rosenbaum, Lisa Simpson, Deborah Klein Walker, and Barry Zuckerman. The policies proposed in this document represent those adopted in this group process and do not necessarily reflect the views of the authors' organizations.*

adults, and our ability as a nation to remain strong and competitive in our global society. Children who grow into adults with suboptimal productivity will have long-term economic and social consequences.

We are raising a generation of children who, for the first time in our history, are likely to be less healthy than their parents and live shorter lives.<sup>2</sup> It is a tragedy in the making, and one that is all the more disheartening because these new threats are largely preventable. They are often the result of a child's physical and social environment. They are rooted in the way our children live and learn and play. They can – and should – be fixed.

This proposal outlines a child health system that better coordinates health care, education, child care, and wellness in a way that makes sense for families today. It suggests how to build on what works, and to transform what does not. It outlines central policy elements that would: (1) establish meaningful health coverage with benefits that support healthy growth and development; (2) make systemic changes to improve the quality, effectiveness, and efficiency of care for children; and (3) make children a top priority at all levels of government. All three of these policy elements are critical and should be done simultaneously.

Like other major advances in American history, this change will not happen overnight or in a vacuum. It requires dedicated action among many to focus on what works.

It is time, and it is possible. Let us begin.

### **What is the Problem this Proposal Will Address?**

Children are not simply small adults. Unlike their parents, the main job of kids is to learn and grow, but America does not have a system in place that supports healthy growth and development. Simply downsizing adult-sized health and social programs ignores the problems children face today.

Here are a few of the challenges that this proposal will address:

- Nearly nine million American children are uninsured.<sup>3</sup> For millions more, insurance is sporadic, unstable, and often inadequate because benefits fail to focus on prevention, promoting good health, and healthy development.
- America spends 95 percent of its health dollars on medical care and just 5 percent on promoting health and prevention.<sup>4</sup> This imbalance is true throughout the system, but hits children the hardest because the most fundamental purpose of health care for children is to promote healthy development.
- The incidence and types of chronic disease in children have both increased and changed dramatically over the past four decades.<sup>5</sup> One

child in five has a mental health problem.<sup>6</sup> Over the last three decades, the number of overweight children has tripled for preschoolers, tripled for adolescents, and quadrupled for children 6–11 years old.<sup>7</sup>

- The quality of services and access to these services reflect significant disparities in geographic, racial, ethnic, and socioeconomic status.
- The administration and delivery of child health programs at all levels – federal, state, and local – is often ineffective, uncoordinated, and incomplete. Programs vary widely across states, with little accountability for quality at any level.
- In politics, the interests of children have often been overshadowed by groups that wield far more influence.<sup>8</sup> This translates into less medical research, quality measurement, and emphasis on the sharing of best practices in child health services than in other areas of health care.

## What is the Proposed Solution?

The 2004 Institute of Medicine (IOM) report, *Children's Health the Nation's Wealth*, offers a broadened definition of health. It focuses on outcomes and provides a solid scientific basis for action. It says children's health should be defined based on whether they can a) realize their potential; b) satisfy their needs; and c) develop the capacities to allow them to interact successfully with their biological, physical, and social environment.

Although genes do dictate some health conditions, a scientific consensus is emerging that views health not as something set at birth, but rather as a state that develops over time as a child interacts with the physical and social environment.

America needs a children's health system that incorporates the IOM's broader definition of child health and development, addresses present-day health threats, focuses on prevention and promoting health and development, and keeps pace with the latest scientific advances.

Based on the comprehensive model and the lessons learned from creating a system that serves the needs of seniors, it is essential that we make a similar pledge to our children. For seniors we have established: universal health coverage; a defined benefit package with reasonable limits on premiums and cost sharing; a basic level of income security; and an organized system of community-based health, nutrition, and social support services. It is time to provide the same supports to help parents raise their children.

This proposal outlines an outcomes-based child health system that emphasizes and coordinates the services essential to promoting the health and development of children. In short, the proposed solution would assure that:

- Every child in America has meaningful health coverage that supports healthy growth and development;
- The children’s health system has an updated infrastructure with a 24/7 focus on policies, and programs that are responsive to parents and providers (e.g., child care workers and schools) who care for their children; and
- The health and well-being of children are among the nation’s top priorities.

### **What is the Focus of This Proposal? It’s All About Desired Outcomes.**

The United States must make adequate investments in health care and wellness, education, and other services that families need, but we have learned that simply spending more does not mean getting more.

Recent findings from a 2007 UNICEF report indicate that the U.S. now ranks second to last among the 21 industrialized nations surveyed in child well-being.<sup>9</sup>

Similarly, in 2003, the U.S. infant mortality rate was 28th among industrialized nations.<sup>10</sup>

It is time to better use the resources we have to get a greater return on investment: better outcomes and healthier children. The focus of this proposal centers on providing an outcomes-based system that provides the supports and services needed to assure that children are healthy and safe, and that they enjoy and achieve, contribute to society, and achieve economic well-being. The final page of this paper provides more detail on these outcomes for each stage of development to ensure that progress toward these outcomes can be measured.

### **Proposal for Change: A Three-Point Plan to Update America’s Child Health System.**

In order to transform America’s child health system to truly meet children’s needs, the following three steps (of equal importance) must take place:

- First, we must provide all children with meaningful health coverage that supports health and development;
- Second, we must piece together fractured programs where accountability lies in many different places, and create a seamless set of programs and services that will support a coordinated, holistic approach to children’s health and well-being; and
- Finally, we must make meeting the developmental needs and promoting the well-being of children a national priority.

The following three-point plan outlines some of the steps that should be taken to achieve these goals. No single action alone is enough – we need a comprehensive transformation of the child health system to reach these goals.

### POINT ONE: Provide All Children with Meaningful Health Coverage that Supports Child Health and Development

The first step must be to ensure that every child in America has meaningful health coverage with benefits that support healthy growth and development. Children's coverage should focus on promoting health and helping ensure children grow up healthy. This means coverage for more than just treatment of diseases and illnesses, but also for services and care to promote healthy development and well-being.

There is a variety of approaches for achieving universal health coverage for children, using different mechanisms and funding sources. This proposal does not take a position, however, on which would be the most effective. Regardless of the approach used to provide universal coverage, national standards should be established to ensure that, whether public or private, coverage for every child:

- Guarantees uninterrupted care and affordable enrollment through a highly accessible system;
- Provides appropriate reimbursement for services that reflects a developmental standard of child health and wellness;
- Ensures that supplemental health and development services are available for those with, or at risk for, special health care needs, for example, chronically ill children.

Additional federal funds are essential to help pay for necessary integration and coordination activities, and to help ensure seamless coverage for all children. In addition, new funding needs to be provided to encourage innovative state practices and local level and family involvement in policy development and planning.

A new child health system requires that the responsibility for financing meaningful health coverage for children be shared. The public and private sectors have major roles, and families must also assume some responsibility for securing coverage for their children. Steps also must be taken to provide information and support to parents to ensure that their children receive required immunizations, get regular check-ups, and obtain the services needed to assure the best health possible.

## POINT TWO: Establish Mechanisms to Create Systemic Changes in the Way Children's Health and Developmental Services Are Provided.

There is a variety of different ways to build the needed momentum to bring about the fundamental system changes needed to support a transformed children's health system. It is important to note that children's services historically have been provided at all three levels of government. As a result, this proposal outlines specific changes at the federal, state, and local levels. In addition, the last section recommends an enhanced role for parents and families in the policy-making process. Some of the approaches to moving in this direction include the following:

### **Establish a National Child Health Investment Advisory Committee.**

One important step in helping redesign our child health delivery system would be establishing an independent, national advisory body<sup>11</sup> to serve as the central hub for creating a measurement and outcomes matrix for all child health programs, and then to evaluate programs on an ongoing basis. Congress has already begun to address this need by including a new child health quality initiative in the proposed 2007 SCHIP reauthorization legislation that would, for the first time, provide clear authority and resources necessary to establish such measures. The legislation would also provide a mandate for the Institute on Medicine to study and report to Congress on the measurement of child health quality, and it includes the provision of preventive care and recommendations for improving information provided on child health and health care quality. These child health quality provisions could be expanded to include an independent advisory committee, as described above, to measure programs against specific indicators of child health and well-being (See Table 1 for details).

Such an advisory committee also could be directed to make recommendations on how to best achieve these outcomes (Table 1), and to report periodically to the nation on the state of child health in America and progress toward meeting goals. Its recommendations should extend to the public and private sectors. Although such recommendations would not have any enforcement powers or regulatory authority, they would provide guidance in these areas and help stimulate the changes needed.

Ideally, the new advisory committee would begin by setting national goals and progress milestones, and then:

- Translate identified child health outcomes (see Table 1) into outcome measures that would be regularly monitored and updated as needed;
- Make recommendations for a comprehensive health and development benefit package that would include developmentally appropriate health promotion and other support services;

- Develop an outcomes-driven child health and development agenda, including recommendations for programs and financing;
- Make recommendations for ensuring coordination and integration of child health and development programs across and within federal departments. Initially, the efforts to coordinate and integrate might apply to seven key programs: Medicaid, SCHIP, the Title V Maternal and Child Health Services Block Grant, Head Start, foster care, child care, and IDEA programs. Other child health and development programs, including those in the Agriculture and Education Departments, would be phased in; and
- Assess the impact of these steps and recommend ways to address ongoing needs.

The new advisory committee might also be empowered to obtain evidence-based reports, over a five-year period, from an independent research group, such as the Institute of Medicine. Such reports would inform and make recommendations to policy-makers and other leaders about effective system changes that would optimize the health of children, and would also keep child health issues at the forefront of the national agenda. The Department of Health and Human Services (DHHS) would be the lead department accountable for overseeing implementation of the new advisory committee's recommendations.

### **Establish systems to assure accountability and coordination of services at all levels.**

Accountability for achieving the desired health outcomes for children must be shared among federal, state, and local governments, and families. Stronger links and better coordination across children's programs would help ensure that the nation remains focused on achieving goals and tracking progress toward improving the health and development of children.

These accountability requirements – based on coordination, integration, management, and planning – are described below:

- Comprehensive, shared outcome and performance measures for tracking progress across programs and services at the national, state, and local levels;
- Consistent definition of “comprehensive and developmentally-appropriate health services necessary to achieve age-appropriate outcomes for children and youth”;
- Common terms and definitions of fundamental concepts, such as what constitutes a covered service or permissible expenditure;
- Common, transparent eligibility standards across child health and development programs;

- Common reporting standards, definitions, and shared information systems that are consistent with current privacy and security standards;
- Coordinated quality improvement system with ongoing and rapid feedback to all system stakeholders, including service professionals, payers, program administrators, and families;
- A cross-cutting evaluation plan for monitoring system impact over time;
- Secure, privacy-compliant electronic information systems capable of critical program exchange on services offered; quality monitoring and performance measurement; the creation of integrated individual health records; and the production of anonymous, aggregated data essential to measuring progress;
- Collection and timely reporting of population-based information on child health and development; and
- Processes for ongoing feedback and involvement from all stakeholders, including youth, parents, and family members.

The federal government can play an important role in establishing a variety of mechanisms, including requirements for federal funding programs to implement these accountability and coordination standards. They must be embraced, however, at all three levels of government in order to achieve success.

### **Realign federal programs to support a transformed system.**

Conflicting lines of authority and restrictive funding rules create barriers to providing streamlined child health and development services. To address these issues, federal laws should be modified and sufficient funds authorized to carry out: 1) the establishment and recommendations of the national advisory committee described above, 2) the needed coordination/integration of programs serving children, and 3) a new state innovation grant program to encourage states and localities to develop and implement new integrated models.<sup>12</sup>

One approach to resolving some of the conflicting lines of authority and bureaucratic barriers would be establishing within DHHS the position of “deputy secretary for children” with authority to oversee all programs relating to children. This high-level position would coordinate the many disparate programs relating to children within DHHS, and through legislation and executive action, could be given the authority to work outside of DHHS with federal agencies such as the Departments of Agriculture and Education to enhance coordination and integration of children’s programs. Although these kinds of changes may challenge current jurisdictional lines, they are clearly needed to make the system truly serve children’s needs.

Ideally, the new deputy secretary would be empowered to ensure coordination and integration of federal children's programs using the budget process and authority as leverage. The deputy secretary would be given the responsibility of working to ensure that parents can access appropriate child health and development services, including medical, prevention, and health promotion services for their children. And, using recommendations from the new advisory committee, the deputy secretary would develop and implement evaluation mechanisms to track outcomes and recommend periodic changes in the benefit structure to assure that appropriate services are available over time to meet the needs of children as they grow and develop.

Establishing regular reporting to the White House by the deputy secretary for children on the status of children's programs would also enhance the visibility of these issues. Under such a system, the deputy secretary for children annually would:

- Develop a unified policy and program agenda with estimated national spending goals for children; and
- Present, in cooperation with the national advisory committee, specific findings of integration and coordination across children's programs and progress toward goals.

### **Trust Fund for Children.**

In order to make the progress needed, clearly significant new sources of funds must be provided. One option for securing new funding that should be considered is the creation of a Trust Fund for Children<sup>13</sup> with a dedicated source of funding. The deputy secretary for children at HHS would manage the Trust Fund. It would provide funding to: 1) ensure coordination and integration of children's programs at the federal, state, and local levels; and 2) provide incentive grants to encourage innovation at the state level.

In order to provide adequate new resources, the dedicated source of funding should be designed to provide \$2 billion annually for this new Trust Fund. A portion of this funding could be available to children's programs as they were restructuring to better integrate with other programs at the state and local levels. The remaining funds could be distributed to states that were implementing innovative child health initiatives. A new, dedicated source of funding is needed to provide resources for the Trust Fund so that it is not subject to funding level variations during the federal appropriations process, and is not financed at the expense of other social programs.

### **State and local level changes.**

States could be required, as a condition for receiving federal health funding, to establish an entity responsible and accountable for all state policies and services related to children and youth as a means of ensuring transformation at the state and local levels. In order to achieve truly integrated systems, the focus would need

to expand beyond medical care, and include the broad range of determinants that affect child health. Each governor would be expected to assure that his/her state has a coordinated and integrated approach to caring for all children through age 21 by designating a state accountability organization. Financial support for the development of coordinated, integrated plans, and oversight of the plans could be provided through the new Trust Fund for Children. States could apply for “coordination and integration” funds through the deputy secretary for children’s office.

The state-level entities would be expected to develop programs consistent with the coordination and integration of programs at the federal level. They would be responsible and accountable for planning, monitoring, establishing policies and administering resources, and for demonstrating how their programs meet the needs of their communities.

As noted earlier, the deputy secretary for children could make special grants available to states to encourage coordinated and innovative approaches to improving child health and well-being. For example, they could be used to help ensure that services were seamless from the families’ point of view. If a family applied for one type of benefit, the state would automatically check to see if it was eligible for any other type of state benefits. States also could be provided incentive funds from the Trust Fund for Children to establish partnerships with non-traditional entities such as employers, community-based organizations, local funders and parents, as well as to coordinate efforts to improve child health across multiple sectors such as public health, child care, schools, and civic/community organizations. The goal of these grants would be to experiment with new models to address the multiple determinants of child health and development.

Local government entities also could be encouraged to ensure coordinated and integrated approaches to improve the health and development of children and youth. A local entity could be designated to have local responsibility for planning, monitoring, and carrying out the functions delegated by the state accountability organization. Local community stakeholders would participate in state and national planning and implementation efforts. The local entities would ensure that family representatives play an integral role in setting family accountability measures and milestones.

States would determine what constitutes the local geographic areas that cover all children and youth. In addition, each local area would establish one or more “child and youth resource center” as a community vehicle for delivering and coordinating services in the community.

### **Role of parents and families in a transformed system.**

Obviously, parents and families are responsible for the individual decisions about the care and services provided to their own children, but families also must be involved in all aspects of policy making, program design and implementation, as

well as in setting and monitoring milestones for accountability. As changes in the current system are being proposed and debated, mechanisms must be created at all levels to ensure that the views and perspectives of parents and families play a central role in policy decisions, and that they are provided the supports they need in carrying out their responsibilities.

### POINT THREE: Make Child Development and Well-Being A National Priority

A key element in achieving these goals is raising the status of children in our national priorities. Some of the measures contained in this proposal, such as creating a high level position within the federal government charged with optimizing the coordination and updating of children's services within and across agencies, or requiring states to establish similar structures, are important not only as system changes, but also as vehicles to generate greater attention to children's unique needs. Similarly, the establishment of a high level advisory committee to focus on improving child health systems and setting goals and standards to help ensure high level services can help elevate these issues.

But systems changes alone cannot produce the outcomes needed. Real change – transformational change – that will move child health to a new level will require political leadership committed to making children a national priority. It will require providers, parents, advocates, elected and appointed officials at all levels, influential private sector groups, employers, workers, and people from a wide range of political perspectives to join together to make the changes in our child health system that are sorely needed.

### Conclusion

At the end of the day, this proposal is about helping parents raise healthy, happy, and productive children. This requires a better-performing system that focuses on the best possible health and development outcomes to ensure a future generation of healthy, happy, productive adults. This whole effort is tailor-made for American ingenuity since it requires looking at existing models, research, and resources, and applying them to today's needs. It is well-past time to begin making the changes needed to create a better system for all children.

**Table 1: Age-appropriate outcomes for children and youth14**

<b>Outcome</b>	<b>Birth - 3</b>	<b>4 - 5</b>	<b>6 - 11</b>	<b>12 - 18</b>	<b>19 - 21</b>
Being Healthy	Free from preventable physical disease Optimal nutrition Optimal growth & development Optimal mental and emotional health and development Optimal oral health				
	Healthy births	Learning healthy behaviors	Healthy lifestyle Free from substance use/abuse		
Staying Safe	Safe from neglect, maltreatment, and exploitation or abuse of any kind Free from accidents or injury Safe from dangers in neighborhoods Free from bullying and discrimination Free from existing and emerging threats in the environment				
Enjoy and Achieve	Thriving in enriched environments Nurturing from parents				
	Optimal opportunities for play Engaging in developmentally-appropriate activities Ready for school		Attending and succeeding in school Participating in and enjoying extracurricular activities Optimal personal and social development		
Make a Positive Contribution	Engage with family and peers Develop positive developmentally appropriate relationships with peers				
			Develop self-confidence and exhibit capacity to address life challenges		
Achieve Economic Well-being	Free from poverty				
			Exposed to a variety of careers Develop skills in managing resources		
				Plan for further education, training, or employment after school	Engage in further education, training, or employment

- <sup>1</sup> For purposes of this document, the word “children” refers to individuals from birth to 21.
- <sup>2</sup> Olshansky, S, Jay, et al. “A Potential Decline in Life Expectancy in the U.S. in the 21st Century.” *New England Journal of Medicine*, Volume 352:1138–1145, March 17, 2005, Number 11.
- <sup>3</sup> DeNavas-Walt, Carmen, Bernadette Proctor and Jessica Smith. U.S. Census Bureau, Current Population Reports, P60–233. *Income, Poverty and Health Insurance Coverage in the U.S., 2006*. U.S. Government Printing Office, Washington, DC 2007.
- <sup>4</sup> McGinnis, Michael, Williams-Russo, Pamela and Knickman, James. “The Case for More Active Policy Attention to Health Promotion.” *Health Affairs*, Volume 21, Number 2, March/April 2002.
- <sup>5</sup> Perrin, JM, Bloom SR, Gortmaker SL. “Increase of Childhood Chronic Conditions in the United States.” *JAMA*. 2007; 297:2755–2759.
- <sup>6</sup> Kataoka, SH, Zhang, L, Wells, Kenneth B. “Unmet Need for Mental Health Care Among U.S. Children: Variation by Ethnicity and Insurance Status.” *Am J Psychiatry*. 2002; 159:1548–1555.
- <sup>7</sup> Ogden CL, Carroll MD, Curtin LR, McDowell MA, Tabak CJ, Flegal KM. “Prevalence of overweight and obesity in the United States, 1999–2004.” *JAMA*. 2006; 295(13):1549–1555.
- <sup>8</sup> Iglehart, John. From the Editor. *Health Affairs*. Volume 26, Number 2, March/April 2007.
- <sup>9</sup> UNICEF, Report Card 7. “Child Poverty in Perspective: An overview of child well-being in rich countries.” United Nation’s Children’s Fund 2007.
- <sup>10</sup> U.S. Department of Health and Human Services, Maternal and Child Health Bureau. “Child Health USA, 2006.” Rockville, MD: USDHHS, 2006.
- <sup>11</sup> Currently, an independent advisory committee, MEDPAC, exists for providing guidance on Medicare issues for seniors.
- <sup>12</sup> The 2007 SCHIP reauthorization legislation, approved by Congress but vetoed by President George Bush, also contained a provision authorizing a new innovations demonstration grant program, allowing the secretary of DHHS to award up to 10 grants to states and child health providers “to conduct demonstration projects to evaluate promising ideas for improving the quality of children’s health care.”
- <sup>13</sup> The Trust Fund for Children would be created within the Treasury, with a dedicated revenue source, to assure the availability and stability of federal funds. The federal government has created separate trust funds for highways, airports, the disabled, the elderly, and the jobless. Likewise, there is a “children’s trust” in every state funded through mechanisms such as fees on birth certificates, marriage licenses, and special license plates. The 1991 National Commission on Children discussed the establishment of such a national children’s trust fund in its final report, “Beyond Rhetoric: A New American Agenda for Children and Families.” More recently, Congress has been moving forward on legislation to establish an affordable housing trust fund, using fees from various housing related transactions as a source of dedicated funding.
- <sup>14</sup> This table is based on work produced in a British report “Every Child Matters: Change for Children.”

# Children in Immigrant Families: Key to America's Future

by Donald J. Hernandez, Ph.D.

## Introduction

Children in immigrant families account for nearly one-in-four children in the United States. They are the fastest growing population of children, and they are leading the nation's racial and ethnic transformation. As a consequence, baby boomers will depend heavily for economic support during retirement on race-ethnic minorities, many of whom grew up in immigrant families. Given the changing face of America's children, it is critical that we develop policies and programs to foster a successful future for these children as they and their parents pursue the American Dream. This report first portrays the lives of children with immigrant parents mainly with data from Census 2000, and then highlights needed policy initiatives in the areas of education, health care, economic resources, and access to public benefits, language, and enforcement of immigration laws.

## A Key Group

As of 2005, nearly one-fourth (23 percent) of children lived in immigrant families. The number of children in immigrant families is growing faster than in any other group of children in the nation.<sup>1</sup> This rapid growth, combined with the large proportion (88 percent) with origins in Latin America, the Caribbean, Asia, and Africa, is transforming the race-ethnic composition of America. The emergence of racial and ethnic minorities as the majority U.S. population is occurring most rapidly, and will become a reality first, among children.

The U.S. Census Bureau projects that the proportion of children who are non-Hispanic white will fall steadily into the future, dropping below 50 percent after 2030, just 22 years from now.<sup>2</sup> In contrast, by 2030, when the baby boom generation, born between 1946 and 1964, will be 66 to 84 years old, the Census Bureau projects that 72 percent of the elderly 65 and older will be non-Hispanic white, compared to 56 percent for working-age adults, and 50 percent for children.

Baby boomers will depend heavily for economic support during retirement on race-ethnic minorities, many of whom grew up in immigrant families. Thus,

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*Donald J. Hernandez, Ph.D. is Professor and Chair of the Department of Sociology at the University at Albany, State University of New York.*

it is critical that the current circumstances and future prospects of children in immigrant families should become an important focus for policy makers and program administrators.

## Diverse Global Origins

At the beginning of the 21st century, as was true in the early 20th century, the United States is again seeking to integrate many children who live in homes where languages other than English are spoken, and where cultural practices differ from those of the American mainstream. But the diversity of contemporary immigrant origins is far greater than a century ago.<sup>3</sup> As of Census 2000, the largest proportion of children in immigrant families (40 percent) has origins in Mexico. But the remaining 60 percent have origins that span the globe, with Europe (combined with Canada), the Caribbean, and East Asia each accounting for 10 to 11 percent, with 5 to 7 percent each from Central America, South America, West Asia, and Indochina (Cambodia, Laos, Thailand, Vietnam), and 2 to 3 percent each from the former Soviet Union and Africa. This diversity poses unprecedented opportunities and challenges for policy makers and program administrators who are responsible for fostering the success of children and their families.

## Diverse American Destinations

Children in immigrant families are highly concentrated in a few states, but also spread widely across many states. Attention often focuses on the states with the largest immigrant populations, but in 38 states at least one-in-20 children lives with an immigrant parent, and this rises to 10 percent or more in 27 states, and to 20 percent or more in 12 states and the District of Columbia. Thus, children in immigrant families merit substantial attention, not only from the federal government, but also throughout the nation, in states and localities spread across every region of the country.

## Putting Down Deep Roots In America

Children in newcomer families have deep roots in the United States, as reflected by their parents' citizenship and length of residence in this country, and by their own citizenship.

Nearly one-in-four children in immigrant families has a parent born in the United States. Thus, almost one-in-four children of immigrants (24 percent) lives in a family in which one parent has been a lifelong American citizen since birth.

Nearly one-half of children in immigrant families (48 percent) have at least one parent who is a naturalized American citizen. Thus, including the 24 percent with a U.S.-born parent, a substantial majority of children in immigrant families (64 percent) lives with at least one U.S.-citizen parent. The large proportion who become naturalized American citizens reflects the high level of commitment

among these parents to the United States, their adopted homeland. Recent research indicates that naturalizations are increasing. Between 1990 and 2005, among all legal permanent foreign-born residents, the percent naturalized climbed from 38 to 52 percent.<sup>4</sup>

Two-thirds of children in newcomer families (68 percent) have parents who have lived in the United States 10 years or more. Including the 24 percent with parents who were born in the United States, 68 percent have parents in the home who have lived in the United States for more than 10 years. Thus, only about one-third (32 percent) of children in newcomer families lives with parents who themselves have lived in the United States less than 10 years.

Nearly four-fifths of children in immigrant families (79 percent) were born in the United States and are, therefore, American citizens. Thus, most children in newcomer families share precisely the same rights and privileges as do other citizen children in native-born families. Despite the fact that most children in immigrant families are U.S. citizens, that many have parents born in the United States, and that foreign-born parents are increasingly likely to become U.S. citizens the longer they live in this country, more than one-half of children in immigrant families (53 percent) live in mixed-citizenship-status families with at least one citizen and one non-citizen (often a parent and sometimes other siblings).

Some children or their parents are undocumented immigrants. Although most children in immigrant families are U.S.-born and have at least one U.S.-citizen parent, as of 2005 an estimated 11 percent of children in immigrant families were unauthorized immigrants, while 18 percent were U.S.-born, but had an unauthorized parent as of 2005.<sup>5</sup> Overall, nearly two-thirds (63 percent) of children who live with an unauthorized parent are themselves American citizens because they were born in the United States.

In Census 2000, which provides most of the data for this First Focus report, it is estimated that about 90 percent of unauthorized immigrants responded and are included in the results. And it appears that this response rate is holding steady for the Census Bureau's Current Population Survey (CPS), which also provides data reported in Marcelli and Ong, and in Passel, Van Hook, and Bean.<sup>6</sup> The possibility that worksite raids or other enforcement activities could dampen response rates for unauthorized immigrants highlights the need for continuing assessments of the extent to which these immigrants and their children are, or are not, included in Census Bureau surveys, and for assessing non-response rates for this population in other national and local data collection efforts.

## English Language Fluency And Language Diversity

The vast majority of children in newcomer families (74 percent) speak English exclusively or very well. The proportion who are English-fluent is nearly as high (at least 68 percent) for children in immigrant families in each of the U.S. states

and the District of Columbia. Schools in all states do, however, face the special challenges associated with communicating with and teaching children who are not fluent in English.

Three-fifths of children in newcomer families (60 percent) have at least one parent in the home who speaks English exclusively or very well. The remaining two-fifths (40 percent) live with parents who are only limited English proficient, while a total of 59 percent live with at least one parent who is not fluent in English. Thus, many children of immigrants have parents who are not English proficient, but a substantial majority has at least one parent who is well integrated linguistically into English-speaking society.

One-fourth of children in newcomer families (26 percent) live in linguistically isolated households, in which no one over age 13 speaks English exclusively or very well. This includes households where a child age 13 or younger is the only fluent English speaker in the household. Children in these families may experience a high degree of isolation from English-speaking society, because not even adolescent children in these households speak English proficiently.

Children in immigrant families are three times more likely to speak English fluently than to be limited in their English proficiency (74 percent vs. 26 percent). A large proportion of those who speak English very well are especially well-positioned to become bilingually fluent because they also speak another language at home. In fact, the largest proportion of children in newcomer families – nearly one-half (46 percent) – both speak English very well and speak the native language of the parent or parents at home. Bilingual children (those reported to speak English very well and to speak another language in the home) outnumber children in newcomer families with limited English proficiency in every state except South Dakota.

## Parental Educational Attainments

Children in immigrant families are nearly as likely as those in native families to have a father who has graduated from college (24 percent vs. 28 percent). But they are more than three times as likely to have a father who has not graduated from high school (40 percent vs. 12 percent). It has long been known that children whose parents have completed fewer years of schooling tend, on average, to complete fewer years of schooling themselves, and to obtain lower paying jobs when they reach adulthood.<sup>7</sup> Parents whose education does not extend beyond the elementary level may be especially limited in knowledge and experience needed to help their children succeed in school. Immigrant parents often have high educational aspirations for their children,<sup>8</sup> but may know little about the U.S. educational system, particularly if they have completed only a few years of school.

Parents with little schooling may, as a consequence, be less comfortable with the education system, less able to help their children with school work, and less able to effectively negotiate with teachers and education administrators. It may be

especially important for educators to focus attention on the needs of island-origin Puerto Rican children, and on children in immigrant families from Mexico and Central America, the Dominican Republic and Haiti, China, Indochina, and Iraq because these children are especially likely to have parents who have completed only a few years of school.

## Parental Employment And Wages

A strong work ethic characterizes both immigrant and native families. Among children living with a father, 93 percent in immigrant families and 95 percent in native families have fathers who worked for pay during the previous year. For most specific groups, the proportion is 90 percent or more. Most children living with mothers also have mothers who work for pay to support the family. Other adult workers also live in the homes of many children.

Especially noteworthy is that, among children in immigrant families from Mexico, the largest immigrant group, 92 percent have working fathers. In addition, although they are among the groups least like to have a working mother (53 percent), they are substantially more likely (at 29 percent) than all other native and immigrant groups, except Central Americans, to have another adult worker in the home. Clearly, most children live in families with a strong work ethic, regardless of their race-ethnicity or immigrant origin, and have parents, and often others, who are committed to working for pay to support their families.

Despite the strong work ethic of parents, many children live with fathers who cannot find full-time year-round work. Among white children, 16 percent have fathers who do not work full-time year-round – the lowest level of any native or immigrant group. For other native race-ethnic minority groups (except Asians), the proportions range between 26 and 37 percent. At least 25 percent of children in 21 of 31 immigrant groups analyzed for this report also have fathers who do not work full-time-year round. The proportion is 30 to 37 percent for four native groups (blacks, island-origin Puerto Ricans, Native Hawaiian and other Pacific Islanders, and American Indians), and for 15 immigrant groups from Latin America (Mexico and Central America), the Caribbean (Dominican Republic, and Haiti), Indochina (the Hmong, Cambodia, Laos, Thailand, and Vietnam), and West Asia (Pakistan/Bangladesh, Afghanistan, and Iraq), as well the former Soviet Union, and blacks from Africa. For these children, the proportion with a father not working full-time year-round approaches or exceeds twice the level experienced by whites in native-born families. Children are much more likely to have mothers than fathers who do not work full-time year-round, no doubt in part because mothers often have greater responsibility for the day-to-day care of children than do fathers.

Not surprisingly, lack of full-time year-round work for fathers goes hand-in-hand with low hourly earning for fathers and mothers in 18 immigrant and native groups, and these groups are especially likely to be officially or basic-budget poor.<sup>9</sup>

## Economic Need

Children from low-income families tend to experience a variety of negative developmental outcomes, including less success in school, lower educational attainments, and lower incomes during adulthood.<sup>10</sup> Poverty rates merit considerable attention in part because extensive research documents that poverty has greater negative consequences than either limited mother's education or living in a one-parent family.<sup>11</sup>

The official poverty measure is used most often to assess economic deprivation in the United States, but is outdated in important ways. More than a decade ago, a National Research Council (NRC) report urged that the official measure be revised, because "...it no longer provides an accurate picture of the differences in the extent of economic poverty among population groups or geographic areas of the country, nor an accurate picture of trends over time."<sup>12</sup> The NRC report recommended a new approach explicitly accounting for various family costs, with attention to geographic differences in the cost of living. Two "Basic Budget Poverty" measures developed by the author and presented here reflect these recommendations, based on research by the Economic Policy Institute (EPI) in Washington, D.C.<sup>13</sup>

"Baseline Basic Budget Poverty" is calculated by taking into account the local cost of housing, food, transportation for work, other necessities (such as clothing, personal care items, household supplies, telephone, television, and school supplies), and federal taxes.<sup>14</sup> More than one-in-four children was "baseline" basic-budget poor in Census 2000 (21.3 percent), compared to 14.8 percent for the official poverty rate.<sup>15</sup>

Providing another standard for poverty comparisons across rich countries, researchers from the Organization for Economic Cooperation and Development (OECD), the United Nation's Children's Fund (UNICEF), and others have for nearly two decades relied on a measure based on 50 percent of national median post-tax and transfer income using data from the Luxembourg Income Study (LIS) and other sources.<sup>16</sup> The close correspondence of results using the baseline basic budget (21.3 percent) and LIS poverty measures (23.5 percent) indicates that, at the national level, they are quite similar in their assessment of U.S. child poverty.

More than one-in-three children in immigrant families is baseline basic-budget poor (34.1 percent), compared to the official poverty rate of 20.7 percent, for a difference of 13.4 percent. Thus, the official measure indicates that children in immigrant families are more likely than those in native-born families to live in poverty (20.7 percent vs. 13.4 percent), while the baseline basic budget measure indicates the rates of economic need are substantially higher for both groups, but especially for children in immigrant families (34.1 percent vs. 18.1 percent)

The baseline basic-budget poverty rate does not take into account the costs of child care for young children, which the NRC report recommends should be

included in assessing economic deprivation. The LIS approach to measuring poverty, which is used widely in drawing comparisons across rich countries, also does not take these costs into account. But in rich European countries, children generally have access to, and participate in, formal Early Child Education and Care (ECEC) arrangements funded by the national government, or if they are infants or toddlers, they have parents who can care for them at home because of government-guaranteed, job-protected paid maternal or paternal leave arrangements.<sup>17</sup> Thus, for comparisons involving rich countries other than the United States, it is not necessary to take account of the costs to families of child care. But for the United States, the NRC recommends that these costs be included in calculating a U.S. poverty rate.

The NRC report recommends, however, that child care costs be taken into account only for families where there is no stay-at-home parent to care for the children, and at a level that provides only for the minimum care necessary for the parent to hold down a job, not for care involving educational enrichment.<sup>18</sup> But research clearly indicates that early childhood education programs can promote school readiness and educational success.<sup>19</sup> In addition, participation in high quality preschool programs may be particularly valuable for cognitive development of children in newcomer families speaking a language other than English at home,<sup>20</sup> and socioeconomic barriers can account for most, or perhaps all, of the lower enrollment levels experienced by children with immigrant parents (See below).<sup>21</sup>

Furthermore, past research has found that many unemployed mothers would seek employment, and many employed mothers would work more hours, if child care were available at reasonable cost. This is especially true for mothers who are young, single, and with low education or little income.<sup>22</sup> For these reasons, our second basic budget poverty measure includes costs for all children regardless of parental work.

When the cost of early education and child care is included along with other costs in the basic family budget, the estimated poverty rate for children in immigrant families increases by 13.8 percent, from 34 percent to 48 percent. The corresponding increase for children in native-born families is nearly as large at 10.6 percent (18.1 vs. 28.7 percent). Another poverty measure often used in public policy discussion sets the poverty threshold at twice (200 percent) the official poverty thresholds. Poverty estimates using our baseline basic budget plus early education poverty measure are nearly as high as the 200 percent poverty measure, at 32.4 percent vs. 35.7 percent for children overall, 47.9 percent vs. 48.3 percent for children in immigrant families, and 28.7 percent vs. 32.7 percent for children in native-born families.

Insofar as it is useful to compare the economic circumstances of children in the United States and rich European countries, results from the LIS approach for other countries are most relevant. The LIS measure indicates that child poverty rates for six countries with near universal maternal/paternal leave and preschool (Denmark, Finland, Norway, Sweden, France, and Germany) are in the range of 2.4 to 10.2

percent, while the rate is nearly triple this level or more for the United States, using our baseline plus child care and early education measure, at 28.9 percent for children in native-born families and nearly five times this level, or more at 47.9 percent for children in immigrant families.<sup>23</sup>

The differences would be still larger if our U.S. measure were expanded to include not only child care and early education, but also health care costs, because health care costs are not included in our measure, but government-funded national health insurance is available to children in all other rich countries.

## Strengths Of Immigrant Families

Most children in immigrant families live with two parents. Children living with two parents tend, on average, to be somewhat advantaged in their educational success, compared to children in one-parent families.<sup>24</sup> Children in immigrant families are more likely than children in native families to live with two parents (84 percent vs. 76 percent). Children in immigrant families from most origin countries/regions are about as likely, or more likely, than white native-born families (85 percent) to have two parents in the home (including step-parents and the cohabiting partners of parents). Thus, large majorities of children in all immigrant and in most native groups benefit from having two parents in the home, although significant portions of all groups (at least 5 to 20 percent) at any given time live with only one parent.

Children in immigrant families are somewhat more likely to have many siblings. Brothers or sisters can be a liability, but also an asset. Insofar as the time and finances of parents are limited, they must be spread more thinly in larger families than smaller ones. Hence, children in larger families tend, other things equal, to experience less educational success and to complete fewer years of schooling than children with fewer siblings.<sup>25</sup> Siblings also, however, can serve as child care providers for younger siblings, as companions for siblings close in age, and as an important support network throughout life. Dependent siblings living at home are most likely to share available resources. Children in immigrant families are about one-third more likely than those in native families to live in homes with four or more siblings (19 percent vs. 14 percent).

Children in immigrant families often have grandparents, other relatives, or non-relatives in the home who can provide essential child care, nurturing, or economic resources. Children in most immigrant and race-ethnic minority, native-born groups are two to four times more likely than whites in native families to have a grandparent in the home, 10 to 20 percent vs. 5 percent. Some groups also are likely to have other adult relatives age 18 or older, including siblings, in the home. Many immigrant groups with large numbers of siblings also are especially likely to have grandparents, other relatives, or non-relatives in the home who may be nurturing and providing child care for, as well as sharing economic resources with, the immigrant children and their families. This is particularly likely to be the case

for children in immigrant families from Mexico, Central America, Dominican Republic, Haiti, Indochina, and Afghanistan.

## Early Education Enrollment

Children's language development begins early, and participation in high-quality early care and education can contribute. Participation in high-quality preschool programs may be particularly valuable for the cognitive and language development of children in newcomer families with limited English proficiency.<sup>26</sup> Overall, Census 2000 recorded that children in newcomer families are less likely than are children in native-born families to be enrolled in pre-K/nursery school at age three (32 percent vs. 39 percent) and at age four (55 percent vs. 63 percent). Groups less likely than whites in native-born families to be enrolled are children in immigrant families from Mexico, Central America, Dominican Republic, Philippines, Indochina, and Iraq. Cultural preferences are sometimes cited as a reason for lower enrollment in early education programs among immigrant groups, especially Hispanics.

Recent research indicates that socioeconomic barriers can account for at least one-half and perhaps the entire enrollment gap in early education that separates children in newcomer families from Mexico, for example, and white children in native-born families.<sup>27</sup> These results may be surprising, but it is important to note that these estimates are consistent with the strong commitment to early education in contemporary Mexico, where universal enrollment at age three will become obligatory in 2008–2009.<sup>28</sup> In fact, in Mexico where preschool is free, 81 percent of children age four were enrolled in 2005, compared to only 71 percent among whites in U.S. native-born families in 2004, and 55 percent for children in the United States in 2004 who lived in immigrant families from Mexico. (For additional international comparisons and discussion of early childhood education policies and a ranking of various OECD countries, see UNICEF (forthcoming)).

## Educational Attainments Among Young Adults

High school completion among young adults is a key indicator for measuring basic educational success across diverse groups. Because young adults are especially likely to be immigrants, and to have immigrated within the past few years, and perhaps not to have entered the U.S. educational system, an analysis of educational attainments of young adults ages 20 to 24 should distinguish between first generation immigrants born abroad, the second generation born in the United States, and the third and later generation. Although it is not possible to distinguish the generation groups ages 20 to 24 in Census 2000, the Census Bureau's Current Population Survey (CPS) does ask the necessary questions. Because the CPS sample size is much smaller than Census 2000, we combine CPS data for 2001–2005 and report on a smaller number of race-ethnic and immigrant origin groups, focusing mainly on the largest group, those with origins in Mexico.

Among young adults from Mexico, 70 percent are first generation immigrants, compared to only 29 percent among school-age children in immigrant families from Mexico. Thus, many first generation young adults from Mexico immigrated during late adolescence or early adulthood. The high proportion of recent immigrants among the first generation of young adults is reflected in the very low 44 percent who have graduated from high school, insofar as 8 years of education is a common standard in Mexico. But many of these young adults should not be considered dropouts from the U.S. educational system, because no doubt many never entered the U.S. system.

The proportion of second generation Mexicans graduating from high school is 78 percent, much higher than the 40 percent reported for the first generation, but little different from the 80 percent of Hispanics in native-born families (other than Puerto Ricans) who completed high school. These results are encouraging for second generation Mexicans, because they complete high school at nearly the same rate as the third and later generation Hispanics. But the results also are discouraging, because the high school completion rate of 80 percent for third and later generation Hispanics implies a high school dropout rate (20 percent) that is more than twice the dropout rate (9 percent) for third and later generation whites, but similar to the rates for Native Americans (23 percent) and blacks in native-born families (19 percent).

The first generation also makes up a much larger proportion of the combined first and second generation population at ages 20 to 24 than is true for school-age children, for the all the immigrant groups analyzed for this report. The results indicate high school completion rates among first generation Dominicans, Haitians, Central Americans, and South Americans are higher than among first generation Mexicans, but much lower than among the native white group, while the rates reach or exceed the level of native whites for young first generation adults from many countries and regions. The second generation high school completion rate for Dominicans is similar to the low level experienced by the Mexican immigrant group, and while it is substantially higher for Central Americans, it does not reach the level of whites in native-born families.

## Health Insurance Coverage

Children and their families require good health to succeed in school and in work. Although Census 2000 does not measure health insurance coverage, health insurance coverage data for a more restricted set of race-ethnic and immigrant origin groups are presented here based on the U.S. Census Bureau's Current Population Survey data for 2001–2005. The proportion of uninsured children in native-born families rises from 8 percent to 9 percent for whites and Asians to 11 percent to 17 percent for other race-ethnic groups. The proportion uninsured among children in immigrant families is as low as whites and Asians only for children with origins in China, Hong Kong, Taiwan, India, Iran, and whites from

Africa (7 to 9 percent). The chances of being uninsured for many other immigrant groups are in the range of most native race-ethnic minorities, but is higher still for children in immigrant families with origins in Central America, South America, and Cuba (22 to 25 percent), and in Mexico and Haiti (29 to 30 percent).

Thus, many children in immigrant families from countries of origin with high U.S. poverty rates are not covered by health insurance. Past research has found that substantial risk of not being insured remains even after controlling for parental education and duration of parental residence in the United States, as well as reported health status, number of parents in the home, and having a parent employed full-time year-around.<sup>29</sup> This research also found the main reason reported by parents for lack of insurance coverage for children is the same for both immigrant and native groups: the lack of affordability of insurance coverage. The reason cited second most frequently related to employers not offering coverage at all, not offering family coverage, or not offering coverage for part-time employees.

## **Policies And Programs To Foster Children’s Success**

What strategies might federal, state, and local governments (including school districts) pursue to foster the positive development and successful integration of children in newcomer families? Policies and programs in five arenas (education, income and economic resources, health care, language outreach, and enforcement of immigration laws) can help to ensure that children in immigrant families have the resources they need succeed as they pursue the American Dream.

### **Education And Language**

Children in immigrant families should have access to high-quality early education programs. Recent research indicates that such programs may be particularly valuable for the cognitive and language development of children in newcomer families with limited English proficiency.<sup>30</sup> But additional research indicates that socioeconomic barriers play a critical role in limiting the access of key immigrant groups to early education programs.<sup>31</sup> Seven states are either currently providing (Florida, Georgia, Oklahoma), or phasing in (Illinois, Iowa, New York, and West Virginia) voluntary universal pre-kindergarten programs in which parents can enroll their four-year-old children.<sup>32</sup> Additional resources should be devoted to ensuring that children in immigrant families have access to high quality early education.

Early education programs should be welcoming and effective for children in immigrant families and their parents. This may require active outreach in the home languages of families within some communities to foster the inclusion of children whose parents have limited English proficiency, as well as a culturally competent early education workforce.

There is a need for education policies, programs, and curricula that encourage fluency not only in English, but also in the home languages of children, and that foster bilingual spoken fluency and literacy (reading and writing). Schools with a large number of children with limited English proficiency who speak one particular language can benefit from economies of scale in hiring teachers or assistants who are bilingual. That approach is less feasible in schools with only a small number of limited English-proficient students in a single classroom, or when various children speak multiple languages other than English. Fortunately, research indicates that it is not essential for teachers to be fluently bilingual in a child's home language.

For example, even when PK-3 teachers have no experience with a child's first language, they can introduce young English language learners to English and also adopt teaching practices that support home language development. Teachers who encourage the families of children to talk, read, and sing with the child in the parents' home language, and to use the home language in everyday activities, will foster the child's first language development even as the child is learning English.<sup>33</sup> New, more effective programs may require the development of teaching techniques and teacher preparation programs. They also are likely to benefit from new research and program initiatives aimed at teaching strategies that scaffold up from the practices of immigrant families.<sup>34</sup>

Research for children who learn English after their home language is established, typically around age three, indicates that they can add a second language during the Pre-K and the early school years, and that this bilingual skill leads to long-term cognitive, cultural, and economic advantages. Importantly, a dual language approach to teaching has been found to be effective for English language learners, while not having negative consequences for other students. In fact, dual language programs are effective not only for improving the academic achievements of English language learning students, but also provide benefits to native English speakers, as reflected in standardized test scores, and reports by parents, teachers, and school administrators.<sup>35</sup>

There is a need for English language training for immigrant parents. Two-generation family literacy programs should be examined as a strategy for providing the opportunity for both children and parents with limited English language skills to learn together how to build literacy into their homes and daily lives. While the most recent national evaluation of the Even Start family literacy program did point to gains in literacy outcomes for participants, it did not provide evidence that gains were greater for those assigned to the program than for those in the control group.<sup>36</sup> The researchers note the need for a better understanding of the bases for variation in the effectiveness of the Even Start program as implemented in various localities. Work is needed to understand the specific features of family literacy programs that can help parents in immigrant families improve their capacity to provide for the economic support of their families while also fostering the children's development.

Children in newcomer families in all states are well-positioned to become fluent bilingual speakers, writers, and readers – if they receive formal training in both English and the native language of their parent or parents.

Results presented in this report suggest the need for two sets of policies for adolescents and youth. First, education policies, programs, and curricula for recent first generation, adolescent immigrants with little or no experience in U.S. schools must address a very different set of issues from policies for first generation immigrants who arrived at younger ages, and who obtained most or all of their education in the United States prior to reaching high school. Second, because many immigrant adolescents and youth with limited education and limited English proficiency have by-passed the U.S. education system to directly enter the work force, immigrant adolescents and youth need special outreach activities to draw them into the schools, and specially designed programs to help assure their educational success.

### **Economic Resources And Access To Public Benefits**

The Earned Income Tax Credit (EITC) should be expanded and increased. It is a major policy that increases the economic resources available to children and families with limited income. The 1996 federal welfare reform brought increased funding for the EITC that was intended to encourage work among low income persons. With this change the EITC acted by 2004 to reduce the child poverty rate by about 2.3 percent, that is, lifting out of poverty about one-in-eight children who would otherwise be classified as poor. The peak monetary value of the EITC in 2007 for families with two children was \$4,716 (\$2,358 per child) for two-parent families with incomes of \$11,750 to \$17,400, and one-parent families with incomes of \$11,750 to \$15,400. The value of the EITC declines at higher incomes, to less than \$2,000 for two-parent and one-parent families, with more than \$30,000 and \$28,300 incomes respectively. The value also falls to less than \$3,000 for families with incomes below \$7,500, and to less than \$2,000 for families with incomes below \$5,000. If eligibility for EITC were extended to include more families, and the monetary value were increased for all eligible families, but especially lower income families, the EITC would become even more effective in improving the lives of children in low-income families.

The Temporary Assistance for Needy Families (TANF) program should be revised. It is a second major policy that increases the economic resources available to children and families with limited income. With changes brought by the 1996 welfare reform as of 2004, TANF acted to reduce children poverty by less than 1 percent.

In addition, although TANF is available to some families with very low income, eligibility requirements under the 1996 welfare reform drew, for the first time, a sharp distinction between citizens and non-citizen documented immigrants, with non-citizen documented immigrants becoming ineligible for important public benefits and services. As a result, many non-citizen documented immigrant parents

who are ineligible for TANF or other specific public benefits may not be aware that their citizen children are eligible, or they may hesitate to contact government authorities on behalf of their children for fear of jeopardizing their own future opportunities to become citizens.<sup>37</sup>

Insofar as the exclusion of some immigrant parents from eligibility for welfare programs acts to deprive their U.S. citizen children of important public benefits and services, and insofar as most of the children and parents are or will become American citizens, the elimination of these eligibility exclusion rules is in the interest not only of immigrant children and families, it is in the interest of all Americans, including members of the baby boom generation who will benefit from having a healthy and productive labor force to support them during retirement.

### **Health Care, Language, and Professional Cultural Competence**

The State Children's Health Insurance Program (SCHIP) should be expanded. The program has led to increased health insurance coverage for children, but continuing high proportions of children in immigrant families are not covered. Insofar as children and their families require good health to succeed in school and work, it is important that they be covered by health insurance, pointing to the need to increase funding for SCHIP to assure access to health insurance for children in immigrant families, particularly those experiencing high poverty rates.

The "Legal Immigrant Children's Health Improvement Act" (ICHIA) is needed, as additional legislation for a specific sub-population of children in immigrant families. In 1996, federal welfare reform made new legal immigrants to the United States, including children, ineligible to receive SCHIP and Medicaid, and after the five years they face additional barriers to becoming eligible for these programs. ICHIA would give states the option to provide federally funded SCHIP and Medicaid to low-income legal immigrant children and pregnant women.

Home language outreach and interpretive services, as well as the culturally competent provision of health care, are essential because many children and parents are limited in their proficiency with English, and many come from cultures with different traditions of health care provision.

### **Language Outreach**

Children and parents who have limited English proficiency may have great difficulty communicating with educators, health care providers, and officials in social service, justice, and other institutions. In families where only the adolescents or young children are fluent in English, the parents are not in a position to communicate with professionals on behalf of themselves or their children. In fact, it may be the child who must act as the primary intermediary between family members and professionals in various institutional settings.

This role may be critical in helping immigrant families negotiate and integrate into the unfamiliar terrain of American society, but it can also lead to conflicts by undermining traditional parent-child roles and parental authority.<sup>38</sup> Also, although children (and adolescents) may be fluent in everyday English, they may not have the technical vocabulary necessary either in English or in the parent's origin-country language for effective contacts with health, social service, or legal organizations.

It is, therefore, critical that education, health, and other organizations provide outreach and interpretive services in the home languages of children and their parents. Without these efforts, these organizations may be cutting themselves off from the rapidly growing client population of immigrant children and families.

### Enforcement Of Immigration Laws

During recent years, worksite raids have been used increasingly by U.S. Immigration and Customs Enforcement (ICE) as a means of enforcing immigration laws. A recent study of three sites found that, on average, for every two adults affected there was a child whose parent was arrested.<sup>39</sup> Two-thirds (66 percent) of these children were American citizens. At the sites collecting information about age, the vast majority of affected children were ages 10 or younger (79 to 88 percent), and in one site 71 percent were under age six.

Many of the apprehended parents were afraid to tell authorities that they had children because they believed their children also would be taken into custody.

Some single parents and other primary caregivers were released the same day they were apprehended, while others were held overnight or for several days. But many parents were detained as long as five or six months, and others who were released had to wait for several months until their final appearance before an immigration judge – during which time they were not allowed to work. Many other parents were deported within a few days, often before they could contact immigration lawyers or their families.

The affected parent often was the primary family breadwinner, leaving children and other family members without their main source of economic support, and with the need to cope with fear, isolation, and other psychological stresses. Economic hardship increased over time as earlier paychecks and savings were spent. Privately funded assistance generally lasted for only two or three months.

Based on these and other detailed findings, the recent study offered recommendations for minimizing the harm to children as a result of worksite raids.<sup>40</sup> Several of these recommendations especially relevant to the federal government are offered here:

- Congress should provide oversight of immigration enforcement activities to assure that children are protected during worksite enforcement and other operations.

- ICE should assume that there will always be children – generally very young children –affected whenever adults are arrested in worksite enforcement operations, and should develop a consistent policy for parents’ release. Single parents and primary caregivers of young children should be released early enough in the day so that their children do not experience disruptions in care; they should not be held overnight.
- ICE should provide detainees access to counsel and advise them of their right to confer with their country’s consular office. Detainees should be allowed access to telephones, and the confidentiality of their telephone conversations should be ensured.
- Social services and economic assistance need to be provided over a prolonged period of time – often many months – until parents are released from detention and their immigration cases are resolved. Longer-term counseling for children and their parents to mitigate psychological impacts may also be necessary.
- A clearinghouse of information about responses to raids should be developed nationally. Such a clearinghouse could be a repository for stories about raids, a conduit for sharing information, and a setting for developing best practices in service delivery.

There is a wide agreement that immigration laws should be enforced, but there are many possible approaches to enforcement, and the manner in which enforcement occurs should not bring harm to children, including those who are American citizens.

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This report mainly discusses results for children ages 0 to 17 and living with at least one parent, although some attention is devoted to early education among young children ages 3 to 4, and to the educational attainments of youth ages 20 to 24 (For a discussion of differences in the circumstances of children and adolescents in immigrant families, see Hernandez, Denton, and Macartney, in press a). Following standard demographic definitions, children in immigrant families are classified here as including both the first generation (foreign-born children) and the second generation (children born in the United States with at least one foreign-born parent), whereas children in native-born families are third and later generation children (children and parents all born in the United States) (Hernandez and Charney, 1998).

This report presents results based mainly on analyses of data from Census 2000, using microdata files prepared by Ruggles and colleagues (2004). Most results discussed in this report, and additional indicators for many topics and additional country-of-origin and race-ethnic groups, are available at [www.albany.edu/csda/children](http://www.albany.edu/csda/children), click on the report title, or on other “data” features of the website. For internationally comparable results presenting indicators and analysis for eight rich countries including the United States, see Hernandez (forthcoming).

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<sup>1</sup> Hernandez and Charney, 1998

<sup>2</sup> U.S. Census Bureau, 2004.

<sup>3</sup> Hernandez and Darke, 1999.

<sup>4</sup> Passel, 2007.

<sup>5</sup> Passel, 2006.

<sup>6</sup> Marcelli and Ong, 2002; Office of Policy and Planning, no date; Passel, Van Hook, and Bean, 2004

<sup>7</sup> Blau & Duncan, 1967; Featherman & Hauser, 1978; Sewell & Hauser, 1975; Sewell, Hauser, & Wolf, 1980.

<sup>8</sup> Hernandez & Charney, 1998; Kao, 1999; Rumbaut, 1999.

<sup>9</sup> Hernandez, Denton, and Macartney, 2008.

<sup>10</sup> Duncan & Brooks-Gunn, 1997; McLoyd, 1998, Sewell & Hauser, 1975.

<sup>11</sup> Duncan & Brooks-Gunn, 1997; McLoyd, 1998.

<sup>12</sup> Citro and Michael, 1995.

<sup>13</sup> Bernstein, Brocht, Spade-Aguilar, 2000; Boushey, Brocht, Gundersen, and Bernstein, 2001; Hernandez, Denton, and Macartney, 2007a).

<sup>14</sup> Hernandez, Denton, and Macartney, 2007a.

<sup>15</sup> Hernandez, Denton, and Macartney, 2007a.

<sup>16</sup> Bradbury and Jantii, 2001; Oxley, Dang, and Antolin, 2000; Smeeding and Torrey, 1988; UNICEF, 2005.

<sup>17</sup> Neuman and Bennett, 2001.

<sup>18</sup> Citro and Michael, 1995.

<sup>19</sup> Gormley, 2007; Haskins and Rouse, 2005; Lynch, 2004.

<sup>20</sup> Gormley, in press; Gormley, Gayer, Phillips, and Dawson, 2005.

<sup>21</sup> Hernandez, Denton, and Macartney, in press b.

<sup>22</sup> Presser and Baldwin, 1980.

<sup>23</sup> Hernandez, Denton, and Macartney, 2007a .

<sup>24</sup> Cherlin, 1999; McLanahan & Sandefur, 1994.

<sup>25</sup> Blake, 1985, 1989; Hernandez, 1986.

<sup>26</sup> Gormley, Gayer, Phillips, & Dawson, 2005.

<sup>27</sup> Hernandez, Denton, and Macartney, in press b.

<sup>28</sup> OECD, 2006.

<sup>29</sup> Brown, Wyn, Yu, Valenzuela, and Dong, 1999.

<sup>30</sup> Gormley, Gayer, Phillips, & Dawson, 2005.

<sup>31</sup> Hernandez, Denton, and Macartney, in press, b.

<sup>32</sup> Pre-K Now, 2007.

<sup>33</sup> Espinosa 2007, 2008.

<sup>34</sup> Fuller, 2007.

<sup>35</sup> Espinosa, 2007, 2008.

<sup>36</sup> St. Pierre, Ricciuti, Tao, Creps, Swartz, Lee, et al., 2003.

<sup>37</sup> Capps, Kenney, & Fix, 2003; Fix & Passel, 1999; Fix & Zimmermann, 1995; Hernandez & Charney, 1998; Zimmermann & Tumlin, 1999.

<sup>38</sup> Park, 2001, 2002; Portes & Rumbaut, 2001; Sung, 1987; Valenzuela, 1999; Zhou, 1998.

<sup>39</sup> Capps, Castaneda, Chaudry, and Santos, 2007.

<sup>40</sup> Capps, Castaneda, Chaudry, and Santos, 2007.

# Making Work Pay – Again

by Ron Haskins

One of the rallying cries of the welfare reform movement of the 1990s, coined by President Bill Clinton, but soon suffusing the entire movement, was “Make Work Pay.” So few words have rarely captured such a fundamental goal of social policy. Government could help millions of families working for low wages by supplementing their incomes with benefits, especially benefits designed to encourage work. Doing so would both improve the economic well-being of children and families, and increase the incentive to escape poverty and welfare dependency through work. Clinton’s primary idea for making work pay was to increase the Earned Income Tax Credit (EITC), which uses the tax code to make cash payments to low-income workers, primarily those with children. Clinton accomplished this goal in 1993 with legislation that substantially increased the EITC. Today the maximum EITC benefit is \$4,500 for workers with two children – a level of benefit by which the federal government, in effect, converts an \$8-an-hour job to a \$10-an-hour job.<sup>1</sup>

But the EITC is only the most conspicuous of the programs that provide additional benefits to low-income workers. Taken together, these programs are often called the “work support system.” The primary programs in the work support system, in addition to the EITC, are child care, food stamps, and the combination of Medicaid and the State Child Health Insurance Program.<sup>2</sup> Less often mentioned are the refundable portion of the child tax credit, child support enforcement, and employment and training programs. A family with two children with a parent earning \$8 an hour and working full time can enjoy a package of earnings and work supports worth more than \$37,000.<sup>3</sup>

The wholesale abandonment of welfare during the 1990s for low-wage work augmented by benefits from the work support system has directly contributed to a substantial increase in earnings and income and to an impressive reduction in poverty among children in female-headed families. Indeed, a recent report from the Congressional Budget Office showed that between 1991 and 2005, families with children in the bottom fifth of the family income distribution enjoyed a greater percentage boost in income than families with children in all but the top quintile.<sup>4</sup> Even after the recession of 2001 reduced the percentage of single mothers with

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*Ron Haskins is a senior fellow in the Economic Studies Program and co-director of the Center on Children and Families at the Brookings Institution and senior consultant at the Annie E. Casey Foundation in Baltimore.*

jobs by around 2 percentage points, child poverty was still more than 20 percent lower than it had been before the explosion in employment by single mothers during the mid-1990s.<sup>5</sup>

So the federal government and, to a somewhat lesser degree, the states have done a lot to advance the agenda of making work pay. The best way to achieve further reductions in poverty and to promote economic opportunity is to conduct a two-front war: one focusing on increasing the human capital of low-income workers, and the second on improving the work support system. As it happens, Congress now has an opportunity to adopt a major reform that would greatly strengthen the work support system, increase work incentive, promote economic opportunity, and dramatically improve the economic well-being of around 3 million households. A little less than half of these households have children, mostly living with their single mother.<sup>6</sup> And Congress could achieve these outcomes without spending an additional dime of taxpayer money and without increasing the federal deficit. This reform offers the best opportunity for advancing the make-work-pay agenda over the next several years.

I am referring to reform of the huge but too often ignored federal housing programs. A recent report from the Congressional Research Service showed that in 2007, the federal government spent \$58.7 billion on means-tested housing programs that supported over 4.6 million units of housing.<sup>7</sup> This sum does not include the \$5.1 billion spent on the low-income housing tax credit.<sup>8</sup> Together, the two types of programs provided \$63.8 billion to subsidize housing for poor and low-income people.<sup>9</sup>

It is little wonder that the federal government spends so generously on housing programs. The biggest expenditure in the budget of most families is housing. The Department of Housing and Urban Development (HUD) now defines housing as affordable if it consumes no more than 30 percent of household income.<sup>10</sup> Many of the households we are concerned about earn \$20,000 or less per year. Ignoring taxes, by HUD standards these households should spend a maximum of \$6,000 per year or \$500 per month for housing. In most markets, \$500 a month for housing is a tight squeeze. In some markets, it's all but impossible.<sup>11</sup> Not surprisingly, some low-income households spend 50 percent or even more of their income on housing. But if families spend more on housing, they have less for everything else. At the extreme, they could face homelessness, which has devastating effects on children. Moreover, the location of a house in itself has major impacts on almost every facet of a family's life. One of the most important effects is that poor neighborhoods have poor schools, thereby greatly limiting children's chances of achieving economic mobility. Similarly, some neighborhoods are dangerous, especially for children. In 2007, 1,625 children under age 19 were murdered, mostly in their own neighborhood.<sup>12</sup> Neighborhoods also vary greatly in access to shopping, parks, libraries, and public transportation. Many poor neighborhoods, in part because of violence and crime, have fewer or even none of these facilities and services. Anyone intent on reducing poverty and promoting economic mobility needs to have some good ideas about housing.

The federal government has been involved in housing since the 1930s, with policies based on the goal of ensuring “a decent home and a suitable environment for every American family.” To achieve this goal, the federal government spends more money on housing for poor and low-income families than on any other type of means-tested program except health insurance. In addition to the Low-Income Housing Tax Credit, the money is spent primarily on four types of housing programs:

- Public housing, which consists of buildings owned and operated by government, and used to house low-income families at free or reduced-price rent;
- Project-based rental assistance in which the federal government pays a subsidy to property owners to make up the difference between the amount low-income tenants pay in rent and what it costs the owner to maintain and operate the property, in return for which the owner agrees to make some of the units available to low-income families over a period of 20–40 years;
- Tenant-based vouchers in which beneficiaries receive a given amount of money, adjusted for family size and income, to enter the market and rent an apartment of their choosing that meets minimum standards; and
- Block grants that provide money to local housing authorities to spend on a variety of activities related to housing.

When the federal government first entered the housing market before World War II, and then more seriously after the war, an inadequate supply of houses was still a major issue for the nation.<sup>13</sup> But the American housing market – based on technological and organizational innovations, new methods of financing, and the seemingly insatiable desire of Americans for bigger and more expensive housing – exploded in the 1950s and has only occasionally slowed down since. Americans are now the best-housed people in history, although poor and low-income families struggle mightily to afford a decent place to live. Even among the poor, however, housing has improved greatly since the small and ill-equipped housing that received public support in the 1940s and 1950s.<sup>14</sup>

The origin of federal housing policy in a time of housing shortages is still reflected in support for programs designed to create more housing. According to housing expert Edgar Olsen of the University of Virginia, “project-based assistance is the dominant form of housing assistance to low-income families in the United States.”<sup>15</sup> Nonetheless, over the past two decades or so, there has been a gradual move away from project-based assistance such as public housing or subsidies for construction, and toward the use of vouchers that families can use to choose any housing in any neighborhood that meets minimum standards.<sup>16</sup> The axiom that government usually makes a poor manager of something that could be done in the private sector seems to be winning over federal policy makers. However, the facts

that around half the spending is still project-based and that the Low-Income Housing Tax Credit which supports construction is growing more rapidly than any other housing program, indicate that the private sector has not yet won a decisive victory.

An important factor in gradually convincing housing experts and policymakers of the downside of keeping government in the business of owning and operating housing was the disastrous fate of high-rise and high-density public housing. Plans for vertical storage of the poor did not turn out well. Not surprisingly, in the 1960s and 1970s Congress stopped authorizing construction of high-rise public housing, and began ordering its destruction. Since then, the number of units of public housing has declined from a peak of 1.41 million in 1991 to only about 1.16 million today – a decline of nearly 20 percent.<sup>17</sup> But the tragedy of high-rise public housing is not the only reason the federal government is moving toward vouchers and individual choice. Every study of the relative cost of project-based assistance as compared with vouchers has shown that project-based housing is between 30 percent and 90 percent more expensive.<sup>18</sup> As Olsen shows in a careful analysis, the shift away from government involvement in construction and management of housing will certainly save money – or more to the point for our purposes, will allow a given sum of money to serve more families – and will do so without reducing the average quality of housing.<sup>19</sup> In addition, another major advantage of vouchers is that they allow recipients flexibility in where they live, a potential advantage in finding employment or in changing jobs. Choice also allows recipients to pick better neighborhoods.<sup>20</sup> Choice is on the rise and our goal should be to move it even faster and further.

The shift in housing policy toward vouchers is a great improvement over project-based funding, but it does not solve the single greatest problem with the nation's housing policy – the huge inequity in the distribution of housing benefits. Entitlement programs such as food stamps, Medicaid, and school lunch provide guaranteed benefits to all who meet program requirements, and everyone lives under the same set of benefits and rules. Whatever else might be said about these programs, they do a fine job of providing benefits on an equitable basis. By contrast, housing programs are like day care subsidies in that Congress does not authorize enough spending to provide the benefit to everyone who qualifies. In the case of day care, states must figure out how to ration the benefit. In the case of housing, local housing officials do the rationing. Some housing programs in some areas of the country have so many families waiting in line that they actually close applications for the program. As Janet Currie of Columbia points out, a particularly noxious result of rationing is that 43 percent of the households receiving federal housing subsidies are above the poverty line, while 30 percent of those below the poverty line receive nothing.<sup>21</sup> Equally discouraging, a HUD study found that in some cities the wait for housing was six to eight years.<sup>22</sup> When a given household receives a monthly subsidy that could reach \$1,000 or more, while other identical – or even lower-income – households receive nothing, policymakers need to take action. Moreover, because housing, as a work support

subsidy, provides both incentive to work (at least potentially) and additional income that improves the economic well-being of families, a fairer distribution of housing benefits could do a lot more than reduce inequity.<sup>23</sup>

Following the innovative work of Olsen and Jeffrey Tebbs,<sup>24</sup> formerly of the Brookings Institution, federal policymakers should create an entitlement to housing assistance that would both cut the Gordian knot of inequity, and convert housing into a more effective element in the nation's work support system for millions of additional families. The goal of reform would be to get the most out of the resources now devoted to housing by providing at least some benefit to all eligible families that want a housing subsidy. To finance this bold reform, policymakers should gradually phase-out, perhaps over a ten-year period, all programs that support construction, including public housing, project-based assistance, and the Low-Income Housing Tax Credit. The savings would be transferred to the current voucher program, somewhat modified as outlined below, bringing its total funding to around \$40 billion.

The Olsen/Tebbs proposal was in turn based on the Housing Assistance Supply Experiment (HASE) conducted in Green Bay, Wisconsin, and South Bend, Indiana, by Rand in the 1970s.<sup>25</sup> A basic concept underlying Olsen/Tebbs, current housing programs, and HASE is the fair market rent. An essential component of the computation to determine individual housing subsidy levels is that fair market rents are generally equal (with some exceptions) to the 40th percentile of the cost of apartments with a given number of bedrooms in the local market. The actual subsidy for a given household is the local fair market rent minus 30 percent of adjusted household income or the actual rent, whichever is lower. Thus, if the fair market rent for a family of a given size in a particular location was \$800, and the family had adjusted income of \$1,000 per month, the family would receive a subsidy of \$800 minus \$300 (30 percent x \$1,000) or \$500.

Policymakers can guarantee eligible families a subsidy, and keep the proposal cost neutral by reducing the standard of 40 percent of fair market rent to accommodate the amount of funding available. Simply and directly stated, the policy would reduce the average value of current housing subsidies in order to provide a smaller subsidy to more families.

Olsen and Tebbs estimate, extrapolating from the HASE results, that around 18 million households in the nation would be eligible for federal housing subsidies under the parameters followed in HASE (which are roughly equivalent to those in current law).<sup>26</sup> The HASE experiment found that about 40 percent of eligible households accepted the subsidy offer.<sup>27</sup> Using 40 percent of 18 million households as the percentage of households that would accept the subsidy under the Olsen/Tebbs proposal, we can calculate that around 7.2 million households would receive a housing subsidy.<sup>28</sup> Given the pool of \$40 billion created by combining funds in the current housing voucher program with funds from the housing programs that policymakers could terminate, the average household would receive an

annual subsidy of about \$5,600 under Olsen/Tebbs. This figure represents about a 20 percent reduction in the average housing subsidy received by families under current law. The reform represents a straightforward tradeoff: reducing current housing subsidies by about 20 percent in order to provide the subsidy to roughly 3 million additional families.

But more to the point, the reform would result in a greatly strengthened work support system because millions of additional low-income households would be able to count on a housing subsidy. Further, the efficiency of federal housing programs would be enhanced by eliminating construction and government ownership programs. Finally, voucher recipients could choose their own housing and thereby improve the quality of the neighborhood and the schools their children attend. They could also move to be nearer to employment centers. And all of these benefits can be purchased without increasing federal spending. Who said there's no free lunch in Washington?

Note: The author thanks Jeffrey Tebbs, Maggie McCarty, and Carmen Solomon-Fears for their assistance.

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<sup>1</sup> John Karl Scholz, "Employment-Based Tax Credits for Low-Skilled Workers," Washington, DC: Hamilton Project, Brookings Institution, 2007; available at: [http://www.brookings.edu/papers/2007/12\\_taxcredit\\_scholz.aspx](http://www.brookings.edu/papers/2007/12_taxcredit_scholz.aspx); Alan Berube, David Park, and Elizabeth Kneebone, "Metro Raise: Boosting the Earned Income Tax Credit to Help Metropolitan Workers and Families," Washington, DC: Brookings, Metropolitan Policy Program, June 2008.

<sup>2</sup> Sheila Zedlewski and Seth Zimmerman, "Trends in Work Supports for Low-Income Families with Children" (Brief 4). Washington, DC: Urban Institute, June 2007.

<sup>3</sup> A mother with two children earning \$16,640 from an \$8 an hour job, working full time, would be eligible for (all figures are approximate) an EITC of \$4,450, a child tax credit of \$690, food stamps of \$1,500, child care worth around \$2,900, and Medicaid health insurance with an insurance value of \$10,900. Her total work support package would be worth \$20,440; when combined with her earnings the family's total income in cash and benefits would be \$37,080. Housing benefits could easily add another \$6,000 to this total although most eligible families do not receive the housing benefit.

<sup>4</sup> Congressional Budget Office, *Changes in the Economic Resources of Low-Income Households with Children* (Washington, DC: Author, May 2007).

<sup>5</sup> According to Census Bureau data on poverty among female-headed families with children, the poverty rate fell from 46.1 to 33.6 or by 27 percent between 1993 and 2001, and from 46.1 to 36.5 or by 21 percent between 1993 and 2006.

<sup>6</sup> Committee on Ways and Means, *2008 Green Book* (Washington, DC: U.S. Government Printing Office, 2008), p. 15–14.

<sup>7</sup> Committee on Ways and Means, *2008 Green Book* (Washington, DC: U.S. Government Printing Office, 2008), pp. 15-1 to 15–22.

<sup>8</sup> Joint Committee on Taxation, "Estimates of Federal Tax Expenditures for Fiscal Years 2007–2011" (JCS-3-07), Washington, DC: U.S. Government Printing Office, 2007, p. 28.

- <sup>9</sup>This total is a little more than half the \$119.9 billion the federal government spent through the tax code on wealthier households; included in this amount are the deduction for mortgage interest, deduction for property taxes on owner-occupied housing, exclusion of capital gains on the sale of homes, and the exclusion of interest on state and local government-qualified private activity bonds for owner-occupied housing; see Joint Committee on Taxation, “Estimates of Federal Tax Expenditures for Fiscal Years 2007–2011 (JCS-3-07),” Washington, DC: U.S. Government Printing Office, 2007, p. 27.
- <sup>10</sup>The 30 percent standard is controversial and may well be changed in the future as it has been in the past; see Frederick J. Eggers and Fouad Moumen, “Trends in Housing Costs: 1985–2005 and the 30-Percent-of-Income Standard,” Washington, DC: Department of Housing and Urban Development, 2008; available at: [www.huduser.org/publications/affhsg/trends\\_hsg\\_cost.html](http://www.huduser.org/publications/affhsg/trends_hsg_cost.html).
- <sup>11</sup>Consider HUD’s assessment of fair market rents for various American cities: San Francisco, \$1,551; New York, \$1,189; Miami, \$1,018; Austin, \$836; Atlanta, \$779; Pittsburg, \$748; Charlotte, \$707; St. Louis, \$670; and Green Bay, \$608.
- <sup>12</sup>Bureau of Justice Statistics; see [www.ojp.usdoj.gov/bjs/homicide/teens.htm](http://www.ojp.usdoj.gov/bjs/homicide/teens.htm).
- <sup>13</sup>When I was a preschooler, my mother, father and I, along with several hundred other modest-income families, lived in former Army barracks that had been converted to low-rent housing in Ypsilanti, Michigan, while my father attended college after World War II.
- <sup>14</sup>Irving Welfeld, *Where We Live* (New York: Simon & Schuster, 1988); David Halberstam, *The Fifties* (New York: Villard, 1993), pp. 131-143.
- <sup>15</sup>Edgar O. Olsen, “Fundamental Housing Policy Reform,” Unpublished paper, University of Virginia, January 2006, p. 6.
- <sup>16</sup>Louis Winnick, “The Triumph of Housing Allowance Programs: How a Fundamental Policy Conflict Was Resolved,” *Cityscape*, 1995, 1(3), 95–121.
- <sup>17</sup>Despite the widespread belief that public housing has been a disaster, one study suggests that children living in public housing, as compared with other poor children, do slightly better in school. See Janet Currie and Aaron Yelowitz, “Are Public Housing Projects Good for Kids?” *Journal of Public Economics*, 2000, 75, 99-124.
- <sup>18</sup>For a review, see Edgar O. Olsen, “Fundamental Housing Policy Reform,” Unpublished paper, University of Virginia, January 2006, pp. 9–17.
- <sup>19</sup>Edgar O. Olsen, “Housing Programs for Low-Income Households,” in Robert A. Moffitt, editor, *Means-Tested Transfer Programs in the United States* (Chicago: University of Chicago, 2003), p. 437. See also U.S. General Accounting Office, “Federal Housing Assistance: Comparing the Characteristics and Costs of Housing Programs, GAO-02-76 (Washington, DC: Author, 2002).
- <sup>20</sup>Whether people actually use vouchers to pick better neighborhoods is not clear, but my point is that they could. See John Goering and Judith D. Feins, *Choosing a Better Life? Evaluating the Moving to Opportunity Social Experiment* (Washington, DC: Urban Institute, 2003).
- <sup>21</sup>Janet M. Currie, *The Invisible Safety Net: Protecting the Nation’s Poor Children and Families* (Princeton: Princeton University, 2006), p. 94.
- <sup>22</sup>Department of Housing and Urban Development, “Waiting in Vain: An Update on America’s Rental Housing Crisis,” 1999; available at [www.huduser.org/periodicals/rrr/rrr5\\_99art1.html](http://www.huduser.org/periodicals/rrr/rrr5_99art1.html).

<sup>25</sup> A recent HUD paper argues that housing assistance has no major effects on employment. On the other hand, the experimental Jobs Plus study conducted in public housing in several cities found that a combination of reducing the 30 percent standard and providing other work supports has substantial impacts on employment rates and earnings. For the former, see Mark Shroder, “Does Housing Assistance Perversely Affect Self-Sufficiency? A Review Essay,” *Journal of Housing Economics*, 11(4), 381–417; for the latter, see Howard S. Bloom, James A Riccio, and Nandita Verma, *Promoting Work in Public Housing: The Effectiveness of Jobs-Plus* (New York, MDRC, 2005).

<sup>24</sup> Edgar O. Olsen and Jeffrey M. Tebbs, “The Effect on Program Participation of Replacing Current Low-Income Housing Programs with an Entitlement Housing Voucher Program, unpublished manuscript, January 4, 2006 (available from the website of Edgar Olsen, Professor of Economics, University of Virginia). This is the first paper of an ongoing project and some of their estimates may change as their model is improved, and as newer data become available.

<sup>25</sup> Ira S. Lowry, *Experimenting with Housing Allowances: The Final Report of the Housing Assistance Supply Experiment* (Cambridge: Oelgeschlager, Gunn & Hain, 1983).

<sup>26</sup> See Table 4 and page 8 in Olsen and Tebbs, 2006. My figure of 18 million eligible households is an average of national eligibility projections from the Green Bay and St. Louis results shown in Table 4. The 2005 American Housing Survey found 11.5 million unassisted, very low-income renters, nearly all of whom would be eligible for housing subsidies. Combining these 11.5 million with the slightly more than 4 million households now receiving subsidies yields an estimate of about 16 million households eligible for the entitlement subsidy. So perhaps the best estimate of eligible households is somewhere between 16 million and 18 million. If the true number is closer to 16 million than 18 million, then my estimate of the average size of the new entitlement housing benefit would be low.

<sup>27</sup> The major reasons for not accepting the offer of a housing voucher in the HASE experiment were that some households had only small benefits that they apparently judged not to be worth the trouble of signing up, some households were only briefly eligible, and some households were not willing to repair their unit or move to better housing so they could meet the quality standards. See Ira S. Lowry, *Experimenting with Housing Allowances: The Final Report of the Housing Assistance Supply Experiment* (Cambridge: Oelgeschlager, Gunn & Hain, 1983), pp. 11–17.

<sup>28</sup> It is possible or even likely that nearly all the roughly 4 million households already receiving a housing subsidy would continue to participate while the other 13 or 14 million newly-eligible households not now receiving a subsidy would choose to participate at the 40 percent rate. If so, the total number of participating households would be higher than the estimate based on Olsen/Tebbs, from which it would follow that my estimate of the average subsidy under the reform plan would be too high.

# A Big, New Investment in America's Poorest (and Youngest?) Children

## Conditional Cash Transfers

by J. Lawrence Aber, Ph.D.

Big ideas to enhance the well-being of American children should be aimed at the most serious problems they face. I aim one big idea at a set of three serious problems: child poverty, the growing skills gap, and neglect during the earliest years of closing the skills gap. First, I describe this set of problems and how they are interrelated. Second, I outline one big idea (or at least, “immodest proposal”) to attack these problems head on over the next four to eight years. This new idea is rather simply stated: The next administration should rapidly and rigorously experiment with, refine, and then implement at scale a whole new set of cash transfers – conditioned on parents’ investments in their children’s human capital – to poor families with children. I conclude by reflecting on one of the critical challenges we all face if any of our “big ideas” are to become realities: changing the “political economy” of children’s issues in the United States.

### What Big Problems Should Big Ideas Address?

#### 1. Child Poverty

##### A Few Basic Facts

Nationwide, 18 percent of all children live in families with incomes below 100 percent of the Federal Poverty Line (about \$21,000 a year for a family of four). This amounts to 13 million children living in poverty across the United States. Especially relevant to this essay, the poverty rate tends to be higher for infants, toddlers, and preschoolers than for school-age children (20 percent vs. 16 percent ). Child poverty rates also vary greatly across race/ethnic groups (white children, 10 percent; Latino children, 28 percent; and black children, 35 percent ), and states (from 7 percent in New Hampshire to 27 percent in Mississippi).

As troubling as these statistics are, they only tell part of the problem. Research consistently shows that, on average, families need an income of about twice

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*J. Lawrence Aber, Ph.D. is a Professor of Applied Psychology and Public Policy at the Steinhardt School of Culture, Education, and Human Development, New York University.*

the federal poverty level to make ends meet. Children living in families with incomes below this level – about \$42,000 for a family of four – are referred to as low income. An additional 21 percent of all children live in low-income families that earn “too much” to be officially poor, but too little to reach self-sufficiency and basic economic security. Low family incomes mean substantial economic and material hardships for too many of America’s children. For instance, 16 percent of America’s children experience significant food insecurity, and 41 percent of families who rent, pay more than a third of their income on rent.

### Scientific Evidence

Over the last decade, converging evidence from research makes one point crystal clear: Poverty has a pervasive negative effect on children’s health, learning, development, and future life chances. Poor children are more likely than non-poor children to manifest developmental delays and learning disabilities, to have lower IQs, repeat a grade, or drop out of school. Even after controlling for relevant parent characteristics (e.g., education), poor children begin kindergarten with significantly lower achievement in math, reading, and general knowledge than their higher income peers, and they increasingly fall behind as they progress through school. Children from poor families are also at greater risk for experiencing behavioral or emotional problems such as antisocial behavior, as well as for internalizing behavior problems, such as depression. Similarly, poor children show difficulties with aspects of social competence including self-regulation and impulsivity.

Bolstering the case that family income matters for children are findings that with increases in family income, children’s cognitive-academic skills and social-emotional competence indeed improve. There is clear evidence from both natural experiments and randomized experiments that increases in family income, particularly among poor families, have positive impacts on children. It is incontrovertible that living in poor or low-income families remains a significant barrier to children meeting their cognitive and social potential.

While the deleterious effects of poverty on children’s health, education, and development should be concerning enough, two recent reports presented to the Committee on Ways and Means in the U.S. House of Representatives have highlighted the economic costs to the country posed by such high child poverty rates. One report by the Government Accountability Office concluded that higher poverty rates in the general population are associated with slower economic growth, particularly in areas of concentrated poverty. A second report, published by the Center for American Progress, estimated that child poverty costs the United States \$500 billion per year, roughly equivalent to 4 percent of GDP, through reductions in productivity and economic output, increases in crime, and increases in health expenditures. Both reports conclude that interventions aimed at augmenting parents’ human capital, improving disadvantaged schools and neighborhoods, and providing more income supports are indicated, and that they stand a fair chance of helping poor and low income families.

The convergence of the longitudinal and experimental scientific research allows us to conclude that those negative effects of poverty and low income on children's health, education, and development are causal. Much like earlier research on the effects of smoking, we now know for certain what most of us always suspected: Poverty is bad for children's development and the nation's wellbeing. Now, the question is: What can and should the nation do about it?

### The Current Politics of Child Poverty

As other essays in this volume clearly attest, reducing poverty (especially child poverty) is back on the political agenda.

The signs of an emergent, second War on Poverty are clear and, to my mind, encouraging. John Edwards ran for the Democratic nomination making poverty reduction the central argument for his candidacy. On departing the primary field, he agreed to chair the "Half-in-Ten" Campaign. This truly big idea for the United States is modeled after Prime Minister Tony Blair's decision in 1998 to eliminate child poverty in the United Kingdom in 20 years and to cut it in half in 10 years. More importantly, and perhaps as part of a quid pro quo in securing Edwards's endorsement in the winter of 2008, Democratic nominee Barack Obama has endorsed the "Half-in-Ten" Campaign. As recently as the summer of 2007, candidate Obama expressed interest in, but refused to endorse, the Half-in-Ten goal at a major meeting on urban poverty at New York University. Clearly something has changed, at least in Democratic Party politics, that enables a candidate such as Obama to not view a "big idea" poverty reduction goal as political suicide.

Fortunately, the emergent war is visible beyond the borders of national Democratic Party politics. Just in the last few years, Connecticut and several states have passed child poverty reduction legislation. The National Governors' Association and National Conference of State Legislators are holding policy academies on poverty reduction strategies and targets, a sign of the political mainstreaming of an issue if there ever was one. And cities are innovating in antipoverty strategies in very ambitious ways. (More below on some important policy innovations in New York City and elsewhere.) Most impressively, very important conservative politicians and evangelical leaders have spent some of their considerable political capital within the Republican Party on championing poverty reduction, both at home and abroad, primarily for religious reasons.

For big policy ideas to move to concerted national action, they need to catch a wave, capture the zeitgeist, and thereby enable a majoritarian politics. My principal contribution to this collection of "big ideas" for consideration is meant to catch the wave of a second War on Poverty. Endorsing the "what" (cut poverty in half in 10 years), I focus on one new idea about "how." But before I turn to my big action idea, I want to call out two other problems that relate to child poverty.

## 2. The Skills Gap.

According to a July 9, 2008 column in *New York Times* by David Brooks, Democrats' favorite Republican, "The Biggest Issue" facing the nation, and therefore the new president, is not the Iraq war, the plummeting economy, health care, or even the global environment, energy, or food crises. He argues that the growing skills gap – between poor and well-off children in the United States – is the biggest issue because it generates growing inequality in this country and a growing skills gap between young workers in the United States and young workers in our international economic competitors. Regular readers of Brooks' column will know that he is not a Johnnie come lately to this issue. He is an excellent analyst of the importance, nature, and causes of the problem. But he has not yet identified solutions adequate to the problem. I take as part of my task in this essay, my contribution to this volume on big ideas to improve the well-being of America's children, proposing one novel strategy to help close the skills gaps.

## 3. Neglect of the Earliest Years.

It is now nearly commonplace to call attention to the impact of the earliest years of life on people's future life chances. Nobel laureate economist James Heckman has concluded that investments in early years are much more effective than equivalent investments in later years. One does not have to adopt his position to conclude that it is irrational to publicly invest the least in those early years that are most influential to development, and when parents (who are younger) can afford to invest least as well. This is exactly what we currently do. The biggest public expenditure on children is for K-12 education, which accounts for more than 60 percent of all public expenditure on children. Public education is likely to extend down to 4 year olds (pre-K) too. But what of the first three years? Elsewhere I have championed the principle of "age-equity" in public investments in children; as a nation, we should decide to spend about the same on children ages 0 to 3 as for those K to 12. Below, I suggest one way to make significant new investments in low-income children in the first three years of life.

What should a new administration do to attack the problems of child poverty, the growing skills gap, and the neglect of the earliest years? Create a big, new investment in America's poorest (and youngest?) children in the form of Conditional Cash Transfers.

### Conditional Cash Transfers

Over the last decade, first in Latin America and subsequently in South Asia and Africa, a new strategy to fight poverty and promote investment in poor children's human capital has emerged. Generically referred to as "conditional cash transfers," this strategy could be adapted to the specific conditions and needs of the United States and become a major new approach for the next administration (Democrat or Republican) to address the triple challenges of child poverty, the growing skills

gap, and the neglect of the earliest years. In this section, I'll briefly describe the history and basic design of Conditional Cash Transfers (CCTs), why they are a potentially attractive policy option for the United States to consider at this time in our nation's history, and how the general idea could be adapted to meet the very specific set of needs as they currently exist in the United States.

### History and Design

The first nation to design, test, and adopt CCTs was Mexico (Brazil followed close behind.). In the mid-1990s, Mexican officials sought alternative policy options to replace unfairly administered, inefficient, and somewhat regressive social assistance schemes such as tortilla and energy subsidies. Based on the analysis and political persuasion of its main architect, economist Santiago Levy, CCTs were designed to simultaneously pursue two goals: to reduce family poverty in the short run, and to promote poor parents' investments in their children's human capital and thereby help break the intergenerational cycle of poverty in the long run. Specifically, Mexico proposed to provide cash transfers to very poor households (originally in very poor rural areas) worth on average about 20 to 25 percent of their income, but conditioned the transfers on a set of health and education requirements the family must meet. The health conditions included: prenatal visits for pregnant mothers, well-baby visits for children from birth to age 5, and compliance with nutritional and health education schemes. The education conditions focused on school attendance – school-age children achieving and sustaining a rate of 85 percent. And monitoring systems were designed to determine if families were meeting the conditions and to provide assistance (first), or end the transfers (later), if they were not.

Quite unusually, before rolling out the policy nationally, Mexico decided to evaluate the program (called *Progresa*) via a rigorous social experiment in which more than 500 rural villages were randomly assigned to either receive CCTs or the existing social assistance policies. Equally unusual, the early findings of the experiment – which clearly demonstrated success in reducing poverty, improving take up of health and education services, and improving young children's nutritional status and physical growth – were used to advocate for taking the CCT policy (renamed *Oportunidades*) to nationwide scale, and protect it politically during the next transition in national government from a more left-leaning to a more right-leaning party.

Since Mexico's initial foray, more than 20 additional countries have designed, implemented and/or are planning CCTs adapted to their unique needs and conditions. (About a third are national initiatives; two-thirds are regional initiatives or small local pilots.) A growing body of both experimental and quasi-experimental research on these CCTs has been critically reviewed and analyzed by a team of economists at the World Bank. Their report, which is to be released in November 2008, will demonstrate clear positive effects in poverty reduction and services utilization (well-child visits, school attendance), but note inconsistent effects on "final child outcomes" (such as learning and health status). The report

also outlines policy innovation and research agendas for the future, with the aim of discovering how CCTs can become more effective in improving final child outcomes.

### Potential Attraction of CCTs as a Policy Option for the United States

Of course, there is nothing terribly new about the idea of “conditioning” cash transfers to the poor in the United States. Indeed, the recent history of American welfare policy is one of transforming some open-ended entitlements (e.g., AFDC) into time-limited assistance conditioned on work effort (e.g. TANF). In the United States, what would be historically unique is conditioning cash assistance to the families of poor children on parents’ investments in their children’s human capital. And this is exactly what I propose.

There are a number of reasons why a new, ambitious CCT policy, modeled in essentials after ones emerging from Latin America, but strategically adapted to the U.S. context, might be highly attractive to policy makers and citizens on the left, right, and center in the United States, and hence, might become the basis for a new majoritarian politics of antipoverty policy. Progressives would be attracted to the opportunities it offers to increase cash assistance to very poor families with children, and to support poor parents in their other major job in life besides work, namely raising their children. New cash transfers targeted to the TANF-eligible households and conditioned on parent investments in their children would help close the poverty gap (the difference between what families below the poverty line currently have in income vs. what they would need to have to cross over the poverty line), and help reduce the child poverty rate. Of course, the poverty reduction effect of CCTs will depend on the size of the transfers.

Conservatives would be attracted to the “new social contract” features of the policy, emphasizing, as they do for welfare reform, that CCTs are not “handouts” but are earned by parents for their children by virtue of good behavior – namely meeting the health, education, and other conditions designed to promote their children’s human capital. Similarly, the monitoring of parents to ensure that they meet the conditions as the parents’ “co-responsibility” in this new social contract would attract conservatives because of its emphasis on “accountability measures” for the public provision of assistance. The ability of CCTs to attract attention and support from both the left and right will attract the political center of the nation. Either presidential candidate could then point to CCTs as examples of “post-partisan policymaking.” Political analysts in other countries point to the ability of CCTs to garner support from diverse political sectors to explain not only their initial attractiveness but their sustainability over time and across transitions in government.

In the end, how attractive CCTs are to various groups in the United States will depend on the myriad decisions that must be made about their specific design and implementation. On precisely whom should they be targeted? How much should they be worth? What specific conditions should be set? How will compliance with the conditions be monitored and enforced? What other changes in other

programs and policies could and should be made to enhance the viability and the effectiveness of the new CCT policy?

### Adapting CCTs to the United States

Fortunately for a new presidential administration, the work of adapting CCTs to the United States has already begun. To fulfill a campaign promise he made during his reelection campaign in 2005, Mayor Michael Bloomberg of New York City appointed a high-level Commission on Economic Opportunity and Poverty Reduction in February 2006. As part of that deliberative process, Bloomberg and his deputy mayor for Health and Human Services, Linda Gibbs, were introduced to the idea of CCTs as a major antipoverty policy innovation emerging from Latin America, and worthy of consideration for adoption in the United States. Although the Poverty Commission did not make CCTs one of its formal recommendations, the Bloomberg administration decided to make it one of its signature antipoverty initiatives. It fit many of the criteria the mayor had for evaluating recommendations: It was innovative, “evidence-based,” within the ability of NYC to implement on its own (without state or federal aid), and potentially endorsable by the city’s progressive (Democratic and service) and conservative (Republican and business) communities! But because CCTs had not yet been tried and evaluated in the United States, Bloomberg made two other decisions: to mount and rigorously evaluate it as a pilot before taking it to scale in the city; and to fund both the transfers and the rigorous evaluation using private sector (largely foundation) funds, not city revenues, until it was demonstrated to be effective.

Thus was born Opportunity NYC: Family Rewards, the first holistic health and education CCT in the United States. Through a very intensive program development and planning process from fall 2006 to September 2007, the city designed a set of new cash transfers. Through visits to Mexico, consultations with local, national, and international experts, and intensive bargaining with various communities and civic groups and city agencies, Deputy Mayor Gibbs led a process of adapting the central ideas of CCTs, developed in low-income, services-poor conditions in poor countries to the needs and realities of a high-income, services-rich city.

Like Progresá, Opportunity NYC: Family Rewards provides big, new cash transfers to eligible families (up to \$ 5,000 a year if families fully meet all conditions), but conditions the funding on parents’ investments in their children’s (and their own) human capital. While the goals of Opportunity NYC: Family Rewards resemble the Mexican CCT, several of the details are different in important ways.

1. It is based on not two, but three sets of conditions: family health, child education, and adult work/education.
2. Rather than become eligible for the whole transfer if all the conditions are met, New York families become eligible for part of the transfers as each condition is met.

3. Rather than creating conditions based exclusively on behavioral effort (getting to clinic, attending school), NYC added conditions based on children's performance, especially educational performance on academic achievement tests.
4. Perhaps most importantly, the CCT program was designed not as a substitute for existing social assistance programs, but as a complement.

In each of these ways, the NYC initiative anticipates the continued evolution in CCTs internationally. Conditions to promote adult human capital development (education and employment training) and transition to full-time employment, conditions rewarding performance and the most effective interactions between CCTs and other social programs are at the forefront of continued international developments.

By the time of the fall elections, a Learning Network on CCTs, supported by the Rockefeller Foundation, may have encouraged other jurisdictions in the United States to mount their own demonstrations. (The cities of Savannah, GA, Chicago, IL, and the state of California have all expressed some levels of initial interest.) By the time a new administration takes office, year-one findings from the evaluation of Opportunity NYC being conducted by MDRC will be available. Thus, a new administration that wished to create new, targeted financial incentives to invest in children's human capital based on a CCT model would not have to start from scratch. But it would have to invest considerably in rapid R&D to generate models of CCTs that would be effective and suitable throughout the nation, not just in New York City.

## Where to Begin?

A new administration that wished to create new incentives such as CCTs will have several big issues to address right from the very start. To my mind, the two biggest issues are: (1) how to target CCTs, and (2) what else needs to change in public provision to enable CCTs to be most effective?

### Targeting

The international literature is very clear: Poorly targeted CCTs are less effective CCTs. In general, CCTs seem to work best when targeting the poorest households – and the poorest communities. The main arguments in favor of focusing CCTs on the poorest families (and community) are cost and efficiency. A CCT targeted on households with children with incomes below 135 percent of the poverty line (the NYC income-eligibility criterion) will cost roughly half as much in transfers as one targeted on households with incomes below 200 percent of the poverty line. And a dollar of increased assistance to a family with an annual income of \$21,000 is more impactful than a dollar of assistance to a family with an annual income of \$42,000. The arguments against targeting the poorest households (and community) are equity and politics. The United States already has a labyrinthine system of social

assistance with multiple eligibility and cut-off points. Not only is this system difficult to administer, but it also sets the interests of the poor against the interests of the near poor. Nonetheless, implementing CCTs will involve technically and politically difficult decisions about household (and community) targeting.

An additional option for targeting is by the age of child. If I were advising a new administration, I would suggest it begin with a focus on designing CCTs aimed at promoting investments in poor children’s human capital in the first three years of life. Why? Because of the two other problems I laid out at the beginning of this essay: the growing skills gap and the relative neglect of the early years. As noted earlier, the scientific evidence is clear. The skills gap opens up in the first three years of life and, because “learning begets learning,” widens from there. Parents of young children are young parents – and young workers. They are less experienced in child-rearing and earlier in their work careers. Consequently, they have fewer human and financial resources to invest in their children than do parents of older children. And recall, American society makes greater public investments from kindergarten (and increasingly, prekindergarten) through the end of high school than it does in the first three years of life. (This is because of the simple fact that more than 60 percent of public expenditure on children in the United States is for K-12 education!) Together, these facts argue for early focus by the new administration on public and private investments in the earliest years of children’s lives.

Thus, it is worth considering limiting the initial costs of CCT policies while the nation learns how to most effectively design and mount them by targeting them by age of the child – providing CCTs to families for the first three or four years of a child’s life, or until they are eligible to enter full-day, publicly-provided education. And condition CCTs on parents’ enrolling their children in evidence-based programs that have been demonstrated to close the skills gap that opens over the same period. Beginning by targeting poor families with infants and toddlers, the total cash transfers would cost roughly one-sixth of a CCT initiative targeted on poor families with children over their first 18 years.

### What else needs to change in public provision to enable CCTs to be most effective?

When Mexico designed Progresá in the 1990s, its goal was to incentivize parents to bring their children to health clinics to receive primary and preventive health care and nutrition. There was only one big problem. In the targeted rural areas of greatest need, there was an insufficient supply of health clinics to meet the anticipated increase in demand that would be created by the health conditions of the CCT. So Mexico undertook an intensive exercise in building, staffing, and funding enough health clinics to enable the CCTs to work. In my opinion, the United States stands in an analogous position vis-à-vis having a supply-side adequate to permit “education conditions” in the first three years of life. How can we cobble together a solution to this problem? We need to build the supply

of evidence-based programs that would help close the skills gap in the first three years of life.

There is a range of options that could be pursued, from very expensive ones (such as building the supply of proven home visiting models and of Early Head Start), to less expensive, but potentially high-impact models (such as Bellevue Hospital's "Video-tape Interaction Project," which introduced early child development services proven to enhance young children's language development into pediatric primary and preventive health care practices that serve low-income children).

The impact of CCTs on the human capital formation of children – their ultimate rationale – is dependent not only on the accessibility of the services on which they are conditioned, but on the quality of those services. Mexico found that CCTs could significantly increase school attendance, but they could not improve children's learning unless the schools improved. We need to improve access to developmentally impactful early childhood services in order to make CCTs work for low-income infants, toddlers, and their families. Interestingly, what Mexico found is that by increasing demand for health clinics via CCTs, it also developed a political constituency for the supply-side building of health clinics. Improving the supply and quality of early childhood development services, delivered through existing platforms in low-income communities (such as Early Head Start or primary and preventive care) is perhaps the key challenge to creating a CCT initiative that would really make a difference to America's poorest infants and toddlers.

But supply-side building for infants and toddlers is not the only feature of the U.S. health, education, and cash assistance systems that would need attention to make CCTs work. Once the political process is engaged to design and fund CCTs, some people will propose cost savings in some areas of the social safety net to pay for CCTs. For example, some may propose swapping out TANF for CCTs. I would oppose this specific proposal on both political and technical grounds. Politically, America has decided to condition some cash assistance to poor families on work effort. It would be politically diversionary and backward looking to refight two decades of battles on welfare reform. The national consensus we have achieved on welfare reform is actually one of the main conditions that allows us to ask: What next in antipoverty policy and practice? Welfare reform reduced dependence and lifted some families out of poverty. But the child poverty rate and the welfare gap are still gigantic by historical and international standards. Let's stay the course on welfare reform. Technically, there is no real way to reduce child poverty quickly and effectively without increased public expenditure. The United Kingdom has demonstrated that an increase in public expenditure of about 1 percent of GDP, invested in the right ways, can and did cut absolute child poverty by about 50 percent in about a decade. We need to find technically and politically effective ways to spend more public funds on reducing child poverty and closing the skills gap. CCTs may be the way.

## Changing the “Political Economy” of Children’s Issues: Moving Ideas to Action

Creating big, new financial incentives to invest in the human capital of poor children will not be easy. There are many potential obstacles to and opponents of CCTs. The proposal will be attacked from the left as paternalistic, and from the right as overly generous. Many will mischaracterize the proposals as efforts to “bribe the poor” to do what they should be doing anyway. Depending on how they were structured, a new national policy of CCTs could cost anywhere from about the cost of TANF (\$16 billion a year) to about the cost of the EITC (\$32 billion a year). So even if the United States decides to do what the United Kingdom did – make 1 percent of GDP in additional investments in child poverty reduction (or about \$125 billion a in U.S. terms) – a major new cash transfer is still a very big ticket item.

Most of the criticisms can be effectively rebutted one at a time. Research and practice clearly indicate that poor families and children decidedly do not experience CCTs as paternalistic. Thirty-two billion dollars is a lot of money, but a small price to pay to help cut the child poverty in rate. CCTs do not bribe the poor; they offset the much higher opportunity costs poor parents and children face to do the right thing. (When I bring my daughter to the pediatrician, it takes about an hour of my time, and I’m a salaried worker. When a parent making minimum wage takes her child to a public clinic, it takes three hours of wait time and she loses three hours’ pay.) Finally, if the Center for American Progress is right, the costs of reducing child poverty will be offset over time by the savings to the public in reduced crime and health care costs and increased economic productivity. The main challenge to achieving a smart new national cash transfer such as CCT is not each criticism taken one at a time. Rather, it is how hostile “the political economy of children’s issues” is to most of the big ideas laid out in this volume. The essential problem is that children, especially poor children, are not powerful politically and not sufficiently protected ethically. To state the obvious, children can’t vote. Less obviously, households with children are a declining percentage of all American households. Nonetheless, children are almost 100 percent of the nation’s future.

What should the community that wishes to move big ideas about improving the well-being of children to action do to confront this problem in the political economy? I suggest we tackle it head on. There are many actions we could take to shift American attitudes and norms about what we should do with public resources for children, and to change how political-economic decisions about deployment of resources to and for children, especially poor children, are made. I’ll suggest two.

## Ratify and Observe the International Convention on the Rights of the Child (CRC)

The United States is one of only two countries in the world that have not ratified the main international instrument for the protection of children. Evidence abounds throughout the world that the CRC can change social norms about what countries can and should do for their children. The next administration should develop communications, public education, and political strategies that would lead to the United States's ratification and observance of the CRC.

## Enable "Parents" to Vote for Their Children

Parents can make every other major decision for their kids until their kids can make it for themselves – what to eat, where to live, and go to school, whom or what to worship. Why not "whom to vote for"? I am fully aware of the profound Constitutional and political roadblocks to this proposal. Yet, I can think of no other single act which, if achieved, would more dramatically change the "political economy" of children's issues than to enable parents/legal guardians to vote for their children. The next administration should commission the highest level, bi-partisan commission of legal scholars and citizens to explore the radical idea that parents should be able to vote for their children until their children can vote for themselves.

The obstacles to these proposals for changing the political economy of children's issues make the obstacles to CCTs look like small potatoes in comparison. But we may need to think big on the political-economy side before we can act big on the program policy side.

# Protecting Children from Firearm Violence

by David Hemenway, Ph.D.

A nation may be judged by how well it protects its children. Unfortunately, the United States does a poor job of protecting its children from the dangers of firearm violence.

Between 2001 and 2005, the most recent five years for which full data are available, more than 42,000 American children aged 0–17 were shot, and more than 7,000 died.<sup>1</sup> The costs of easy access to guns are not just physical (e.g., deaths, spinal cord, traumatic brain injuries, etc.), but also psychological.<sup>2</sup> Gunshot wounds are more likely than other traumatic injuries to lead to post-traumatic stress disorder in children,<sup>3</sup> and merely witnessing firearm violence increases the risk of serious psychological damage.<sup>4</sup> Even without personally witnessing violence, the fear engendered by living in a community riddled with gun violence creates anxiety and emotional distress, retards pro-social development, and sets the stage for adult chronic health conditions.

Compared to the other high-income countries (the developed nations), the United States has, per capita, the most guns (particularly handguns), the most permissive gun control laws, and the most deaths by guns.<sup>5</sup> Children in all the developed countries have access to the same violent video games and violent movies. Children in the United States are broadly similar to children in other developed countries in terms of bullying and fighting. But U.S. children are much more likely to be school shooters and victims of school shootings, to be perpetrators and victims of (gun) homicide, to die from gun accidents, and to use guns to commit suicide. Sadly, young children in the U.S. are more likely to commit suicide than young children in other developed countries, because they are more likely to commit suicide with a gun.<sup>6</sup> In 2003, for example, children aged 5 to 14 in the U.S. were thirteen times more likely to be murdered with a gun, and eight times more likely to commit suicide with a gun compared to their counterparts in other developed countries (Table 1). Overall, children in the United States were more than three times more likely to be homicide victims than children living in other developed countries.

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*David Hemenway, Ph.D. professor of Health Policy at Harvard School of Public Health, is the Director of the Harvard Injury Control Research Center and the Harvard Youth Violence Prevention Center.*

Individual-level case-control studies find that a gun in the home increases the risk for child death and injury – from assaults, homicide, accidents and suicide. Five Area-wide studies also show that, even after controlling for rates of aggravated assault, robbery, unemployment, poverty, and urbanization, states with more guns have more homicides, because they have more firearm homicides.<sup>7</sup> Similarly, states with more guns have more suicides, because they have more gun suicides;<sup>8</sup> and the high gun states have more unintentional gun deaths.<sup>9</sup> To help illustrate these findings, Table 2 compares the number violent deaths to children aged 5 to 14 in the “high gun” versus “low gun” states. The differences are large.

The overwhelming evidence on the dangers to children from guns has led the American Academy of Pediatrics to affirm “that the most effective measure to prevent firearm-related injuries to children and adolescents is the absence of guns from homes and communities.”<sup>10</sup>

Currently Americans own about 300 million private firearms,<sup>11</sup> and guns are readily available to virtually everyone. For example, a large 2001 survey of 12 to 17 year olds in California, found that one third of these adolescents reported that they had already handled a gun. The California adolescents reported 11 times more hostile gun uses against them than self-defense gun use by them (and most of the self-reported cases of self-defense gun use were probably escalating arguments or gang wars).<sup>12</sup>

Studies also show that U.S. adolescents are not pleased with the status quo on guns. More than three quarters of the California adolescents surveyed said they would prefer to live in a world where it was impossible for teens to gain access to guns; more than one fifth wanted it to be difficult for teens to gain access to guns; and only 1 percent said they wanted it to be easy for teens to gain access to guns, which is the current situation in much of the United States.<sup>12</sup> Other studies show that for inner-city teens, even among those who had carried guns illegally, most would prefer to live in a world where it was impossible for them, and other teens, to gain access to firearms.<sup>13</sup>

Over the past decade, most developed countries have strengthened their gun control laws to try to keep guns out of the wrong hands. The U.S., by contrast, has been making it easier to obtain any weapon, for example, by letting the assault weapons ban expire. The Supreme Court has ruled, for the first time, that the Second Amendment guarantees an individual right to keep a handgun in the home.

Public health advocates are interested in health, not guns. They believe that “the highest attainable standard of health” is one of the fundamental rights of every human being.<sup>14</sup> This right includes the right of children, not only to survive, but to enjoy the freedom of safety and freedom from fear. Perhaps the most important action Americans can take as a group to promote this fundamental human right of children, and reduce the harm from firearms, is to make a society-wide commitment to place top priority on the protection of children.

In the 1950s, Sweden successfully took that approach to reduce child injury mortality. At that time, Sweden had higher rates of injury deaths to children aged 1 to 14 than the United States. Today it has the lowest rate of child injury mortality in the world. The major reason for Sweden's remarkable success was the recognition that injury is a public health problem that society as a whole must control.<sup>15-17</sup>

Institutions and associations began putting child safety at the top of their priorities. The leadership came not from the government but from the voluntary sector. For example, the Red Cross and the Life Savings Association assumed responsibility for water safety; police, automobile associations, and traffic safety groups took leadership in the traffic safety area. Folksam, the insurance company owned largely by Swedish labor unions, and Volvo, the motor vehicle manufacturer, provided most of the funding for the research in child injury prevention.

There were three key components of the campaign. First they created a comprehensive surveillance (data) system of fatal and non-fatal injuries. Data, and evaluations of what works and what doesn't work, were crucial in gaining support for prevention from politicians, the media, and the public. Second, they created a broad-based public education campaign that emphasized the preventability of most injuries and helped to change parental behavior. Third, they used government purchasing, legislation, and regulation to make a safer environment for children. The safety of children became a top priority when roads were built and products designed.

One way to protect children is to separate them from danger, such as from cars or guns. Separate walking and biking paths were built so that children could go from home to school or playgrounds without ever crossing a street. The Swedish Board of Consumer Policies began testing all household products for safety. Physicians and nurses provided safety advice, and free safety messages ran on Swedish TV.

A developmental approach was undertaken, with persistent educational messages to parents on the need for eternal vigilance over children, whose capricious actions are a normal part of growing up. For example, to prevent drowning, all elementary school children were taught to swim, life jackets were promoted and made available at little or no cost, and the need for parents to constantly supervise their children was stressed. Between 1954 and 1988, the child drowning rate in Sweden fell 90 percent (during the same period in the US, the child drowning rate fell 5 percent).

Swedish citizens share a sense of community responsibility for others; it is not just "every man for himself." The Swedes generally believe that private organizations should play a role in helping to benefit the community. They believe that traffic engineering, building codes, and product design should help ensure the safety of children, the elderly, and other potentially vulnerable populations. The joint efforts of many institutions resulted in a large injury-prevention success story.

America can learn from the Swedish success and from many of the other success stories in public health.<sup>18-19</sup> As in Sweden, an important early step in a comprehensive approach to reduce gun death is to create a good data system, a system that collects consistent and comparable information on the circumstances of firearm injury across locations and over time. The United States has a good data system for motor vehicle injury, but not for other injury types. In the past decade, progress has been made in creating a data system for violent death, including all gun deaths – the National Violent Death Reporting System at the Centers for Disease Control and Prevention – but much more needs to be done. Only 17 states are currently funded, and we are just beginning to obtain rich contextual information on child injuries from the incorporation of Child Death Review Team data.

We can reasonably assume that the United States will continue to have more private firearms per capita than other developed countries. If so, what types of harm-reduction strategies can help protect our children from firearm injury and death? I believe the most important step is the societal commitment to put children first. Once we do that, it is not difficult to realize that there are important roles for governmental and non-governmental institutions and for people from many walks of life – such as physicians, reporters, clergy, foundations, Hollywood writers, gun dealers, sheriffs, governors, and other government officials.

## What can these (and other groups) do?

### Physicians

Physicians can help promote safe storage of firearms to prevent both accidents and suicide. Physicians need to better understand the science on suicide, be able to assess whether a teen at risk for suicide has access to a firearm, and know how to work with the patient and his family to limit access until the suicidal feelings have passed. A website is available to help physicians do just that.<sup>20</sup>

### Reporters

It helped change social norms – and reduced injuries – when reporters finally began asking about seat belt use and driver alcohol levels when reporting on motor vehicle crashes. Similarly, reporters can begin regularly to ask about where the gun came from when a child shooting occurs. How did the perpetrator gain access to the firearm? (and how can we prevent that from happening again).<sup>21</sup>

### Clergy

In Boston in the 1990s, leaders of the faith community banded together and worked with law enforcement to dramatically reduce the level of firearm violence in the city.<sup>22</sup> Clergy in all cities have many important roles to play, from promoting safe gun storage to mobilizing communities against gun violence.

## Foundations

In the mid-1990s, the attempt to create a good data system for firearm deaths and non-fatal injuries was dead in the water. Six foundations collaborated to jump-start the process. Their funding created the pilot project that became the National Violent Death Reporting System.<sup>23</sup> Today, there is almost no federal funding for gun research, and little foundation support. The foundation community needs to step up to the plate and begin funding this important topic for child safety.

## Hollywood writers

In the 1980s, soap opera characters began talking about “the designated driver”;<sup>24</sup> they began wearing seat belts and putting on helmets when they rode motorcycles. Such simple acts helped change social norms in America, and increased the safety of the motoring public. Today, Hollywood could do its part to help inform the public about gun shows, and gun trafficking.

## Gun dealers

Almost all guns used unlawfully were once legal guns in the possession of licensed gun dealers. But guns are stolen from dealers, straw purchasers buy guns illegally, and untrained salespeople sell guns to people who should not have them. In 2008, Wal-Mart, the nation’s largest gun dealer, announced specific policies to help reduce the flow of illegal guns, including expanding background checks of employees, videotaping all firearm purchases, and creating a record and alert system for guns sold that were later used in crime.<sup>25</sup> Responsible gun dealers should join Wal-Mart by endorsing a similar “code of ethics.”

## Law Enforcement

In 2008, the International Association of Chiefs of Police came out with strong policy statements designed to reduce illegal gun use. They recommended tracing all guns, destroying guns that come into police possession after their law enforcement use has ended, closing the gun-show loophole, reporting of all lost and stolen guns, and many other measures.<sup>26</sup> The National Sheriff’s Association and other law enforcement groups should come up with their own strong recommendations designed to reduce gun violence in our communities.

## Governors

In 2006, owing in large part to lack of helpful action at the federal level, city mayors created a coalition, Mayors Against Illegal Guns, to help rid their cities of criminal guns. More than 300 mayors from 40 states have already joined that bi-partisan organization. The coalition’s principles include strong punishment for criminal gun users and traffickers, targeting irresponsible gun dealers, and promoting cities’ right to access and use trace data.<sup>27</sup> Governors, in turn, should collaborate to help achieve these and other specific goals.

Once a group comes to believe that it is a priority is to help reduce child injuries including those from firearms, it will discover many things it can do to help keep children safe. I believe that a question that should continually be asked of powerful institutions and associations – from insurance companies to associations of firearm dealers – is: What have you done this year to make our children safe? The status quo should not be tolerated. What kind of a nation are we if we willfully refuse to protect our children from gun violence?

<b>Table 1: Ratio of U.S. death rates for children (aged 5–14) to death rates for children of other populous high-income countries, 2003</b>			
	<b>Gun Homicide</b>	<b>Non-gun Homicide</b>	<b>Total Homicide</b>
Ratio	13.2	1.7	3.4
	<b>Gun Suicide</b>	<b>Non-gun Suicide</b>	<b>Total Suicide</b>
Ratio	7.8	1.3	1.7
<b>Unintentional Gun Death</b>			
Ratio	10.3		

Source: World Health Organization data. Other Countries: Canada, Hon Kong, Israel, Japan, Singapore, Austria, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Spain, Sweden, Switzerland, UK (England and Wales; Northern Ireland; Scotland), Australia, and New Zealand. Data were not available for Kuwait, Denmark, Singapore, Ireland, and Switzerland. (Data do not include 16 gunshot deaths of undetermined intent, 12 U.S. and four French).

**Table 2: Numbers of children (aged 5–14) dying violent deaths in the “high-gun” versus “low-gun” states, 2001–2005**

	High-Gun States*	Low-Gun States	Mortality Rate Ratio
<b>Population (5–14 year olds in 2003)</b>	5.5 Million	5.5 Million	
Homicides			
Gun Homicides	125	49	2.6
Non-gun Homicides	96	88	1.1
<b>Total</b>	<b>221</b>	<b>137</b>	<b>1.6</b>
Suicides			
Gun Suicides	85	8	10.6
Non-gun Suicides	129	93	1.4
<b>Total</b>	<b>214</b>	<b>101</b>	<b>2.1</b>
Unintentional			
Firearm Deaths	89	11	8.1

Source: Death data from WISQARS, a Centers for Disease Control website.

\*The 15 high-gun states are: Wyoming, South Dakota, Alaska, West Virginia, Montana, Arkansas, Mississippi, Idaho, North Dakota, Alabama, Kentucky, Wisconsin, Louisiana, Tennessee, and Utah. The six low-gun states are: Hawaii, Massachusetts, Rhode Island, New Jersey, Connecticut, and New York. Data from the 2001 Behavioral Risk Factor Surveillance System were used to rank the states by levels of household gun ownership.

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<sup>4</sup> Brent, D.A., et al., “Adolescent witnesses to a peer suicide.” *J Am Acad Child Adolesc Psychiatry*, 1993. 32(6): p. 1184–8.

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<sup>6</sup> Centers for Disease Control and Prevention, “Rates of homicide, suicide, and firearm-related death among children—26 industrialized countries.” *MMWR Morb Mortal Wkly Rep*, 1997. 46(5): p. 101–5.

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- <sup>15</sup> Ekman, R., L. Svanstrom, and B. Langberg, “Temporal trends, gender, and geographic distributions in child and youth injury rates in Sweden.” *Inj Prev*, 2005. 11(1): p. 29–32.
- <sup>16</sup> Bergman, A.B. and F.P. Rivara, “Sweden’s Experience in Reducing Childhood Injuries.” 1991. 88(1): p. 69.
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- <sup>19</sup> Hemenway, D., “While We Were Sleeping: Success Stories in Injury and Violence Prevention.” 2009, Berkeley: University of California Press.
- <sup>20</sup> *Means Matter*. (cited July 2008); Available from: <http://www.hsph.harvard.edu/means-matter/>.
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# Investing in Middle Class Families:

## The case for a much expanded child tax credit.

by James C. Capretta

As my Ethics and Public Policy Center colleagues, Peter Wehner and Yuval Levin, documented in an insightful Commentary essay last year, the United States has made substantial, if unheralded and under-reported, progress on a number of social indicators in recent years.<sup>1</sup>

For starters, violent crime is down – way down. The number of reported violent crimes was 1,656,100 in 1991, but only 1,190,600 in 2005 – a reduction of 28 percent.<sup>2</sup> Similarly, the use of illicit drugs by teenagers and children has fallen 24 percent just since 2001.<sup>3</sup> And, perhaps most stunning of all, the number of American families and children enrolled in the primary cash welfare program – now known as Temporary Assistance for Needy Families, or TANF – has plummeted. In 1996, there were more than 4.6 million Americans receiving cash benefits through Aid to Families with Dependent Children (AFDC) – the predecessor program to TANF. By 2002, state caseloads had been cut by more than half, to just 2.1 million people.<sup>4</sup>

Progress on these indicators didn't just happen. The much improved trend lines are the result of conscious changes in government policy, and particularly in federal policy.

Regarding crime, a bipartisan consensus emerged in the 1980s that the country was allowing too many violent criminals – a strong predictor of future criminal behavior – out of prison much too quickly. Tougher minimum sentencing requirements has swelled the population in prisons across the country, but it has also unquestionably contributed to the dramatic drop in violent crime – a decline much welcomed in many low-income, urban settings.

Similarly, progress on illicit drug use stems largely from a series of government initiatives aimed at reducing demand and disrupting supply. In the aftermath of the 1960s, many elites took a benign view of drug use, erroneously assuming its consequences were passing and insignificant. But attitudes changed with the Reagan era “Just Say No” campaign. Government-sponsored public service announcements have run in prominent media outlets with regularity ever since,

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*James C. Capretta is a Fellow at the Ethics and Public Policy Center.*

hammering the point home that illicit drug use is not only dangerous and lethal, but also a dead end, leading to estrangement and loneliness. The message has largely gotten through to younger Americans, although this battle is far from over. Demand has ebbed somewhat, but the temptations remain strong as the flow of drugs into the country remains substantial.

The policy shift in the 1990s on welfare was particularly pronounced and consequential. AFDC was supposed to help poor single mothers and their children who had been abandoned by their fathers without a steady source of earned income. But the tragedy of AFDC was that, in trying to ease the consequences of counterproductive behavior, it only encouraged more of the same. Providing financial support to fatherless families without a bread-winner in the home effectively underwrote the formation of many additional such families. Out-of-wedlock births, already on the rise, soared, especially in minority communities, and work and self-reliance declined.

By the 1990s, a broad consensus emerged that reform was needed. The 1996 welfare reform program took the controversial step of terminating the previous federal entitlement to cash benefits, providing states instead with a limited block grant of funds, time limits on how long recipients could get cash assistance, and new requirements to encourage recipients to work their way off welfare dependency. These measures were coupled with a series of separately enacted expansions in the Earned Income Tax Credit (EITC) program, which provides a refundable tax credit to support low-wage households willing to forego government assistance for work.

Many predicted that this combination of policies would be calamitous for low income communities, with millions of children going without food or shelter once the entitlement to cash welfare assistance was time-limited.

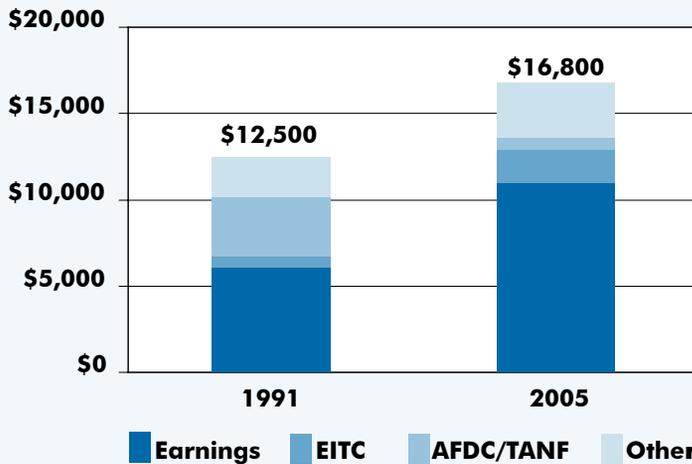
## What happened?

Far from causing calamity, welfare reform and the emphasis on work has ushered in a new era of hope. Millions of American left welfare for paying jobs. Caseloads have plunged. And states have been able to use much more of their limited resources to provide child care and job training instead of subsistence.

A recent Congressional Budget Office (CBO) documented the stunning reversal of previous trends. As shown in Chart 1, between 1991 and 2005, the incomes of those households representing the bottom fifth of the distribution went up 35 percent in real terms. This was the second largest percentage gain in income among the five quintiles, behind only the highest income group (which enjoyed a real income increase of 53 percent between 1991 and 2005).

What's even more encouraging is the change in the sources of income over that period. CBO estimates that work-related earnings for these households increased more than 80

**Chart 1**  
**Households with Children:**  
 Sources of Income for the Lowest Quintile, 1991 and 2005  
 Constant 2005 Dollars



Source: Changes in the Economic Resources of Low-Income Households with Children, Congressional Budget Office, May 2007 (backup table to figure 3)

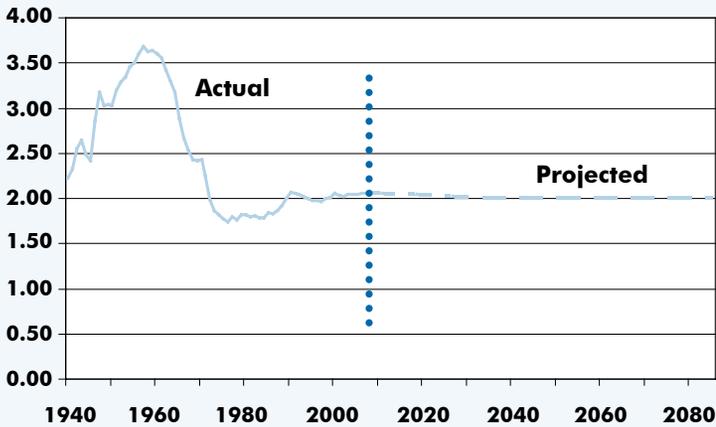
percent in real terms from 1991 to 2005, while cash welfare dependency plunged. In 1991, AFDC represented 30 percent of total income for the lowest income quintile of families with children. By 2005, TANF was contributing just 4 percent to total income for these families. Similarly, the participation rate in cash welfare dropped precipitously, from more than half of all families in the lowest quintile in 1991 to under 20 percent in 2005.

There are a couple of lessons that might be taken from these recent governmental successes. One is that a change in public policy can, under the right circumstances, make a difference. A key condition is clarity of purpose. If the goal is clear and widely supported, the federal government can marshal significant resources to achieve it.

Another important lesson is that financial incentives matter enormously. It is close to an iron law in public policy analysis that whatever the government chooses to subsidize will, in time, become more prevalent. Thus, changing the tax law to supplement earned income expanded dramatically the number of hours worked by those potentially eligible for the subsidy. Similarly, paying households, even when they don't work or take steps to join the workforce, induces more dependency.

And so, the question becomes, what societal challenge now requires concerted governmental attention? The answer is the broader, middle class American family. Despite progress in other areas, the American family has been showing signs of stress in two important ways for many years now: Families are much smaller than they used to be, and a growing number of American children are being raised outside intact, two-parent households.

**Chart 2**  
**U.S. Total Fertility Rate**



Source: 2008 Social Security Trustees' Report, Intermediate Assumptions

Since the end of the baby boom generation in the mid-1960s, the birth rate in the United States has fallen well below previously observed levels. As shown in Chart 2, birth rates soared in the immediate post-war era, reaching 3.7 in 1957, only to fall precipitously as social standards and medical technology changed dramatically in the early 1960s. By the mid-1970s, U.S. fertility had fallen to about 1.7 births per woman, well below the population replacement birth rate of 2.1. It has since rebounded somewhat, going just above 2.0 in recent years (Social Security projections assume it will remain there for the foreseeable future). But even so, our population is set to age rapidly in the years ahead as births are not expected to keep pace with longevity.

The United States, of course, was not alone in this drop in birth rates. Falling fertility is a worldwide phenomenon, centered in the industrialized world, but now spreading rapidly to every corner of the globe. Indeed, in some sense, the U.S. is far better off than most of our developed partners. Several European countries and Japan have birth rates below 1.5, and some are as low 1.3, births per woman. Over the next 50 years, such low birth rates will contribute to an unprecedented shift in demographic conditions, with these countries populated much more heavily with elderly residents than with younger workers. Japan, for instance, is expected to lose about 40 percent of its working age population between today and 2050. Germany is expected to experience a similar trend.

There are many competing theories as to why fertility has fallen. A large part of the explanation is surely cultural and technological. Many Western nations have become more secular and less religious, which is strongly correlated with smaller families. In addition, the technology associated with regulating births is, of course, now widely accessible – and used.

But there are also reasons to believe economic issues have played an important role in suppressing birth rates.<sup>5</sup> In short, it simply does not pay to have children as it used to. In earlier times, children were viewed as an important source of economic security, particularly as parents aged. Families effectively “invested” in children because they knew, someday, the productive capacity of their children would provide important economic benefits for them as well.

But developed nations now generally have in place social insurance arrangements through which governments play a much more active role in financing retirement income and providing care for the elderly. And these programs require taxation. Therefore, families that have numerous children are essentially paying twice. They must invest in the costs of raising a child to adulthood, and they must also pay taxes for governmental programs. Moreover, the productive capacity of children is no longer captured by the families alone. Indeed, it is shared with society at-large. Of course, most people desire children for their own sake. But, as noted previously, financial incentives cannot be ignored. To the extent that today’s modern welfare state effectively imposes a tax on child-rearing, it has contributed to smaller families.

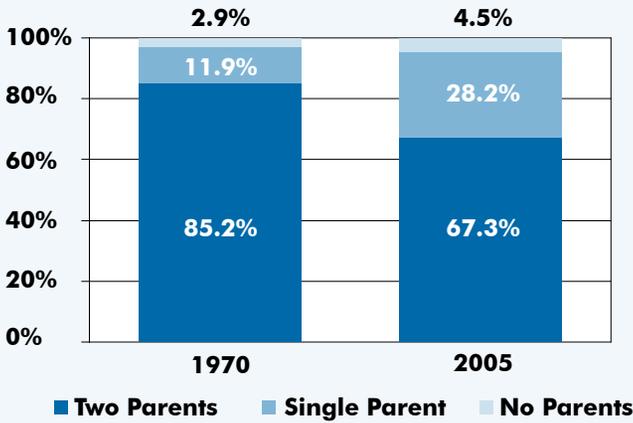
The irony is that, while families may need fewer children to sustain themselves, societies, including the U.S., are as dependent as ever on a growing workforce. Pay-as-you-go pension and health care systems require a constant stream of new taxpayers to pay for the costs of current generations of retirees. But with birth rates falling, the financial strains on governments will be pronounced indeed. For U.S. Social Security, the so-called dependency ratio of those aged 65 to the productive workforce is expected to increase from about .21 today to .34 in 2030.<sup>6</sup>

But it is not only a low birth rate that is of concern. It is also worrisome that so many children born today are being raised in households in which the parents are not married or do not stay together.

As shown in Chart 3, between 1970 and 2005, the percentage of children living in intact, two-parent households fell from 85 percent to 67 percent. Study after study shows that children raised in households with their married, biological parents fare better than children raised in alternative arrangements. The likelihood that a child will fall into low educational achievement, experiment with illicit drugs, engage in criminal behavior, and fall into poverty in adulthood are all elevated if their parents are not married and the family does not stay intact during their childhood. In sum, children raised outside intact, two-parents families are twice as likely to fall into behaviors that are problematic and self-destructive than children who are not.<sup>7</sup>

At this point, it might be reasonable to ask, “But what can the government do about any of this?” After all, the reasons for fewer births and family breakdown are long-standing and clearly related to profound change in social mores. In particular, out-of-wedlock births are now the norm, not the exception, in many minority

**Chart 3**  
**Living Arrangements of U.S. Children**  
**by Number of Parents Living in Household**



communities, and reversing trends toward widespread, early, and unmarried sexual activity will not be easy, in large part because there is no broad-based societal consensus that such a reversal is even necessary, or that the government, at any level, should have much to say on the subject anyway.

But that does not mean the government cannot act. What can be done is to direct financial resources toward the desired objectives – formation of larger and stronger two-parent families raising the next generation of productive citizens. And the best way to do that is to increase the size of the Child Tax Credit (CTC) program.

The CTC was first put into federal tax law in the 1997 Taxpayer Relief Act. At that time, it was a pivotal provision in the bipartisan balanced budget compromise between President Bill Clinton and the then Republican-controlled Congress. The 1997 law originally set the credit at \$400 in 1998 and \$500 in 1999 and future years. It was subsequently raised to \$1,000 through 2010 in the 2001 and 2003 tax laws.

In general, taxpayers can claim the CTC for children under the age of 17 who are dependents in their household. In 2004, some 26 million households received some benefit from the CTC.<sup>8</sup>

Originally, the child credit was not refundable, which meant it could be claimed to reduce income tax liability, but could not be fully claimed if a household was already paying no federal income tax. In other words, the child tax credit could not be used to provide direct cash assistance to households. In the 2001 and 2003 tax bills, partial refundability was provided for households with earned income exceeding a threshold, set at \$12,050 in 2008.<sup>9</sup> This “refundability threshold” is indexed annually to inflation.

The child credit is phased out for upper income households. Married couples filing jointly with adjusted gross income exceeding \$110,000 get a \$50 reduction in their credit for every \$1000 in income above the threshold. The \$110,000 is not indexed to inflation. Consequently, the number of households eligible for the credit will shrink over time as more taxpayers exceed the upper income limit.<sup>10</sup>

The most direct way to expand the credit, and thus put more resources into the hands of parents raising children, is to increase the amount of the maximum credit over time. For instance, one approach would be to add \$250 to the credit beginning in 2010, until the credit per child reached \$2,500 in 2015. At that point, the credit could be indexed to keep pace with inflation.

Without question, such a proposal would be costly in terms of lost revenue. There were approximately 45 million children eligible for the tax credit in 2005, according to the Brookings-Urban Institute Tax Policy Center.<sup>11</sup> Assuming the eligible population remained relatively fixed over time, the cost of this expansion could be as much as \$60 to \$70 billion per year, more than doubling the current program.

What could American taxpayers expect to get from making this investment in middle class families? First, there would likely be a rise in the birth rate, although it may be modest given the headwind of other cultural changes. One major flaw in the current CTC program is that it is not a permanent feature of the tax law (the increase from \$500 to \$1,000 is set to expire after 2010). It would be important to make an increase in the CTC a permanent feature of the tax law so that families choosing to expand could do so with some certainty regarding their future tax liability.

Other countries, such as France, have successfully implemented pro-natalist policies, with modest improvements in their birth rates. A large expansion of the CTC would have the virtue of devoting substantial resources to raising a child, but, unlike provisions in other countries, it would not direct the resources to child care or education or any other expense. That decision would be left with the parents, who are in the best position to know what is most needed in their household.

The other major benefit of a large CTC expansion would be increased financial security for some struggling families. The hope would be that these resources would allow more parents to get and stay married, which would greatly improve the prospects for their kids.

Some may argue that this proposal is unaffordable, given the other budgetary pressures facing the country. But, in a certain sense, that is the point. Helping parents, ideally two parents, raise their children has to be a public policy priority because the success of the country in the future depends on it. And, in a certain sense, we have little choice. If the U.S. birth rate falls as it has in Europe, there would be almost no way to avoid a steady decline in world leadership and global influence, not to mention economic prosperity.

There are ways to offset the revenue loss from an expanded CTC. The current tax law is highly unstable, with many important provisions set to expire at the end of 2010. In addition, there is widespread interest in scrapping the alternative minimum tax, reforming the corporate tax law, and revising the tax treatment of employer-based health insurance. All of these changes can and should be pursued in a larger reform aimed at broadening the base and keeping rates as low as possible. But as the pieces are assembled, it will also be critical for the new president and Congress to realize that the most important aspect of reform is its treatment of middle class families with kids. As they go, so goes the nation.

<sup>1</sup> See “Crime, Drugs, Welfare – And Other Good News,” *Commentary Magazine*, December 2007.

<sup>2</sup> Bureau of Justice Statistics, U.S. Department of Justice (<http://www.ojp.usdoj.gov/bjs/glance/tables/4meastab.htm>).

<sup>3</sup> “Youth Drug Use Declines,” White House Office of National Drug Control Policy, December 2007.

<sup>4</sup> “A Decade of Welfare Reform: Facts and Figures,” The Urban Institute, June 2006.

<sup>5</sup> See, for instance, “Fertility and Social Security,” Michele Boldrin, Mariacristina De Nardi, and Larry E. Jones, National Bureau of Economic Research, Working Paper 11146, February 2005.

<sup>6</sup> *The 2008 Annual Report of the Board of Trustees of the Old Age and Survivors Insurance and Disability Insurance Trust Funds*, p. 82.

<sup>7</sup> “Family Structure and Child Well-Being,” Kristin Anderson Moore, Ph.D., presentation to the Children’s Rights Council, July 17, 2003.

<sup>8</sup> *2004 Individual Income Tax, All Returns: Tax Liability and Tax Credits*, Tax Policy Center.

<sup>9</sup> “Improving the Refundable Child Tax Credit: An Important Step Toward Reducing Child Poverty,” Aviva Aron-Dine, Center on Budget and Policy Priorities, May 19, 2008.

<sup>10</sup> “Who Gets the Child Tax Credit?,” Leonard E. Burman and Laura Wheaton, *Tax Notes*, October 17, 2005.

<sup>11</sup> Burman and Wheaton, October 2005.

# Evidence-based Programs and Policies for Children and Youth

by Carol Emig, M.P.P. and Kristin Anderson Moore, Ph.D.

Effective policies for children and youth have to be based on more than good intentions. They have to be guided by more than hunches. And they have to be judged on criteria more meaningful than how many kids walked through the door of a program.

Fortunately, the knowledge and tools exist to develop and implement evidence-based policies and programs that have a proven record of improving the well-being of disadvantaged children and youth in the United States.

A substantial knowledge base has accumulated in the past several decades that can inform the design, targeting, and implementation of programs that can significantly improve outcomes for disadvantaged children and youth. While this evidence base is not exhaustive, it is extensive enough to guide policy making in several critical areas.

There are also considerable data on the state of children and youth in the United States. These data tell us that most American children are developing well, growing up in families and communities that have the will and the resources to meet their needs. This in turn, leads us to recommend that public policies for

*Carol Emig, M.P.P. is the President of Child Trends. Before returning to Child Trends as President in September 2006, Ms. Emig was the Executive Director of The Pew Commission on Children in Foster Care, where she planned and directed all aspects of the work of this blue-ribbon panel. Ms. Emig previously worked at Child Trends for seven years, first as Director of Communications then as Vice President for External Relations. She also held senior positions at the Center for the Study of Social Policy and the National Commission on Children, and was a research assistant to former First Lady Rosalynn Carter.*

*Kristin Anderson Moore, Ph.D. is a Senior Scholar & Program Area Director at Child Trends. Moore was executive director and then president of Child Trends from 1992 through 2006, when she chose to return to full-time research. Currently, Moore heads the Youth Development research area, where she is working to expand information on programs that work, implementation approaches that are effective, and approaches to evaluation, and to share knowledge with practitioners, funders, journalists, and policy makers.*

children and youth focus on providing high-quality, comprehensive, and sustained services to the relatively small number of children who are at very high risk.

## Principles to Guide Public Policies for Children and Youth

A critical role for public policy is to shape programs by establishing laws, regulations, and funding mechanisms. Based on evaluation evidence, research on child and youth well-being, and on Child Trends' tracking of child well-being, we propose the following principles to guide public policies to improve outcomes for children and youth:

- **Start early.** Interventions that start early have the largest and most sustained impacts on high-risk children. Starting early means preventing births to teens and to adults in their early 20s who are not yet financially and emotionally able to nurture and provide for a child. It also means fashioning high quality programs and interventions that begin when children are infants, and continue until kindergarten entry. Infancy and the first few years of life are a time of rapid and critical brain development. There is considerable evidence of significant and sustained impacts from intensive, high-quality early childhood programs that begin at or shortly after birth.
- **Stay the course.** Starting at about age 5, children spend the bulk of their days in school. While good schools are critical, schools cannot do everything. To sustain the benefits of early childhood interventions, and to augment the work of the schools, public and private sector leaders need to invest in productive and engaging out-of-school time activities; in programs and services that promote good health; and in interventions that support a successful transition to adult responsibilities. Staying the course also means being willing to wait for results, recognizing that improvements take time.
- **Focus on the highest-risk, hardest-to-reach children and families.** The children, youth, and families most in need of support are also often the least likely to seek out services. Yet many of the most effective interventions have their strongest impacts with just this population. Unfortunately, reaching and engaging these families is difficult, and there is limited evidence on how to do so effectively, especially as the children get older. However, their numbers, while large enough to represent a serious issue for the nation, are small enough that intensive and sustained interventions seem feasible.
- **Acknowledge the value of positive relationships.** Children and youth need caring, consistent adults in their lives and positive peer relationships. This is a basic tenet of child and adolescent development, and we see it demonstrated in every successful program. For policies and programs, this means valuing the staff who work with children

and youth by establishing wages, benefits, and working conditions that attract and retain excellent staff members, and by providing early and ongoing training. Poorly trained staff and high turnover undermine even the best programs and policies.

## Elements of Effective Programs and Policies

What, then, would a more effective set of programs and policies for children and youth look like? They would:

- Target carefully the population of children and youth in need of intensive intervention;
- Identify the outcomes to be achieved;
- Reproduce approaches that have been evaluated and found to be effective; and
- Implement these approaches fully and carefully.

We discuss each of these elements below.

### Target populations in need

Child Trends identified five factors that place families at risk: poverty, single parenthood, low parental education, a large number of children, and the inability to own or buy a house. Some might be surprised to learn that nearly two-thirds (64 percent) of American children live in families that have none, or just one, of these risk factors – and can therefore be considered low-risk families. Only 7 percent of children live in families that have four or five of these risk factors.<sup>1</sup> If we assume that high risk families are less likely to participate in surveys, we can estimate that maybe 10 percent of all children live in high-risk families. This represents about 7 million children of all ages across the country who are growing up in high-risk families. Of course, not all of these children are developing poorly, while some children in lower risk families face other kinds of risks; these groups may offset one another in terms of their numbers. In addition, other measures of high risk might also be used.<sup>2</sup> For example, America's Promise Alliance estimates that 21 percent of children (approximately 15 million children) seriously lack the critical ingredients needed for optimal development. Alternatively, about half a million children are in foster care, a very high-risk population.

Regardless of the definition, however, the point is the same: The number of children in high-risk families is much more manageable than many might imagine. Numerous studies indicate that these high-risk children are substantially less likely to be developing well. Identifying these children and focusing services on them and on their families represents a critical first step.

## Identify the outcomes that are desired

If our goal is to improve children's well-being, then we need to identify and measure the specific outcomes we are seeking for children – whether it is improved health, better educational performance, or some other measure. In years past, it was sufficient merely to report on the delivery of services or “inputs.” In recent years, however, the emphasis has shifted to assessing whether or not children are better off as a result of intervention. Measuring actual child well-being is certainly harder than measuring the types of services delivered or the number of children served, but it is the only way to know whether a policy or program is meeting its goal of improving the lives of children and youth. We note that one policy impetus for this change was the enactment of the federal Government Performance Improvement Act.

Ideally, child outcomes are assessed across multiple domains, in order to capture the needs of the whole child. The exact domains vary, but they generally include:

- Educational achievement and cognitive attainment;
- Health and safety; and
- Social and emotional development.

For older youth, self-sufficiency may represent an additional domain. Depending on the goals of a program, it may be appropriate to concentrate on outcomes in one domain. Often, however, programs have a broader mission, and they anticipate improving outcomes across several domains.

Finally, it is important to be clear and realistic about the short-, medium-, and long-term outcomes sought by a particular policy or program. Policy makers, program providers, and the public often have overly high expectations for the kinds of outcomes that will be affected and for the magnitude of the change that will occur – so much so that even reasonably successful efforts can disappoint when they fail to live up to unrealistically high expectations.

Some planners have addressed this concern by developing a logic model, or a theory of change. Building a logic model can improve the prospects for a match between program inputs and the breadth, speed, and magnitude of change that is likely. For example, in the short run, middle school children in a reading program may read a little more, and watch a little less television. In the medium term, the children's vocabulary scores may improve, and they may start to read at a higher level. In the long term, it is hoped that they would be less likely to drop out of school, and more likely to continue their education past high school. It is challenging to change behavior, and to sustain changes. Therefore, carefully identifying important and feasible outcomes is a critical stage in developing evidence-based policies and programs.

## Identify and replicate effective approaches that address the desired outcomes for the target population

Hundreds of experimental evaluations have been conducted to identify effective social interventions for children and youth.<sup>3</sup> While the number of rigorously-evaluated programs that have been found to have positive and lasting impacts is much smaller, a number of strong program models have been identified. In addition, these strong programs generally have a curriculum or manual, and can provide assistance to sites that seek to implement the program. While replication studies have not typically been done in varied communities to confirm that programs would “work” with all populations, many have identified the core components that produce positive impacts, and recognize that some adaptation is needed to reflect social, cultural, and economic realities of different communities.

Child Trends has reviewed and analyzed rigorous evaluations of social intervention programs for children. (Indeed, we believe our LINKS database is the largest existing compilation of evaluated social programs for children and youth.) In the process, we have identified several programs and approaches that have been found to have substantial and lasting positive impacts. They include programs that target different age groups and different outcomes, and include, for example: the Nurse-Family Partnership; the Teen Outreach program; high-quality, long-term mentoring programs such as Big Brothers, Big Sisters community mentors; high-quality preschool programs such as Early Head Start; Multisystemic Therapy; and Multidimensional Treatment Foster Care.

### Focus on implementation

Careful and faithful implementation of a program is critical to successful replication of effective programs. Too often, policy makers hope to replicate an effective program “on the cheap,” leaving out or watering down components and services. As a result, we do not see the same kind of robust improvements in children’s lives that occurred in the original program. It is critical to implement the program that is designed so that all of the components and services that are necessary to improve outcomes are actually included in the program as implemented. Moreover, it is critical that the program elements are high quality. This may require additional resources, but it is more cost-effective to provide a program that works, even if it is more costly, than to provide a cheap program that has no impact.

In addition, programs need to be of sufficient duration if they are actually going to improve outcomes for children and youth. Patience may be in short supply in the policy world, but it is essential to any effort to change children’s lives for the better. For example, a weekend experience simply is not enough to turn around the lives of disadvantaged children from dysfunctional families and neighborhoods. A much more sustained intervention is needed for such high-risk children

Starting or expanding proven programs and interventions is a necessary strategy for improving outcomes for high-risk children and youth, but it is not sufficient. Perhaps the biggest challenge is recruiting high-risk children and youth and their parents into programs or services, and then sustaining their involvement. This is no easy matter, whether the service offered is prenatal care, early childhood education, or out-of-school time programs. For example, nationwide, nearly half of school-age children in high-risk families are not involved in any activities. Yet these are exactly the children and youth most in need of services and supports. Public policies need to target these hard-to-reach families, then programs need to find them, engage them, and sustain their involvement for a long enough time and at a high enough level to produce the outcomes sought.

### **From Promising Practices to Proven Approaches**

The knowledge base of effective interventions for high-risk children and youth is extensive, but it is far from exhaustive. While there is much we know, there is much more we still need to learn. We therefore recommend public policies that support the development, testing, and evaluation of promising programs to fill the gaps in our current array of effective programs and policies.

The number of policies that have been proven to be effective is small relative to the market for effective programs – so there is clearly a need to develop additional effective strategies. In addition, there are thousands of programs on the ground in communities across the country that have not been rigorously evaluated but that have at least initial evidence that they might be effective (e.g., they are based in theory or prior research; they have a logic model; they engage and retain at-risk children, and outcome monitoring studies suggest positive outcomes). At least some of these programs are probably effective. Such programs for children and youth are prime candidates for rigorous evaluation.

### **We Know Enough to Act**

Creating data-driven, evidence-based policies is not a small task. As we note at the start, it involves starting early, sustaining interventions over many years, and fully and faithfully executing programs that have proven results. Results will not happen overnight, though, and they will not happen at all if we cut corners or lose heart.

At first blush, funding and implementing evidence-based programs appears to be the hardest and most costly course of action. In the long run, though, it is the most cost-effective approach. Moreover, it is the approach most likely to bring about significant and lasting gains in the lives of the nation's most disadvantaged children and youth.

<sup>1</sup> Moore, 2006.

<sup>2</sup> For example, about 600,000 children are in foster care, and about 13 million live in poverty. Similarly, we estimate that about 5,620,000 youth fell into one of these six categories of vulnerable youth: (1) out-of-school, (2) on welfare, (3) left incarceration, (4) left foster care, (5) incarcerated parents, or (6) runaway and homeless.

According to published estimates from NISMART I, about 193,000 youth ages 14 to 24 were runaway or homeless youth. Thus, they account for about 13 percent of the total population of youth ages 14 to 24. Since many programs and policies focus on children in a narrow age range, the number of children is even smaller. For example, there are about 5 million pre-school children aged 0 to 5 in poverty.

<sup>3</sup> More than 300 random assignment social interventions are compiled in LINKS, which can be accessed on the Child Trends web site: [www.childtrends.org](http://www.childtrends.org).

# Communicating About Children

by Luntz, Maslansky Strategic Research Analysis

## Overview

“Nothing you do for children is ever wasted. They seem not to notice us, hovering, averting our eyes, and they seldom offer thanks, but what we do for them is never wasted.”

– Garrison Keillor

As parents, as politicians, as advocates, we tend to take the easy route – talking about what we want to do for America’s children rather than doing it. It’s easy to say kids are important, and it’s easy to outline a plan. But, as a country, we have never really become fully engaged in acting on behalf of our kids. For too long we’ve looked to others to put our plans into action. For too long we’ve been satisfied with half measures and false starts. For too long we’ve talked about change without seeing that change through.

We talk to thousands and thousands of Americans every single year. Children’s issues – whether it is education or healthcare or safety – are always top-of-mind. Americans want to give their children every opportunity and every safeguard. But to make these things a reality, it takes more than a vision or a political platform. It takes action.

The time for change is now. America is losing its global, economic competitive edge. Our students are falling behind Chinese and Indian students in important education metrics. Our nation is at a historic crossroads: For the first time in a generation, more Americans believe their own children will be worse off than they are. Only 34 percent of Americans believe their children will inherit a better America than the one their parents left them. The implications of this statistic are horrifying: We truly are at risk of losing the American Dream.

There is an anxiety and pessimism that you will have to overcome if you hope to make headway in communicating the importance of action on children’s issues. You cannot just speak aspirationally – you must acknowledge the unease that exists, and you must convince people that your effort is not more of the same words-without-action they have heard before.

*Luntz, Maslansky Strategic Research is a strategic communications and market research firm.*

We are not going to list the early childhood issues that need to be addressed. You know them and you know their importance. We are not going to address specific policies in this document. You know those better than we do. What we will lay out in this brief document are the proven communication strategies for children's issues. These strategies are informed by research done all over the country with Americans from all walks of life. We've talked with parents, students, teachers, doctors, and policy-makers. You name them, we've had them in our dial sessions or polled them in our surveys. The words in this document are the words that work and the words that don't work when advocating for children.

We have included specific recommendations that you can put in place immediately. You might not adopt all of them, but each one of these findings will help put you on the right path for communicative success. Right now, so many advocates are lost in a wilderness of dead-end plans and policy debate. Consider this document your communications roadmap out of that wilderness.

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### Key Communications Guidelines

1. Make it personal. Without a feeling of intimacy, Americans won't get involved. This needs to be about them, their hometowns, their future, and, of course, their children. This is NOT about numbers or statistics or dire predictions from wonky experts.
  2. Every child matters. From Washington state to Washington, DC, every child across America deserves a good education, quality healthcare, a safe home, and a good community. Every child – no exceptions.
  3. Positive impacts grab attention... When you talk about successes in the realm of children's issues, Americans will pay attention, listen, and feel good about what's been done.
  4. ...But negative consequences drive them to action. If you want to move people, you must talk about the negatives or the potential for something negative to happen. Americans will listen...and act.
  5. If you're focusing on early childhood investment, show and talk about children in early childhood. In other words, the younger the child, the more emotionally and actively your audience will respond.
  6. This is America – we're better than this. One thing that will always ring true is that in America, we expect to be better than last. We don't expect to struggle. And when kids across the country do, that's an issue. Be sure to draw on the sense of pride Americans have.
  7. Don't sweat the details right now. The details of anything you are pushing aren't going to move people to your side. What will move people to your side is a clear set of principles that complements a logical and valiant mission.
  8. Results, not effort, matter most. This is why what students "learn" is more important than what they are "taught." It's why "life-long skills" matter more than "facts and figures." It's why "accountability" matters more than almost anything else.
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## Children's Communication Strategies

### 1) This is an American issue – and it affects all of us.

The problems facing our children aren't local, state, or even national issues. They're American issues – and they impact all of us. The essential communication context is the sense of ownership – that we are all responsible for the health, safety, and happiness of the next generation. Because, in reality, how successful our children are – from early childhood to middle school to high school and so on – determines just how prosperous and successful our nation will be years from now. All American parents want to make their children's lives better than theirs, regardless of how great their life is. This sentiment needs to reach all Americans – that how successful we are in educating and keeping healthy ALL children will be felt not just by the children, but by every American.

Our polling work consistently shows that when you try to break out children's issues as either local, state, or national issues, support is good, but not good enough. In every poll we've done, when we address children's issues as an American issue – instead of a local, state, or national issue – support increases tremendously. As you go forth and promote investments in early childhood, it is critical that in order to get the most receptive audience, you relate what specifically you are talking about to how it is an American issue that affects us all.

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#### Words That Work

Kids ARE our future. They're an investment. And they're our insurance. When we're retired, they'll be the business leaders that keep our economy vibrant. They're going to be the leaders that guide America through the 21st century. They're the future entrepreneurs and non-profit leaders. They ARE our future.

And if kids are the future, we shouldn't give them the short end of the stick today. I want today's kids to be healthy, educated, and prepared for their roles when we take a step back and let them grab the reigns. And it all starts with our commitment to them now. We've committed to letting them lead us tomorrow, so we must be committed to preparing them today.

For too many years, too many kids have slipped through the cracks. Too many kids have not received the education that they have the right to expect. And we all pay the price – not just they – all of us do. There are too many children who cannot read or write, who cannot add or subtract, who cannot figure out a tip, who cannot function in jobs that would provide them access to the American dream because they were not educated well enough when they were kids. And we all know one thing; If you don't get the education as a kid, it's pretty hard to get it as an adult.

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## 2) There's no excuse for inaction.

All of the tools are there. And today, Americans are tired of hearing why we can't get something done and they want to know how we can get it done. NOW. For as important as politicians claim children are to the health and vitality of this country, there sure are a lot of excuses about why we aren't giving them everything they need to be successful. And as you spread your message, be clear: There's NO EXCUSE for not getting anything done. For not giving children what they need. For not setting up this country for a successful hand-off to the next generation someday. No excuses. Period.

If you choose to invoke “no excuses,” Americans will respond to your message – and favorably. We've seen it first hand. And they'll respond favorably because they know providing children – especially younger children – with what they need is attainable. It doesn't require an invention or years and years of development. We know what works for kids and we need to provide them with it.

Below is an excerpt from a speech by Senator Hillary Clinton that we recently dial-tested. In it, she talks about just how little it takes to insure a child. This message – was a home run on both sides of the aisle. Why? Because it's practical, reasonable, and demonstrates just how easily attainable it is to provide children with health coverage. She brings her message to the human level – \$3.50 a day for a cup of coffee – and points out that we can better ensure the health of our children every day for the same amount. It's tough to argue with that, especially when Americans believe children are vital to the future.

You must absolutely resist any temptation to make this into a partisan fight. Partisan politics will be ruinous to your effort. It's not about blaming one side or the other – solutions need to be non-partisan. Once the stink of politics attaches itself to an idea, that idea is summarily rejected.

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### Words That Work

It's just wrong. You know, it's just absolutely wrong. Of all the people in our country who should be insured, I believe children should be at the top of the list. It costs \$3.50 a day to insure a child. You know, you think about that; You could go over and get a fancy coffee, get a nice dessert over at the soda shop; you could insure a child. So we're going to work very hard to get the children's health insurance program reauthorized. And I hope even to get it extended.

– Sen. Hillary Clinton

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### 3) Tell your audience the truth, and tell them the consequences.

For many of the people you are trying to reach, the crisis facing kids isn't personal or immediate. And when it's not personal, it's easy to ignore. But the consequences of failed schools can lead to catastrophe – and that knowledge provides the emotion that will lead to action. That is why you need to speak the idiom of consequences.

There is a world of compelling facts, figures, and statistics out there that most of you could probably cite all day as to why we should be investing more in early childhood development. But as you sift through the world of knowledge you have, be sure to filter it for your audience. Take the one or two most compelling facts or statistics you have, deliver them, and talk about the consequences of not turning the tide. People will respond to hearing the positive impact of something, but hearing the negative consequences will drive them to action.

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#### Words That Work

The implications are huge. Jobs are leaving this country, and American employers say that students today lack the basic skills to do even the simplest jobs. The U.S. economy will suffer. Crime will go up. Your children won't be able to find a job. Your children won't be able to afford a house. We are facing a crisis that will affect every American if we don't dramatically improve public education.

If we don't make changes and we if we don't improve, we'll be headed for disaster. Our rankings in the world will continue to slip. Our economy will continue to suffer. Our kids will become less engaged, less inspired, and less capable of leading us into a brighter future.

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### 4) Principles matter.

It's usually difficult for people who are so passionate about something to resist walking into the weeds on their issue. In other words, when you jump into the technicalities, legislation, and statistics about any given issue as it relates to children, your audience will tune you out faster than they tuned you in.

With that in mind, when you are communicating your message, stay away from wonky, technical language. Instead, draw upon key principles that state your position, but will also be difficult for anyone to disagree with. When you start with a principle, you catch your audience's collective ear, get their heads nodding, and get them engaged. Then, and only then, can you tip-toe down the path of details, ever so cautiously. People don't want to hear bill names or legislation unless they really have to. So spare them what is essentially Washington-speak.

**Words That Work**

It's essential that all American students learn the skills that prepare them for life. That's why we are guided by the principle that ALL students, no matter where they are from, no matter what their family status or income, should have a specific core curriculum of English, math, reading, and science.

**Words That REALLY Work**

Healthcare is not just a right for the rich or a benefit for the poor. Every child from every family should be covered or have the ability to buy into a healthcare plan.

**Words That Don't**

My plan expands SCHIP so that middle-class families can be covered or buy into the same plan.

**5) We can either invest now or pay later.**

This is a simple argument with a simple choice. We can put money into schools and education today, or we can expect a lesser educated workforce 15 years from now. We can make sure children get healthcare today, or we can deal with the effects of childhood obesity and the lack of preventative medicine when today's kids become young adults.

Americans will go with the smarter option here – and you can get them to pressure politicians to do the smart thing as well. People realize that, just like paying a credit card bill, you can't keep putting everything off until tomorrow. And with children, we need to make the smart investment, we need to make it early on, and we need to make it now.

**Words That Work**

We are very proud in this country of that phrase, "the American Dream." And yet for so many hardworking Americans, it seems like the possibility of reaching it just gets further and further away. We should commit ourselves now and demand that the people we elect commit themselves to restoring not just the concept of the American Dream, but the actual ability of Americans to achieve it. The way that we do that is to invest in the next generation – to invest in the future – to make certain commitments now that will pay such great dividends 20 or 30 years from now. We complain about parents who have left their kids behind; let's not let another generation slip by. Let's make the difference right now; let's start today.

Taking this a step further, it's important to point out that we're not spending on children, we're INVESTING. Spending may come across as reckless to some,

while “investing” has smart, savvy connotations. Most people “spend” on a daily basis, and they also “invest” on a limited basis. And if you ask people what they feel better doing, it’s investing. Investing is forward-looking: It involves planning, thinking, and figuring out how tomorrow can be better than today. Here’s a passage that talks about education and just how important and smart it is:

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### Words That Work

Education is an investment. It’s an investment in our children, in our country, and in the future. When dollars are dedicated to educational pursuits it is more than just an expense, it is an economic development strategy. Too often, education is thought of as a mere allocation of money, as a line in a ledger or a budget item to be funded. That kind of thinking is just plain wrong. Education investment, when done in a smart, measured way, is one of the soundest investments we can make.

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## 6) Be bold and be strong.

In our research, one thing has become increasingly clear over time: Stronger language works. Recent research shows the strongest, boldest, most active language on behalf of children consistently worked best. And in many ways, it’s a direct response to the talking-point nature of politicians today, whose answers seemed more rehearsed than well thought out.

You’re not going to get anywhere today by “asking” or “requesting” that more time, effort, and money be invested in children. While that is the best approach when recruiting volunteers to help kids, when you’re dealing with politicians or anyone in Washington, start demanding. Children’s lives are too important to take lightly, and your language and messages need to reflect just how serious you are about renewing the focus on children.

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### Words That Work

What’s the difference between a group of seniors standing with politicians and a group of kids standing with politicians? The seniors are probably at a bill signing, while the kids are probably at a campaign event. That’s the sad reality today, isn’t it? Because it’s easy – too easy – for politicians to talk about how children are our future; about the need to improve schools, or give parents tax credits, or provide healthcare for children. But what happens when it’s all talk and no action?

We need to hold our leaders accountable, to ensure they actually stand up for kids. The simple reality is: Kids can’t vote. So in any political calculation, politicians don’t have to worry about whether a 7-year-old child will vote for or against them. But now, think about seniors. They recently won a great battle and got a prescription drug benefit which cost billions of dollars. Why? Because seniors can directly hold their leaders accountable.

## 7) For now, we need to focus on progress.

This is a prime example of how switching a single word can produce completely different – and more promising – results. When you communicate, tell your audience you want to make progress. Don't promise success, or even mention it really. Success won't be believable to some, and you don't want to diminish your audience any. Americans love progress, and it has defined our country since day one. You can do this because progress is not an absolute. And it isn't the end all. If people are seeing progress, they'll believe there is success at the end of the road, even when you don't talk about success. Americans will have a difficult time agreeing on the definition of success, but the concept of progress is much easier to demonstrate, prove and agree upon.

## 8) Focus on the future by referencing the past.

One thing that's evident in the research we've conducted, especially when it comes to children's issues, is that people don't mind taking a step back to the tried-and-true ways of yesterday. They want to get back to basics when it comes to children. And they know it works – we used to be first in the world in nearly everything. Now all we hear about is how the U.S. is lagging behind in math testing and on science scores. This is especially true when talking about education reform. No parent wants the system to “experiment” with their child. They DO want the hard learned lessons of the past to be applied to their children.

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### Words That Work

I remember a time when promises meant something. When goals meant something. When a president could say that we would put a man on the moon, and then we went out and did it.

I remember when we talked and acted and voted as though the very survival of our country, and our way of life, depended on it. I don't know why that's not still the case. Why we no longer feel invested or accountable for what happens around us.

Education is a perfect example. We usually know which schools are failing, which children are at risk. We know that something needs to be done – that we're literally losing a generation of American minds – and yet ... we fail to act. Our leaders fail to inspire us to act. Educators work 15 hours a day just to keep their heads above water, yet no one is offering them assistance or solutions to get ahead. It's time for a change. It's time to get back to basics. The system is broken. Let's fix it.

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So talk about today's kids in the context of yesterday's kids. Today's children have a whole range of issues to deal with that kids didn't deal with even 15 or 20 years ago. Times have changed, but one thing that hasn't are people's memories of their childhood. They remember going to school, looking at the chalkboard, and

learning about the core subjects. If you can connect to their childhood, you can advocate for a need to refocus on today's childhoods.

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### Words That Work

We need significant change in this country and it begins with early childhood development. I want my parents to have an access to prescription drugs, I want them to have to have health care, and I want their social security to be secure, but I am not going to support that at the expense of the next generation. This country has always been about the future, it's always been the place that people came to and struggled, so the next generation could have a brighter future.

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## 9) Demand accountability.

When you're talking about reform or reinvestment or renewing the focus on children, you also need to assure your audience that this isn't going to be a runaway spending train or bureaucrats out of control. People need to know that if they're going to invest in children through tax dollars or effort or any other means, that multiple parties are going to be held accountable to get the right results. And if they fail, they'll be held accountable.

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### Words That Work

For so long we've heard about education reform. For decades people have talked about the challenges of our schools, but no one has acted. The only people who are going to make the necessary changes and get it done for our children are the people in this room and people in other rooms all across America.

We all know deep down that politicians don't act, don't move, don't actually do anything unless we put pressure on them. We've seen a lot of significant changes when people organize and force the politicians to act. Together, we need to make a statement that we're unwilling to accept the status quo, that we're unwilling to accept schools that do not succeed – that we demand more for our children NOW so that they will be more prepared and more successful as adults.

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## 10) Failure is not an option.

Failure is unacceptable. We didn't tolerate education failure 50 years ago, but somehow we've become a little too comfortable with failure today. Americans may no longer see the need to be first in everything, but they also never want to see the day when we are last. Never. The fear, and threat, of failure is a motivating factor. And today, more than ever, we cannot fail our children at a young age or any age. Too much is riding on it.

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### Words That Work

If we're going to make a fundamental change in education, we have to declare now and forever that failure is not an option and do it on the national level.

We can't allow children to fall behind because they come from single parent families, or neighborhoods that are struggling, or rural regions far from our own. We can't allow children to fall behind because they have the misfortune of having parents who don't care or who aren't engaged.

For generations, our schools worked because as a society, we insisted on it. We refused to accept failure. We can't accept failure now.

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# FIRST FOCUS

1110 Vermont Ave, NW, Suite 900, Washington, DC 20005

T: (202) 657-0670 | F: (202) 657-0671

[www.firstfocus.net](http://www.firstfocus.net)