

# Investing in our Children

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As adults we are responsible for meeting the needs of children. It is our moral obligation to help children survive, thrive and grow into self-sufficient adults — caring parents, competent workers with a fair opportunity for success and fulfillment, and responsible citizens. Adult society must provide children with food, shelter, medical care, and an environment that is both secure and stimulating. Children need our assistance to obtain the decent education they deserve, to prepare to compete in the job market, to make sound decisions about when to become parents, to feel valued and valuable, and to feel that they have a fair chance to succeed.

We extend this help to children not solely because of our moral obligations, but because we want our children to have every opportunity to participate in and contribute to our society, and to share in our values and traditions. We also fulfill our responsibilities to children because we know that the time will come when we need them to reciprocate. As we grow older, we will increasingly depend on them to provide for us as we have provided for them. Our concern must be the well-being of all American children, not just our own, for most of us no longer expect our own children to support us directly when we are elderly. Instead we will rely on Social Security and Medicare, resources that require the contributions of the next generation as a whole, and of that generation's children. It is therefore very much in our self-interest to ensure that not just our own children but their contemporaries and the generation of children that follows them are healthy, educated, productive, and compassionate.

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Today, our children are not only a precious resource but one that is, relatively speaking, increasingly scarce.<sup>1</sup> Until recently our youth population has been comparatively plentiful, so that society has been able to thrive and the economy to grow despite the waste of many children's lives through society's neglect. We no longer have that margin for error. As Americans live longer, there are fewer and fewer workers and future workers for each retiree, and that trend will continue in the next decades.<sup>2</sup> In the coming century we will need the contributions of every child in America today, but we are far from providing our children now with the resources that would allow them to make those contributions.

American parents bear the primary responsibility for meeting the needs of their own children. Rich or poor, most parents make every effort within their means to give their children not only food, clothing, shelter, and health care, but also the intangibles of self-esteem, motivation and hope.

There are those who, encouraged by many of our current leaders, believe that American families are or should be wholly self-sufficient. This is an illusion. No family shoulders alone the burden of raising children, regardless of that family's affluence or poverty. Our nation's commitment to investing in all children by helping all families is evidenced both through government programs and policy, and through government-supported private institutions.

Most American children are born either in public hospitals that are directly supported by a state or local government, or in private, non-profit hospitals built mainly with loans and grants from the federal government and tax-deductible private gifts.<sup>3</sup> Most American parents pay many of their own and their children's medical bills with the help of employer-provided health insurance, which the government subsidizes by failing to treat as taxable income.<sup>4</sup>

Because we have decided that the formal education of children is a responsibility that should be publicly shared, most American chil-

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1. BUREAU OF THE CENSUS, U.S. DEP'T OF COMMERCE, CURRENT POPULATION REPORTS, SERIES P-25, No. 952, PROJECTIONS OF THE POPULATION OF THE UNITED STATES, BY AGE, SEX, AND RACE: 1983 TO 2080, at 8, Table F (1984). In 1960, 35 percent of the United States population was under age 18, but by 1980 that figure had dropped to 27 percent; the estimate for 2000 is 23 percent. "Children" herein generally means those under 18, except where the context indicates otherwise.

2. *Id.* at Table D.

3. The main federal hospital loan/grant program has been the Hill-Burton Act, originally passed in 1946 (Hospital Survey and Construction Act of Aug. 13, 1946, ch. 958, Pub. L. No. 725). The deductibility of contributions to hospitals is established by 26 U.S.C. §§ 170, 501(c)(3) (1982).

4. *See* 26 U.S.C. §§ 104-106 (1982).

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dren are educated in public schools that are funded by the taxes of both parents and non-parents.<sup>5</sup> Parents and non-parents are allowed to deduct state and local income, property, and sales tax payments in figuring their income for federal tax purposes,<sup>6</sup> if they itemize their deductions as most higher-income taxpayers do. The federal government makes its largest financial contribution to education in this way.<sup>7</sup>

Most American children who are able to pursue higher education receive large amounts of public support, either by enrolling in public institutions,<sup>8</sup> or by receiving government-subsidized grants or loans,<sup>9</sup> or through scholarship funds made possible or enhanced by tax breaks.<sup>10</sup>

Government also plays an important role in sustaining the daily lives of American families. Millions of middle-income families receive federal or state housing subsidies through programs such as those run by the Federal Housing Administration and the Veterans Administration.<sup>11</sup> Millions also receive federal tax relief when they

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5. NATIONAL CENTER FOR EDUCATION STATISTICS, U.S. DEP'T OF EDUCATION, *THE CONDITION OF EDUCATION, PAST AND PROJECTED TRENDS IN ELEMENTARY/SECONDARY SCHOOL ENROLLMENT, BY CONTROL OF SCHOOL AND GRADE LEVEL: UNITED STATES, FALL 1980 TO FALL 1993*, at 18, Table 1.2 (1985).

6. 26 U.S.C. § 164(a) (1982).

7. In federal fiscal year 1984, the estimated cost to the federal government of the deductibility of state and local sales, property, and income taxes was \$28.615 billion. STAFF OF JOINT COMM. ON TAXATION, *ESTIMATES OF FEDERAL TAX EXPENDITURES FOR FISCAL YEARS 1984-1989*, at 12, 16 (Nov. 9, 1984). In the state and local fiscal year ending in 1984, the state and local governments spent \$120.896 billion on local schools (i.e., elementary and secondary schools) out of \$505.006 billion in general expenditures, or 23.94 percent. BUREAU OF THE CENSUS, U.S. DEP'T OF COMMERCE, *GOVERNMENTAL FINANCES IN 1983-84*, at 4, Table 3 (1985). Assuming, therefore, that 23.94 percent of the federal tax expenditure went to education, the cost to the federal government for primary and secondary education was \$6.85 billion. By comparison, the largest federal direct spending program for primary and secondary education is Chapter I of the Elementary and Secondary Education Block Grant, Financial Assistance to Meet Educational Needs of Disadvantaged Children, 20 U.S.C. §§ 3801-3808 (Supp. 1986) (amending the Elementary and Secondary Education Act of 1965). Its fiscal year 1984 appropriation was \$3.48 billion. CHILDREN'S DEFENSE FUND, *A CHILDREN'S DEFENSE BUDGET: AN ANALYSIS OF THE FISCAL YEAR 1987 FEDERAL BUDGET AND CHILDREN 237* (1986) [hereinafter *CHILDREN'S DEFENSE BUDGET 1987*].

8. NATIONAL CENTER FOR EDUCATION STATISTICS, U.S. DEP'T OF EDUCATION, *THE CONDITION OF EDUCATION, PAST AND PROJECTED TRENDS IN INSTITUTIONS OF HIGHER EDUCATION, BY CONTROL AND TYPE OF INSTITUTION AND BY LEVEL OF STUDENT: UNITED STATES, FALL 1970 TO FALL 1993*, Table 2.6. In 1983, 9,683,000 students attended public institutions of higher education.

9. U.S. DEP'T OF EDUCATION, *FISCAL YEAR 1987 BUDGET INFORMATION, STUDENT AID SUMMARY Tables 38-39* (1985). In 1986, 5,707,000 students received federal aid for higher education.

10. See 26 U.S.C. §§ 117, 170, 501(c)(3) (1982).

11. OFFICE OF MANAGEMENT AND BUDGET, *CATALOG OF FEDERAL DOMESTIC ASSISTANCE: 1985*, at 353, 738 (1985). The FHA insurance program is catalogued as program

deduct their property taxes and mortgage interest payments.<sup>12</sup> In addition, most American families live in neighborhoods that are enriched by government-supported parks, libraries, playgrounds, and other services.

In these and many other ways, our local, state, and national governments invest in children and help support families. We do this to enhance, not to detract from, the role of the family. The relationship between family, community, and government is synergistic, strengthening both the family and society in the complex undertaking of caring for children and building a future for them.

The partnership between family and government has its roots far back in American history. To find its origins, one must look back before the War on Poverty and the New Deal, to the period before the adoption of the Constitution, when the Congress of the Confederation granted federal lands to the states to establish public schools.<sup>13</sup> Our public schools, universities, libraries, parks, and playgrounds, our various means of subsidizing health insurance and housing, and our financial support for hospitals are all products of this tradition. They are all seemingly permanent parts of the social and political landscape, and a reflection of a longstanding consensus that families with children are not isolated, wholly self-sufficient entities.

Our commitment to America's neediest children and families, however, has seemed increasingly fragile in recent years. If we want to preserve their futures and our own, we will have to rededicate ourselves to government's side of the partnership with such families, and we will have to do it soon.

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14.117, VA insurance as program 64.114. The cumulative number of home mortgages insured by the FHA is 11,949,241, under § 203(b) of the National Housing Act, 12 U.S.C. 1709, 1715b (1982). An additional 431,706 veterans receive federal mortgage insurance under 38 U.S.C. § 1810 (1982 & Supp. 1986).

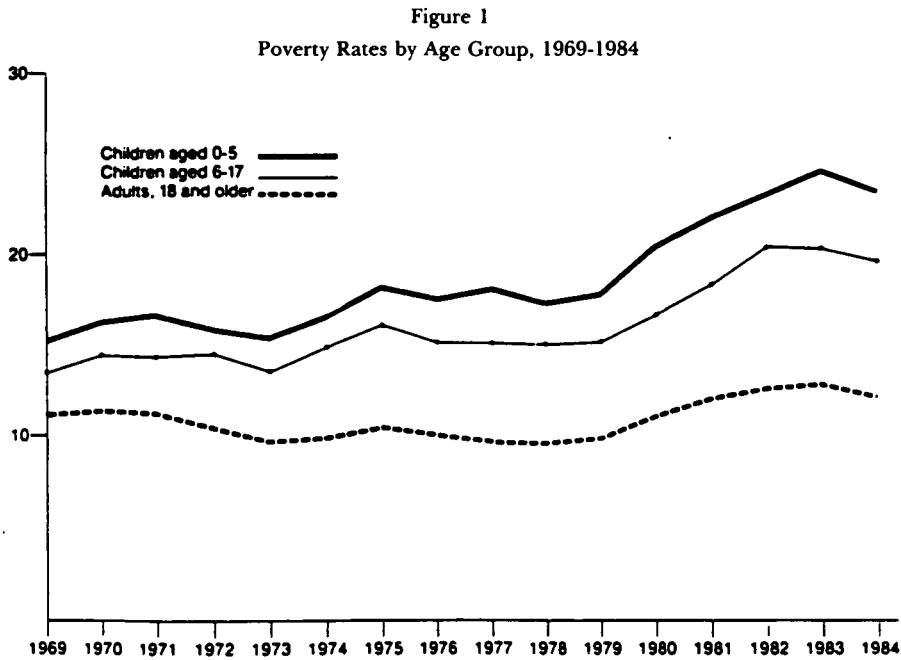
12. 26 U.S.C. §§ 163, 164(a)(1) (1982). The estimated costs to the federal government in 1985 for the tax expenditures for deductibility of the property tax on owner-occupied homes and deductibility of mortgage interest on owner-occupied homes were \$9.64 billion and \$25.46 billion respectively. STAFF OF JOINT COMM. ON TAXATION, *supra* note 7, at 12-13.

13. Ordinance of 1787: The Northwest Territorial Government (July 13, 1787). Some of the other programs begun between that time and the New Deal include: under President Lincoln, land grants to colleges under the Morrill Act of July 2, 1862, ch. 130 (current version at 7 U.S.C. §§ 301-326 (1982)); under President Taft, the U.S. Children's Bureau, by Act of Apr. 9, 1912, ch. 73, § 1, 37 Stat. 79 (current version at 42 U.S.C. § 191-194 (1982)); under President Wilson, the Smith-Hughes Vocational Education Act of Feb. 23, 1917, ch. 114, 39 Stat. 929 (current version at 20 U.S.C. §§ 11-15, 16-28 (1982)); and under President Harding, the Sheppard-Towner or Maternity Act of Nov. 23, 1921, ch. 135, 42 Stat. 224 (current version at 42 U.S.C. §§ 701-709) (1982).

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### I. Child Poverty in America

Children suffer by far the highest poverty rate in America.<sup>14</sup> As the chart below shows, the child poverty rate has soared in the last fifteen years while poverty among adults has generally remained stable.<sup>15</sup>



In 1984, thirteen million out of sixty-two million American children (more than one out of every five) lived in households with incomes below the poverty line,<sup>16</sup> the poverty line being the income levels (varying by family size) set by the federal government to approximate the amount of money that will allow very frugal families

14. BUREAU OF THE CENSUS, U.S. DEP'T OF LABOR, CURRENT POPULATION REPORTS, SERIES P-60, No. 149, MONEY INCOME AND POVERTY STATUS OF FAMILIES AND PERSONS IN THE UNITED STATES: 1984, at 26, Table 15 (1985) [hereinafter cited as CURRENT POPULATION REPORTS].

15. *Id.* See also STAFFS OF SUBCOMM. ON OVERSIGHT AND SUBCOMM. ON UNEMPLOYMENT COMPENSATION OF THE HOUSE COMM. ON WAYS AND MEANS, 98TH CONG., 1ST SESS., BACKGROUND MATERIAL ON POVERTY 49-51 (Comm. print 1983) [hereinafter cited as BACKGROUND MATERIAL ON POVERTY].

16. CURRENT POPULATION REPORTS, *supra* note 14, at 26, Table 17. The official poverty line varies by family size; for example, in 1984 it was \$10,609 for a family of four and \$8,277 for a family of three. Each year it is adjusted for changes in the Consumer Price Index. *Id.* at 31 & Table A-1. For a complete discussion of the variety of issues surrounding federal definitions of poverty, see BACKGROUND MATERIAL ON POVERTY, *supra* note 15, at 115-127.

barely to pay for their most essential needs. Moreover, many of the families of these thirteen million poor children had incomes that were not even close to the poverty line; in 1984 the median amount by which the income of poor families was below the poverty line was \$3,666.<sup>17</sup>

Certain groups of children run a disproportionate risk of suffering poverty's ill effects. Young children are one example: 24.0 percent of the children under age six were poor in 1984, compared to 20.5 percent of those aged six to seventeen.<sup>18</sup> Poverty rates of minority children are more than twice those of white children. In 1984, 46.2 percent of black children and 38.7 percent of Hispanic children were poor, compared to 16.1 percent of white children.<sup>19</sup> Children living in families headed by a single mother suffer a much higher poverty rate (54 percent in 1984) than other children (12.5 percent).<sup>20</sup> For children who fall into two or three of these categories, the possibility of poverty becomes a probability. In 1984, for example, 71 percent of Hispanic children and 66.2 percent of black children in female-headed families were poor.<sup>21</sup>

Nor has the recent economic "recovery" done much to mitigate the recent surge in child poverty; the child poverty rate is still higher than at any time since the early 1960s.<sup>22</sup> Only 210,000 children were lifted out of poverty in 1983 and 1984, two years of economic recovery.<sup>23</sup> This was a fraction of the 3,146,000 children who had fallen into poverty from 1979 to 1982.<sup>24</sup> A rising tide does not lift *all* boats, and the smallest boats are awash. At the rate of improvement that took place in 1983 and 1984, and assuming that we suffer no more recessions, it would take thirty years — nearly two generations — to get the number of poor children back to the 1979 levels, levels that were intolerable in the first place.<sup>25</sup>

Poverty rates can easily become an abstraction — a list of percentages or a numerical chart — but growing up poor in America today has a very tangible meaning. Living in poverty means daily facing impossible choices between buying food, paying the rent or heat bill, getting essential medical care, or buying clothing for the chil-

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17. CURRENT POPULATION REPORTS, *supra* note 14, at 30, Table 19.

18. *Id.* at 26, Table 17.

19. *Id.*

20. *Id.* at 22-23, Table 15.

21. *Id.* at 22, Table 15.

22. *Id.* at 21, Table 15.

23. *Id.*

24. *Id.*

25. *Id.* Calculations by the Children's Defense Fund (CDF).

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dren. Imagine a family of four with an income deficit at the median for poor families (an income of \$6,943, \$3,666 below the \$10,609 poverty line for 1984). If this family pays 40 percent of its monthly income — a common proportion — for rent, it is left with \$347 per month, out of which it will need \$336 to eat, according to a 1984 U.S. Department of Agriculture estimate of the expenses for a low-cost food plan.<sup>26</sup> This leaves the family with eleven dollars a month with which to pay for clothing, transportation, medical care, child care, school fees, utilities, telephone, furniture, and other needs, except that the federal government will take seven of those eleven dollars in taxes.<sup>27</sup>

### II. *The Costs of Child Poverty*

Shamal Jackson was born in New York City on September 28, 1984 and died on May 20, 1985. He weighed four and a half pounds at birth, and several days later contracted a virus which left him brain-damaged, blind, and deaf. He was discharged from the hospital on December 24, 1984, weighing seven pounds, disabled but basically healthy. When he died five months later he still weighed seven pounds. During his short life he never slept in an apartment or house. His family was always homeless. He slept in shelters, welfare hotels, hospitals, the city welfare office, and riding the subways late at night. He died of a virus, complicated by an infection and his generally frail condition. As Robert Hayes of the Coalition for the Homeless said, "Shamal died because he didn't have the strength to resist the system's abuse."<sup>28</sup>

The fact that child poverty exists is tragic in and of itself, yet the specific impact of child poverty demonstrates even more clearly why this uniquely compelling problem deserves the focused and ongoing attention of national leaders. Increasing child poverty means a greater likelihood of infant death, more malnutrition, more homelessness, less health care, poorer education, and greater despair and loss of dignity as opportunities and options for poor youths are foreclosed.

The consequences of child poverty can begin even before birth. In order for a child to be born healthy, its mother must receive early and continuous prenatal care and nutrition.<sup>29</sup> But a poor child's chances for a healthy start are far lower than those of other children.

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26. Family Economics Research Group, Agricultural Research Service, U.S. Dep't of Agriculture, *Cost of Food at Home*, FAM. ECON. REV. 26 (Oct. 1984).

27. CDF calculations.

28. See N. Y. Times, Dec. 20, 1985, at B1, col. 1.

29. See INSTITUTE OF MEDICINE, PREVENTING LOW BIRTHWEIGHT (1985).

Poor women are the least likely to receive sufficient prenatal care.<sup>30</sup> Babies born to mothers who do not receive prenatal care are three times more likely to be low-birthweight babies,<sup>31</sup> and low-birthweight babies are twenty times more likely to die in infancy.<sup>32</sup> In 1983, for the third year in a row, the percentage of women receiving no prenatal care or only late prenatal care (that is, only during the last trimester of pregnancy) rose, after declining for a decade.<sup>33</sup>

Our nation's progress in reducing infant mortality has slowed down, dropping from a 5 percent average annual rate of improvement in the 1970s to a 3 percent average annual rate between 1981 and 1983.<sup>34</sup> As the death rates among infants are highest for the poor, this reflects, in particular, a slowdown in improvement for black infants, who are disproportionately poor.

The death rate for infants between twenty-eight days old and one year of life, "postneonatal mortality," is in part a function of a society's medical technology and public health and sanitation (as are death rates for infants under twenty-eight days old). But postneonatal death rates also reflect the general quality of a child's environment — the community's ability and willingness to provide housing and nutrition, timely medical care, and other basic needs. America's postneonatal mortality — deaths of babies like Shamal Jackson — has risen for two years in a row, from 1982 to 1983, and from 1983 to 1984 (according to provisional data), by about 9 percent overall.<sup>35</sup> It is reflected in an observation made by a social worker in Chicago's Grand Boulevard neighborhood: "For children to die is part of the lifestyle."<sup>36</sup>

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30. *Id.* at 18.

31. OFFICE OF THE ASSISTANT SECRETARY FOR HEALTH AND SURGEON GENERAL, PUBLIC HEALTH SERVICE, U.S. DEP'T OF HEALTH, EDUCATION AND WELFARE, *HEALTHY PEOPLE: THE SURGEON GENERAL'S REPORT ON HEALTH PROMOTION AND DISEASE PREVENTION: 1979*, at 3-6 [hereinafter *HEALTHY PEOPLE*].

32. *HEALTHY PEOPLE*, *supra* note 31, at 3-5; *see also* INSTITUTE OF MEDICINE, *supra* note 29, at 19.

33. D. HUGHES, K. JOHNSON, J. SIMONS & S. ROSENBAUM, *THE HEALTH OF AMERICA'S CHILDREN: MATERNAL AND CHILD HEALTH DATA BOOK 274* (1986) [hereinafter cited as *HUGHES*]. In addition, between 1982 and 1983 the percentage of American infants born at low birth weight (weighing 5.5 pounds or less) increased slightly. For white infants, this was the first increase in eighteen years. *Id.* at 4-5. Data from NATIONAL CENTER FOR HEALTH STATISTICS, U.S. DEP'T OF HEALTH AND HUMAN SERVICES, *MONTHLY VITAL STATISTICS REPORT, ADVANCE REPORTS OF FINAL MORTALITY STATISTICS, 1983* (Sept. 26, 1985). 1983 is the most recent year for which full data on prenatal care are available.

34. *HUGHES*, *supra* note 33, at 269. These calculations are also based on data from the National Center for Health Statistics.

35. *Id.* at 3, 271.

36. *TIME*, Jan. 13, 1986, at 11.



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In 1979 the Surgeon General of the United States set goals to be reached by 1990 for such public health indicators as infant mortality.<sup>37</sup> Although the goals were modest ones, based on the progress made from 1978-1983 only three states are projected to reach the postneonatal mortality goal by 1990.<sup>38</sup> Thirty-two states are not improving rapidly enough to meet the goal by the target date.<sup>39</sup> Thirteen states are actually moving in the wrong direction.<sup>40</sup>

Every youngster needs ongoing health care. But many families cannot afford to take their children to the doctor on a regular basis, and thus do so only in extreme emergencies.<sup>41</sup> One in ten poor children (and one in seven Hispanic children) under the age of two will not see a physician even once during an entire year.<sup>42</sup>

One reason for the inadequate health care received by poor children is their lack of insurance coverage. One in every eight poor American children has no health insurance, either public or private.<sup>43</sup> Another one in five is insured for only part of each year.<sup>44</sup>

Every child needs food to survive and to develop physically and mentally. But in the otherwise affluent America of the 1980s, hunger and malnutrition have re-emerged as major problems among our children.<sup>45</sup> The Physician Task Force on Hunger reported widespread hunger among poor children in all the geographic areas it studied last year.<sup>46</sup>

Every child needs to grow up in a caring, protective, and secure environment. For the growing number of children with working parents, this need includes access to decent out-of-home child care.

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37. OFFICE OF DISEASE PREVENTION AND HEALTH PROMOTION, U.S. DEP'T OF HEALTH, EDUCATION AND WELFARE, PUBLIC HEALTH REPORTS, PUBLIC SERVICE HEALTH IMPLEMENTATION PLANS FOR ATTAINING THE OBJECTIVES FOR THE NATION 24-25 (Sept./Oct. 1983). See also HUGHES, *supra* note 33, at xix, 43-44.

38. HUGHES, *supra* note 33, at 8, 282.

39. *Id.* at 282.

40. *Id.*

41. Butler, Winter, Singer, & Wenger, *Medical Care Use and Expenditures Among Children and Youth in the U.S.: An Analysis of a National Probability Sample*, 76 PEDIATRICS 495, 495 (1985).

42. *Id.* at 498-99.

43. *Id.* at 499.

44. *Id.*

45. One recent study done in Chicago's Cook County Hospital found that 30 percent of all children coming to the hospital's emergency room had abnormally low rates of growth, and that almost half of those children suffered from malnutrition. *Review of Studies of the Domestic Hunger Problem and Proposed Solutions: Hearing Before the Subcomm. on Domestic Marketing, Consumer Relations, and Nutrition of the House Comm. on Agriculture*, 98th Cong., 1st Sess. 51-52 (1983) (statement of Dr. Agnes Lattimer).

46. PHYSICIAN TASK FORCE, HUNGER IN AMERICA: THE GROWING EPIDEMIC ix-x-x (1985).

Further, all children should grow up in a home environment free of threatened or actual maltreatment. But today, too many children do not have these basic protections.

Connecticut, for example, reports that fewer than one-third of the children needing day care can be accommodated in licensed facilities.<sup>47</sup> The Association for Children of New Jersey found that close to 250,000 school children age 13 or younger in that state are home alone after school.<sup>48</sup> In addition, in 1984 alone, 1.7 million children were reported abused or neglected, a 40 percent increase since 1981.<sup>49</sup>

Every child needs shelter, and heat in winter. But the dearth of affordable housing has created a new crisis of homelessness among our nation's poor families,<sup>50</sup> a problem that sorely affects their children. While there is a popular perception of the homeless as middle-aged to elderly single men and women, the fact is that many of the homeless are members of families with children. Of the cities surveyed by the U.S. Conference of Mayors in 1985, 85 percent reported increasing numbers of homeless families with children.<sup>51</sup> In 1985, 66 percent of the homeless in New York City's shelters were families with children; families made up more than 40 percent of the homeless in Chicago and Boston.<sup>52</sup>

This shortage of housing not only leaves more children homeless, but also harms those who are not homeless. Millions of poor families who manage to avoid homelessness are being forced to pay ever-greater proportions of their income for rent and heat, which leaves less for food, medical treatment, and other needs. The lack of affordable shelter for poor families with children compounds the problem of malnutrition and inadequate health care.

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47. CHILD DAY CARE SERVICES STUDY COMM'N, STATE OF CONNECTICUT, RECOMMENDATIONS AND REPORT 38 (1985).

48. ASSOCIATION FOR CHILDREN IN NEW JERSEY, JUNIOR LEAGUES OF NEW JERSEY, & GOVERNOR'S COMMITTEE ON CHILDREN'S SERVICES PLANNING, ABANDONED DREAMS: NEW JERSEY'S CHILDREN IN CRISIS (1985), reprinted in *Hearing Before the Subcomm. on Social Security and Home Maintenance Programs of the Senate Comm. on Finance*, 99th Cong., 1st Sess. 223 (1986).

49. AMERICAN HUMANE ASS'N, AMERICAN ASS'N FOR PROTECTING CHILDREN DIVISION, NEWS RELEASE 1 (Nov. 8, 1985).

50. See generally *Homelessness in America: Hearings Before the Subcomm. on Housing and Community Development of the House Comm. on Banking, Finance and Urban Affairs*, 97th Cong., 2d Sess. (1982); *Homelessness in America II: Hearings Before the Subcomm. on Housing and Community Development of the House Comm. on Banking, Finance and Urban Affairs*, 98th Cong., 2d Sess. (1984).

51. UNITED STATES CONFERENCE OF MAYORS, THE GROWTH OF HUNGER, HOMELESSNESS AND POVERTY IN AMERICA'S CITIES IN 1985, at 16, 27 (1986).

52. *Id.* at 27.

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Every child needs a sound education in order to grow into a self-sufficient adult. In addition, employers today generally consider a high school diploma a minimum prerequisite for employment. But too many of our poor children are falling through the cracks of our school system, never graduating from high school. Roughly 14 percent of American children do not complete high school,<sup>53</sup> and poverty is a major reason. Drop-out rates for students from poor families are three to four times greater than those for students from affluent households.<sup>54</sup> Moreover, even those poor children who do graduate face curtailed opportunities in higher education.

Black youths, who are more likely to be economically disadvantaged than others, usually depend more heavily on college student aid (and until recently, on Social Security student benefits) to pursue a college education. Because of cuts in these programs, they are facing an erosion of higher education opportunities. In 1977, 51 percent of white and 50 percent of black high school graduates went on to college.<sup>55</sup> Since then, as the chart below illustrates, the disparity between the percentages of blacks and of whites attending college has grown substantially.<sup>56</sup>

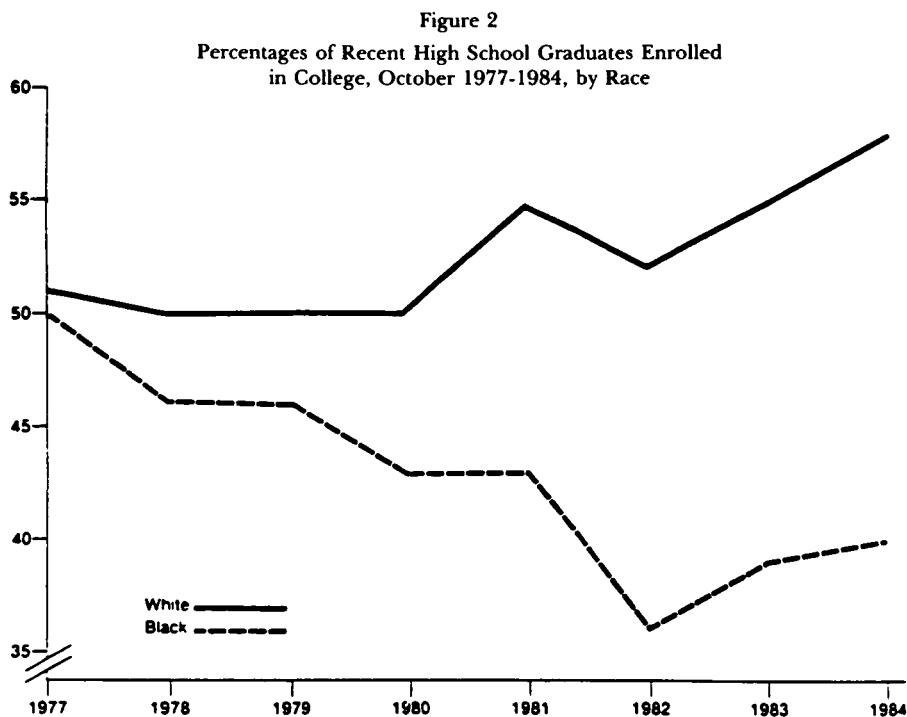
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53. BUREAU OF THE CENSUS, U.S. DEP'T OF COMMERCE, CURRENT POPULATION REPORTS, SERIES P-20, No. 394, SCHOOL ENROLLMENT — SOCIAL AND ECONOMIC CHARACTERISTICS OF STUDENTS: OCTOBER 1983 (ADVANCE REPORT) Table 6 (1984). In 1983, 13.7 percent of individuals aged sixteen to twenty-four were not enrolled in school and were not high school graduates.

54. BUREAU OF THE CENSUS, U.S. DEP'T OF COMMERCE, CURRENT POPULATION REPORTS, SERIES P-60, No. 144, CHARACTERISTICS OF THE POPULATION BELOW THE POVERTY LEVEL: 1982, at Table 13 (1984).

55. BUREAU OF LABOR STATISTICS, U.S. DEP'T OF LABOR, MONTHLY LABOR REVIEW, Vol. 106, No. 8, Table 5 (Aug. 1983).

56. *Id.* These data also provide the basis for Fig. 2.



As he or she matures, every child needs to get first-hand work experience. The availability of employment allows teenagers to earn money, to obtain work experience and to develop skills that can improve future job opportunities. Currently, however, far too many youths are not able to find work. The overall teen unemployment rate in January, 1986 was 18.4 percent,<sup>57</sup> compared to 16.1 percent at roughly the same point in time after the last major recession. The rate among black youths was 41.9 percent in January, 1986.<sup>58</sup> Hispanic teens also face a higher than average rate: 27.3 percent in November, 1985.<sup>59</sup>

Greater child poverty also contributes directly to the lack of self-esteem, motivation, and hope for the future which afflicts so many young people. It is harder for children who live in poverty to feel valued and valuable or to believe that they have a fair chance of succeeding in society. As a result, too many poor teenagers lack the

57. BUREAU OF LABOR STATISTICS, U.S. DEP'T OF LABOR, EMPLOYMENT AND EARNINGS, Vol. 33, No. 1, at 15, Table A-4 (Jan. 1986).

58. *Id.* at 17, Table A-4.

59. *Id.* at 20, Table A-7.

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hope or options that help youths make sound decisions about their future. This is demonstrated by, among other things, the higher incidence of pregnancy among poor teenagers.

Each year half a million Americans give birth while still in their teens;<sup>60</sup> many of these teen mothers are already poor, and are more likely to remain so after they have had a child.<sup>61</sup> A recent study by the Alan Guttmacher Institute compared our nation's alarmingly high adolescent pregnancy rates with the rates in other wealthy countries. According to the Institute, other countries with high teen pregnancy rates are the ones in which, as in the U.S., families at the bottom of the economic ladder get a relatively small proportion of national income.<sup>62</sup>

### III. *Families in Poverty: Unemployment, Wages, and Work*

The working poor work harder and longer than high-status jobholders. . . . [But] they lack the political and cultural power to correct the stereotypes that affluent people hold of them and thus continue to be thought of as lazy, spendthrift, and so on, whatever the empirical evidence . . . .<sup>63</sup>

— Sociologist Herbert Gans

Millions of children remain locked in poverty despite their parents' efforts to earn the income necessary to provide for their most basic needs. Recent government and private sector policies resulting in unusually high levels of unemployment and unusually low wages have increased poverty and made the struggle of poor families harder.

Too many Americans believe that all or most poor people can work but choose not to because welfare benefits are broadly available and generous. The truth is that welfare benefits are outrageously low and are given to a surprisingly small proportion of poor families.

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60. NATIONAL CENTER FOR HEALTH STATISTICS, U.S. DEP'T OF HEALTH AND HUMAN SERVICES, MONTHLY VITAL STATISTICS REPORT, ADVANCE REPORTS OF FINAL NATALITY STATISTICS, 1983, at 14, Table 2 (Sept. 20, 1985).

61. The government does not publish data on births which correlate the age and income of the mother. However, there are statistics which clearly indicate that many teenage births are to poor women; for example, 30 percent of all hospital deliveries involving pregnant teens are paid for by Medicaid. HUGHES, *supra* note 33, at xxi.

62. Jones, Forrest, Goldman, Henshaw, Lincoln, Rosoff, Westoff, & Wulf, *Teenage Pregnancy in Developed Countries: Determinants and Policy Implications*, 17 FAMILY PLANNING PERSP. 53 (1985).

63. H. GANS, MORE EQUALITY 108 (1974).

In addition, the poor are too often treated as a single block. We must stop ignoring the remediable problems of people whose incomes fall at or below the poverty line by lumping them into a catch-all underclass. Most problems of American poverty are not intractable. The majority of the poor move in and out of poverty, as the same events that happen in all families — illnesses, births, deaths, layoffs, raises — increase or decrease their incomes, or as economic conditions and government policies affecting lower-income Americans change.<sup>64</sup> Low-income parents almost universally are people who want to work but get laid off, or can only get part-time or temporary jobs, or are ill, or lack the skills, training, child care, or transportation necessary to hold a job. Or they are people who work and simply are not paid enough. Most poor families in America are trying — against growing odds — to earn the income they need to pull themselves and their children out of poverty.

Among adults who are not disabled or elderly or single parents nurturing children under age six, more than two-thirds of heads of poor households worked either full-time or part-time during all or part of 1984.<sup>65</sup> This included more than half of all single heads of poor households, and a full 80 percent of men who head poor households.<sup>66</sup>

For a growing number of Americans, however, working does not mean escaping poverty. Lower-income children whose parents do work, even full-time, are now much more likely to wind up in poverty than at any other time in the recent past.<sup>67</sup> The stagnation of the minimum wage is one major reason.<sup>68</sup> In the past, it was often increased to keep pace with inflation and provide working families

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64. Data collected by the Panel Study of Income Dynamics at the University of Michigan show that poverty is more short-term but also more widespread than might be expected. The survey started in the mid-60's, and continued until 1980; several researchers analyzed the data. It was summed up as follows:

Thus, the research shows that poverty is experienced as a temporary situation by a large proportion of Americans at some time — nearly one-quarter of the population. It is less common for poverty to be a long-term situation. Poverty persists for as long as 9 or 10 years for a very small proportion of the U.S. population (about 1 percent) but . . . about 5 percent of the population falls into poverty for as many as 5 out of 7 years.

BACKGROUND MATERIAL ON POVERTY, *supra* note 15, at 23. See also G. DUNCAN, YEARS OF POVERTY, YEARS OF PLENTY 40-70 (1984).

65. *Work and Poverty: The Special Problems of the Working Poor: Hearing Before a Subcomm. of the House Comm. on Government Operations, 99th Cong., 1st Sess. 12 (1985)* (statement of Sheldon Danziger and Peter Gottschalk).

66. *Id.* at 8.

67. See *id.* at 134 (statement of Robert Greenstein).

68. The minimum wage is the hourly pay rate that the federal government sets as a minimum for most employment.

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with a subsistence income. But it has been held at the same level, \$3.35/hour, since President Reagan took office, with the result that a minimum wage worker in 1986 is taking home, in real dollars, less than four-fifths of what he or she earned in 1980.<sup>69</sup>

By comparing the declining value of the minimum wage to the inflation-tied rise in the poverty level, the following chart shows how this decline has lowered many American families into poverty.<sup>70</sup> This means that the more than four million American workers who

Table 1

| Year | Hourly Minimum Wage | Annual Earnings For 2,000 Hours Work (50 Weeks of 40 Hours) | Poverty Level (3 persons) | Full-Time Minimum Wage Earnings As Percent of Poverty Level for 3 |
|------|---------------------|---|---------------------------|---|
| 1964 | \$1.25              | \$2,500   | \$2,413                   | 103.6%  |
| 1969 | 1.60                | 3,200   | 2,924                     | 109.4   |
| 1974 | 2.00                | 4,000   | 3,936                     | 101.6   |
| 1979 | 2.90                | 5,800   | 5,784                     | 100.3   |
| 1980 | 3.10                | 6,200   | 6,565                     | 94.4  |
| 1981 | 3.35                | 6,700   | 7,250                     | 92.4  |
| 1982 | 3.35                | 6,700   | 7,693                     | 87.1  |
| 1983 | 3.35                | 6,700   | 7,938                     | 84.4  |
| 1984 | 3.35                | 6,700   | 8,277                     | 80.9  |
| 1985 | 3.35                | 6,700   | 8,589 (est)               | 78.0  |
| 1986 | 3.35                | 6,700   | 8,934 (est)               | 75.0  |

are paid on an hourly basis and earn the minimum wage, and the nearly two million with hourly earnings below the minimum wage,<sup>71</sup> are not making enough money to provide a family with the basic necessities of life. Even in two-parent households with two or more children, one full-time and one half-time minimum-wage job will not be enough to pull the family out of poverty. The parents' combined wages would be 88 percent of the poverty line for a family of four in 1986, down from 119 percent a decade ago and 108 percent

69. See 29 U.S.C. § 206(a) (1982). Inflation adjustment calculation by CDF.

70. BUREAU OF THE CENSUS, U.S. DEP'T OF COMMERCE, STATISTICAL ABSTRACT OF THE UNITED STATES: 1986, at 422, Table 710 (106th ed. 1985); SOCIAL SECURITY ADMINISTRATION, U.S. DEP'T OF HEALTH AND HUMAN SERVICES, SOCIAL SECURITY BULLETIN, 1984-85 ANNUAL STATISTICAL SUPP., at 70, Table 7 (1985).

71. BUREAU OF LABOR STATISTICS, U.S. DEP'T OF LABOR (unpublished data on hourly paid wage workers by age, sex, race and wage rate in 1979 and 1984) (1985). Calculations by CDF.

the year President Reagan took office.<sup>72</sup> The failure to adjust the minimum wage has by itself impoverished such families.

Many other children are poor because their parents can find only part-time employment or cannot find work at all. Unemployment is at historically high levels, given the context of three years of economic "recovery". In December, 1985, thirty-seven months after the end of the 1981-1982 recession, the official unemployment rate was still 6.9 percent.<sup>73</sup> After the same amount of time had elapsed following the last big recession, the official unemployment rate was around 6 percent.<sup>74</sup>

We are seeing higher unemployment rates become the norm. During each recession, unemployment climbs higher than during earlier recessions;<sup>75</sup> then, during each period of recovery, unemployment drops, but not as far as it did during earlier recoveries.<sup>76</sup> Unemployment has now topped 6.5 percent for well over seventy consecutive months, a phenomenon we have not seen since the Great Depression.<sup>77</sup>

#### IV. *Poor Families and Taxes: Adding to the Pain*

Even if family members can find employment, poor and near-poor families which are struggling to survive on meager wages have faced another burden in the 1980s: skyrocketing federal taxes. Every year since 1979, families of four or more making poverty line wages have been subjected to tax increases, not just in dollar amounts, but in the percentage of earnings that the government takes. In 1979, a family of four with earnings at the poverty line paid less than 2 percent of its income in federal Social Security and income taxes.<sup>78</sup> In 1986, that same family, if still earning (inflation-adjusted) poverty line wages, will have nearly 11 percent of its income taken by the

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72. The calculations in the text are derived from the figures in Table 1, *supra* note 70, for a family of three with one worker, compared to the higher poverty line for a family of four and the higher income for a family with one full-time and one part-time worker.

73. BUREAU OF LABOR STATISTICS, U.S. DEP'T OF LABOR, EMPLOYMENT AND EARNINGS, *supra* note 57 (Jan. 1986).

74. BUREAU OF LABOR STATISTICS, U.S. DEP'T OF LABOR, EMPLOYMENT AND EARNINGS Vol. 26 at 26 (Mar. 1979).

75. BUREAU OF LABOR STATISTICS, U.S. DEP'T OF LABOR, BULLETIN 2217, HANDBOOK OF LABOR STATISTICS 8 (1985). See generally 28-33 EMPLOYMENT AND EARNINGS.

76. BUREAU OF LABOR STATISTICS, U.S. DEP'T OF LABOR, BULLETIN 2217, HANDBOOK OF LABOR STATISTICS 8 (1985).

77. *Id.*

78. M. BOURDETTE & J. WEILL, THE IMPACT OF FEDERAL TAXES ON POOR FAMILIES 18 (1985) [hereinafter BOURDETTE & WEILL].



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federal government.<sup>79</sup> Tax rates for single-parent families are even higher.<sup>80</sup> Between 1980 and 1982 alone, the total federal tax drain on America's poor families grew by 58 percent.<sup>81</sup>

During the 1970s, changes were made in the federal tax code that were designed in part to keep taxes on poor families at minimal levels.<sup>82</sup> In 1981, however, when Congress responded to President Reagan's request by enacting the Economic Recovery Tax Act (ERTA),<sup>83</sup> containing the biggest tax reduction the U.S. government has ever made, its revisions gave almost no tax relief to the poor and near poor. By far the largest tax reductions went to the very rich and to large corporations.<sup>84</sup> Because of the failure to adjust the provisions crucial to lower-income families (the personal exemption, the zero-bracket amount, and the Earned Income Tax Credit), the poor were especially burdened as earnings increases that merely kept pace with inflation brought tax increases.<sup>85</sup>

As a result of ERTA's failure to pay any attention to the particular tax needs of the poor and near-poor, many poor families have seen their financial hardships exacerbated rather than relieved by the federal government. Furthermore, this tax policy has pushed hundreds of thousands of other families with low earned incomes down into poverty. Because official poverty rates are figured on the basis of family income before taxes, this is not reflected in the published statistics. The official rates leave out millions of Americans — an estimated 2.1 million members of families with children in 1984 — whose gross incomes are above the poverty line but whose disposable incomes are reduced below the poverty line by federal taxes.<sup>86</sup>

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79. CHILDREN'S DEFENSE BUDGET 1987, *supra* note 7, at 165.

80. BOURDETTE & WEILL, *supra* note 78, at 19.

81. Matsui & Rangel, Tax Policy under Reagan Increases Number of Poor (July 31, 1984) (unpublished press release) (analyzing data provided to Rep. Rangel as Chairman, Subcommittee on Oversight, Committee on Ways and Means, by Bureau of the Census).

82. See, e.g., JOINT COMMITTEE ON TAXATION, FEDERAL TAX TREATMENT OF INDIVIDUALS BELOW THE POVERTY LEVEL 2-3, 9 (June 14, 1985).

83. Economic Recovery Tax Act of 1981, Pub. L. No. 97-34, 95 Stat. 172 (1982).

84. See, e.g., STAFF OF CONGRESSIONAL BUDGET OFFICE, HUMAN RESOURCES AND COMMUNITY DEVELOPMENT DIV. AND TAX ANALYSIS DIV., THE COMBINED EFFECTS OF MAJOR CHANGES IN FEDERAL TAXES AND SPENDING PROGRAMS SINCE 1981, at Table 5 (April 1984); CITIZENS FOR TAX JUSTICE, CORPORATE TAXPAYERS AND CORPORATE FREELoadERS: FOUR YEARS OF CONTINUING, LEGALIZED TAX AVOIDANCE BY AMERICA'S LARGEST CORPORATIONS, 1981-84 (1985).

85. BOURDETTE & WEILL, *supra* note 78, at 8-17. The House and Senate tax reform bills pending as of July, 1986 essentially return poor families' federal tax levels to those of 1979.

86. In 1984, 2.1 million members of families with children fell into this category. Primus, *Domestic Welfare Policy: An Analysis in Light of the Bishops' Letter* 11, Table 5 (Dec. 28, 1985) (unpublished paper). Wendell E. Primus is staff economist for the House

### V. *Declining Federal Help for Children in Poverty*

The America of the 1980s presents us with a cruel paradox: while the rich are getting richer and often are receiving more government help, the poor are getting poorer and receiving less help. The decline in federal assistance for children has made life harsher for many of the thirteen million poor children,<sup>87</sup> and has crippled the efforts of their families to struggle out of poverty.

In 1981 Congress passed and the President signed cuts in federal programs for children and low-income families totalling \$10 billion for 1982 and a roughly equivalent amount for each subsequent year.<sup>88</sup> Among the programs hard hit by these reductions were Medicaid, maternal and child health programs, child immunizations, Aid to Families with Dependent Children (AFDC), food stamps, the Supplemental Food Program for pregnant women, infants and children (WIC), Social Security children's benefits, school lunches and breakfasts, public housing for poor people, and compensatory education to enable disadvantaged youngsters to keep up in school — all programs designed to benefit children, and usually poor children specifically.

In succeeding years, the President has asked for still more cuts in children's programs, cuts that would worsen the damage inflicted by the 1981 legislation.<sup>89</sup> Congress rejected many of Reagan's requests for deeper cuts, choosing instead to make minor reductions in some programs and modest increases or improvements in others. In 1982, for example, although the Administration asked for \$9 billion more in cuts in federal programs for lower-income children and families, Congress cut only \$1 billion.<sup>90</sup> And in 1984, in the face of the President's request for more program cuts, Congress actually added \$1 billion in spending for children.<sup>91</sup>

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Ways and Means Committee, although the paper is not to be considered a document of the Ways and Means Committee.

87. CURRENT POPULATION REPORTS, *supra* note 14, at 21, Table 5.

88. See, Omnibus Budget Reconciliation Act of 1981, Pub. L. No. 97-35, 95 Stat. 357 (1982). Calculation of cumulative spending reductions by CDF. See also CHILDREN'S DEFENSE FUND, A CHILDREN'S DEFENSE BUDGET: AN ANALYSIS OF THE PRESIDENT'S BUDGET AND CHILDREN (1982).

89. See CHILDREN'S DEFENSE FUND, A CHILDREN'S DEFENSE BUDGET: AN ANALYSIS OF THE PRESIDENT'S FISCAL YEAR 1986 BUDGET AND CHILDREN 6, 250-55 (1985) (showing effect of proposals on most programs affecting children for each fiscal year from 1984-86) [hereinafter CHILDREN'S DEFENSE BUDGET 1986]; CHILDREN'S DEFENSE FUND, *supra* note 88, at 171-78 (showing effect of proposal for fiscal year 1983). See also CHILDREN'S DEFENSE BUDGET 1987, *supra* note 7, at 125, 192, 207, 237, 252, 269-270, 282, 297, 307, 313 (1986).

90. CHILDREN'S DEFENSE BUDGET 1986, *supra* note 89, at 15.

91. *Id.* at 11.

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Congress' resistance to more reductions in these programs reflects a recognition by the American people that the cuts in programs for poor children are unfair and short-sighted. But limiting the damage is not enough. If Congress only stops cuts, poor children will continue to lose ground. Even before the 1981 reductions, these programs were not adequate to meet the needs of America's poor children. Due to the growth in child poverty, many more children now need help. And inflation continues to eat into funding levels, so that flat funding for a program still means that there is less available help for the children who need it.

While the cuts in the income and health programs that help Americans weather unemployment and poverty have often been smaller proportionally than reductions in social service and education programs, their impact on families' struggles to survive has been devastating. In part this is because many of the changes were targeted at poor *working* families — those with annual incomes of \$6,000 or \$8,000 — making life as harsh for them as for those with no earned income and removing incentives to work.<sup>92</sup> Other major cuts were aimed specifically at teenagers, withdrawing support for the key period of completing education and making the transition from high school to work.<sup>93</sup>

Since the 1930s, unemployment insurance has been a main means of support for families with working parents who become unemployed. During the 1970s, 40 to 50 percent of the officially unemployed typically received unemployment benefits in any given month.<sup>94</sup> In the 1980s, in part because of cuts in the unemployment programs, the proportion of unemployed Americans receiving this help has plummeted. It reached a record low in October, 1985

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92. *See, e.g.*, Omnibus Budget Reconciliation Act of 1981, Pub. L. No. 97-35, § 2301, 95 Stat 843-44, amending 42 U.S.C. § 602 (1982), limiting to four months duration the disregard of \$30 plus one-third of the remainder of the earned income of an AFDC recipient, a disregard intended to serve as a work incentive and previously available without a time limit.

93. For instance, the Omnibus Budget Reconciliation Act of 1981, Pub. L. No. 97-35, §§ 2311-2312, 95 Stat 852-53 (1982), amending 42 U.S.C. § 606 (1982), restricted the definition of an eligible child in the AFDC program to one under age eighteen or, at the option of the state, age eighteen and a full-time high-school or vocational school student reasonably expected to complete such schooling before turning nineteen; previously states could cover children up to age twenty-one in high school, vocational school or college; *id.* at § 2210, 95 Stat. 841-42, amending 42 U.S.C. § 402 (1982), eliminating Social Security benefits for children aged eighteen through twenty-two in postsecondary schools.

94. CONGRESSIONAL BUDGET OFFICE, PROMOTING EMPLOYMENT AND MAINTAINING INCOMES WITH UNEMPLOYMENT INSURANCE 11 (1985).

when only 25.8 percent of the officially unemployed received benefits.<sup>95</sup>

As a result of high unemployment rates and declining unemployment insurance benefits, as well as declining wages, more families would be expected to turn to AFDC in order to survive. But AFDC has been battered by program cuts as well as by inflation. In 1983, the average monthly AFDC payment per family was \$312.84, 65 percent of that paid fifteen years earlier, after adjusting for inflation.<sup>96</sup> And, because of more restrictive program rules and an increase in the number of poor children, participation rates plummeted. In 1978, seventy-six children were on AFDC for every 100 poor children in the country.<sup>97</sup> By 1984, that ratio had dropped to about fifty-five per 100.<sup>98</sup> This drop means that many more children who need such assistance are not getting it.

Poor families who need Medicaid to meet rising health care costs have faced similar barriers. As services have been reduced and access to care has been constricted, the expenditures on behalf of each recipient child dropped, from \$470.91 in fiscal year 1979 to \$406.08 in fiscal year 1983 in constant (1983) dollars.<sup>99</sup> And with Medicaid as with AFDC, far fewer children are now eligible when contrasted to the growing population of poor children.<sup>100</sup>

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95. BUREAU OF LABOR STATISTICS, U.S. DEP'T OF LABOR, EMPLOYMENT AND EARNINGS, Vol. 32, No. 11, at 9 (Nov. 1985); EMPLOYMENT AND TRAINING ADMINISTRATION, U.S. DEP'T OF LABOR, UNEMPLOYMENT INSURANCE WEEKLY CLAIMS REPORT, Reference Week of Oct. 19, 1985.

96. SOCIAL SECURITY ADMINISTRATION, U.S. DEP'T OF HEALTH AND HUMAN SERVICES, SOCIAL SECURITY BULLETIN, ANNUAL STATISTICAL SUPP., 1984-85, at 254, Table 195 (1985). Calculations by CDF.

97. SOCIAL SECURITY ADMINISTRATION, U.S. DEP'T OF HEALTH AND HUMAN SERVICES, SOCIAL SECURITY BULLETIN, *supra* note 96, at 254, Table 195 (1985), and CURRENT POPULATION REPORTS, *supra* note 14, at 21, Table 15. See CHILDREN'S DEFENSE BUDGET 1987, *supra* note 7, at 354. Calculations by CDF.

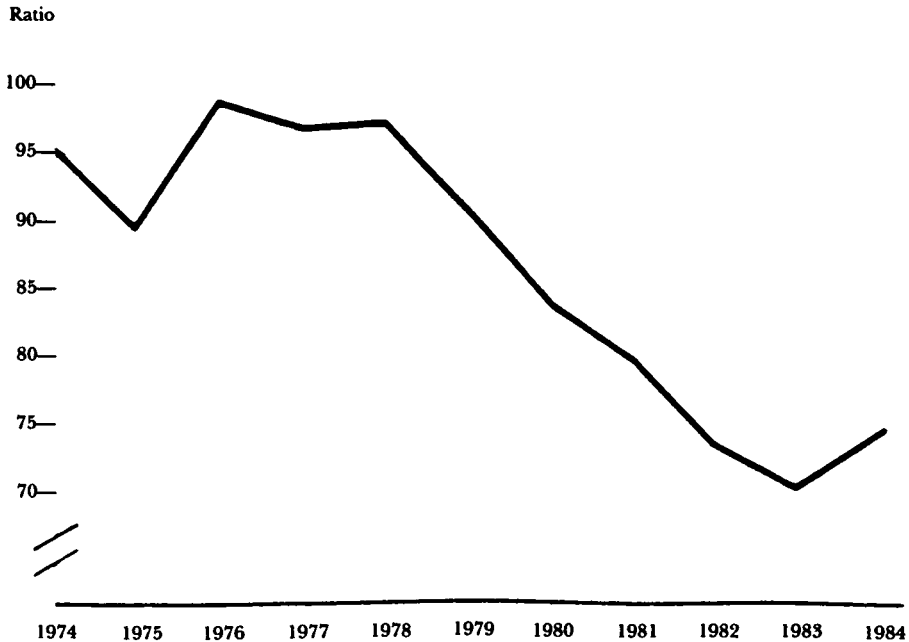
98. *Id.*

99. CHILDREN'S DEFENSE BUDGET 1987, *supra* note 7, at 19.

100. *Id.* at 343.

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Figure 3<sup>101</sup>  
Number of Children Receiving Medicaid per 100 Children  
in Poverty, 1974-1984 (fiscal years)



The one form of federal help to families that has increased consistently in recent years is assistance through tax breaks.<sup>102</sup> However, this form of extensive federal help to families overwhelmingly benefits middle- and upper-income families and does extremely little for poor families who need help the most.<sup>103</sup> Tax subsidies for employer-paid health insurance, owner-occupied housing, and child care are examples of tax breaks that, although designed to help families, are of little or no use to poor families with children.

A tax subsidy for employer-paid health insurance does not help the children of an unemployed parent, nor the children of a worker

101. *Id.*

102. The cost to the federal government of tax breaks for particular types of income or expenses are termed "tax expenditures." For summaries and projections of the total cost to taxpayers for each of many such tax expenditures from 1967 through 1986, see generally CONGRESSIONAL BUDGET OFFICE, TAX EXPENDITURES: CURRENT ISSUES AND FIVE-YEAR BUDGET PROJECTIONS FOR FISCAL YEARS 1982-1986, at 10-35 (1981); for projections for 1983 through 1988, see generally CONGRESSIONAL BUDGET OFFICE, TAX EXPENDITURES: CURRENT ISSUES AND FIVE-YEAR BUDGET PROJECTIONS FOR FISCAL YEARS 1984-1988, at 48-57 (1983).

103. See, e.g., CONGRESSIONAL BUDGET OFFICE, TAX EXPENDITURES: BUDGET CONTROL OPTIONS AND FIVE-YEAR BUDGET PROJECTIONS FOR FISCAL YEARS 1983-1987, at 95-102 (1982).

in a low-paying job without fringe benefits or with health coverage that extends only to employees and not their dependents. Three-quarters of the 35 million uninsured Americans are workers and their spouses and children, who cannot benefit from this tax break.<sup>104</sup>

Tax subsidies for owner-occupied housing<sup>105</sup> do not help a family that is too poor to own a home, or whose income is too low for the tax break to help. From 1979 to 1984, the cost to the federal government of the mortgage interest deduction rose from about \$8 billion to \$23 billion.<sup>106</sup> The federal budget for direct spending authority for lower-income housing programs, however, followed precisely the opposite pattern, falling from \$24 billion to \$10 billion during those years.<sup>107</sup>

The nonrefundable tax credit for child care does not help the infant of a working mother who earns too little to pay any significant income taxes. Yet, the cost to the government of the dependent care tax credit tripled from 1979 to 1985,<sup>108</sup> while federal spending on child care for poor families dropped.<sup>109</sup>

Poor children do not always need more help from federal and state governments than is given to other children. What many poor children need most, but too infrequently obtain, is equal help in a different form — direct assistance rather than assistance in such forms as tax breaks or interest rate subsidies. Yet such direct assistance has been cut drastically during a period of economic turmoil for the poor, while at the same time the federal government has given a huge tax cut to the wealthy. Rising taxes, rising unemploy-

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104. C. Monheit, M. Hogan, M. Berk & P. Farley, *The Unemployed Uninsured and the Role of Public Policy* (Report for the National Center for Health Services Research) (1984).

105. *See, e.g.*, deductions for property taxes and deductions for mortgage interest payments, 26 U.S.C. §§ 163, 164(a)(1) (1982).

106. CONGRESSIONAL BUDGET OFFICE, *TAX EXPENDITURES: CURRENT ISSUES AND FIVE-YEAR BUDGET PROJECTIONS FOR FISCAL YEARS 1982-1986*, at 19 (1981) (\$8.225 billion in 1979); STAFF OF THE JOINT COMM. ON TAXATION, *ESTIMATES OF FEDERAL TAX EXPENDITURES FOR FISCAL YEARS 1984-89*, at 11 (Comm. Print 1984) (estimated at \$23.480 billion in 1984).

107. CHILDREN'S DEFENSE BUDGET 1986, *supra* note 89, at 140.

108. *See* CONGRESSIONAL BUDGET OFFICE, *TAX EXPENDITURES: CURRENT ISSUES AND FIVE-YEAR BUDGET PROJECTIONS FOR FISCAL YEARS 1982-1986*, at 25 (1981); STAFF OF THE JOINT COMM. ON TAXATION, *supra* note 106, at 14.

109. CHILDREN'S DEFENSE BUDGET 1986, *supra* note 89, at 214. The primary source of child care for low-income families is Title XX of the Social Security Act, 42 U.S.C. § 1397 (1982). In 1984, Title XX was funded at \$2.7 billion; in 1979, Title XX had been funded at \$2.991 billion. STAFF OF THE HOUSE COMM. ON WAYS AND MEANS, 98TH CONG., 2D SESS., *BACKGROUND MATERIAL AND DATA ON PROGRAMS WITHIN THE JURISDICTION OF THE COMM. ON WAYS AND MEANS 411* (Comm. Print 1984).

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ment and underemployment, lower real wages, and cuts in federal aid to the poor have contributed to a dramatic widening of the gap between rich and poor.

From 1979 to 1983, while the number of children in poverty was growing, the percentage of such children whose families were living at income levels less than one half of the poverty line was also rising — from 34.9 percent to 42.2 percent. For black children, the rise was even sharper, from 38.5 percent to 50.6 percent.<sup>110</sup> During roughly the same period, from 1980 to 1984, the median family among the richest 10 percent of American families had a real increase in its income of more than \$5,000.<sup>111</sup>

In 1984, the latest year for which such figures are available, the wealthiest 40 percent of U.S. families gathered in the largest share of national income since 1947, leaving the poorest 40 percent and the 20 percent in the middle with their smallest shares since then.<sup>112</sup> Between 1980 and 1984, over \$23 billion in disposable income changed hands from poor and middle-income Americans to the richest 20 percent of the population.<sup>113</sup>

### VI. *The President's Budget, Gramm-Rudman, and Poor Children*

In his 1987 budget, for the sixth year in a row, President Reagan targeted poor children and poor families for huge budget cuts. Children would lose another \$6 billion in fiscal year 1987 alone under that budget.<sup>114</sup> This does not include the more than \$10 billion in low-income housing cuts proposed by the Administration, or Administration proposals to rescind 1986 spending authority which Congress had already passed. Over the five years between 1987 and 1991, children will lose \$33 billion in federal support if the President has his way.<sup>115</sup>

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110. BUREAU OF THE CENSUS, U.S. DEP'T OF COMMERCE, CURRENT POPULATION REPORTS, SERIES P-60, No. 130, CHARACTERISTICS OF THE POPULATION BELOW THE POVERTY LEVEL: 1979, at 33, Table 7 (1981); BUREAU OF THE CENSUS, U.S. DEP'T OF LABOR, CURRENT POPULATION REPORTS, SERIES P-60, No. 147, CHARACTERISTICS OF THE POPULATION BELOW THE POVERTY LEVEL: 1983, at 25, Table 7 (1985).

111. CENTER ON BUDGET AND POLICY PRIORITIES, SMALLER SLICES OF THE PIE: THE GROWING ECONOMIC VULNERABILITY OF POOR AND MODERATE INCOME AMERICANS 2 (1985).

112. *Id.*

113. The Congressional Budget Office found that the cumulative impact of the 1981-1983 tax and spending law changes was to take \$23.1 billion from poorer households (those with incomes under \$10,000/year) and to give \$34.9 billion to richer households (those with over \$80,000/year in income) over the period 1983-1985. STAFF OF CONGRESSIONAL BUDGET OFFICE, *supra* note 84, at Table 4 (April 1984).

114. CHILDREN'S DEFENSE BUDGET 1987, *supra* note 7, at xv.

115. *Id.* at xvii.

At the same time, the President proposes a \$34 billion increase in defense spending in 1987 alone and \$385 billion for the same five year period.<sup>116</sup> The magnitude of the shift of national resources into defense is striking.

Table 2<sup>117</sup>

Real Outlays per Capita (1986 dollars)  
for National Defense and for Programs  
for Low-Income Families and Children  
for 1987-1991, under President's Proposal

| <u>Fiscal Year</u> | <u>National Defense</u> | <u>Low-Income Programs</u> |
|--------------------|-------------------------|----------------------------|
| 1980               | \$ 785.03               | \$507.85                   |
| 1981               | 828.70                  | 516.99                     |
| 1982               | 910.77                  | 456.63                     |
| 1983               | 991.72                  | 466.14                     |
| 1984               | 1,029.60                | 465.66                     |
| 1985               | 1,092.68                | 470.12                     |
| 1986               | 1,100.50                | 464.87                     |
| 1987               | 1,112.07                | 431.07                     |
| 1988               | 1,125.67                | 421.96                     |
| 1989               | 1,163.81                | 411.15                     |
| 1990               | 1,200.85                | 401.10                     |
| 1991               | 1,238.69                | 400.15                     |
| Change             |                         |                            |
| FY 1980-           | +\$ 453.66              | -\$107.70                  |
| FY 1991            | + 57.8%                 | - 21.2%                    |

The proposed military budget increase for 1987 alone exceeds total combined current federal spending for two of the largest federal

116. *Id.* at xvii; OFFICE OF MANAGEMENT AND BUDGET, BUDGET OF THE UNITED STATES GOVERNMENT: FISCAL YEAR 1987, at 5-5 [hereinafter 1987 BUDGET].

117. OFFICE OF MANAGEMENT AND BUDGET, HISTORICAL TABLES, BUDGET OF THE UNITED STATES GOVERNMENT: FISCAL YEAR 1987, at Table 3.3 (1986). Calculations by CDF. *See also* OFFICE OF MANAGEMENT AND BUDGET, SPECIAL ANALYSES, BUDGET OF THE UNITED STATES GOVERNMENT: FISCAL YEAR 1987, at Table A-1 (1986). The figures are in 1986 dollars. National Defense outlays are totals for function 050. Programs for low-income families and children include all outlays for: education, training, and social service (function 500); health care services (subfunction 551), less Medicare; housing assistance (subfunction 604); food and nutrition assistance (subfunction 605); and other income security (subfunction 609). The annual average level of the Consumer Price Index (CPI-W) for 1984 through 1991 is as shown in the fiscal year 1987 budget. U.S. total population estimates are from the U.S. Bureau of the Census. \$14.1 billion in fiscal year 1985 and \$1.8 billion in fiscal year 1986 of low income housing loans are removed from function 604. These loans are treated as direct outlays in the fiscal year 1986 budget documents for technical reasons related to the tax changes passed the preceding year. They do not include any new funds for housing or any new guaranteed loans.



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programs for the poor, food stamps and AFDC — programs which the President proposes to cut by \$591 million in 1987.<sup>118</sup>

Despite the ominous public health trends for pregnant women and babies noted above, the President also proposes to cut Medicaid again, this time by about \$1.2 billion for 1987.<sup>119</sup> In spite of the recent return of widespread hunger and malnutrition, the President has proposed to cut child nutrition programs by \$770 million or 16.7 percent,<sup>120</sup> and food stamps by \$313 million.<sup>121</sup> In the face of homelessness reaching crisis proportions, the Administration proposes to end the Emergency Food and Shelter Program, which has helped the homeless and hungry with \$300 million since 1983.<sup>122</sup> The President wants to eliminate about one-quarter of current assistance to students in higher education,<sup>123</sup> and nearly 50 percent of the total funds for the Job Corps and summer jobs for youth.<sup>124</sup> Among other proposed budget reductions are cuts in funding for Head Start, child care, low-income housing assistance, handicapped education, and juvenile justice programs.<sup>125</sup>

While programs for poor children get less money than they need, the Pentagon cannot spend all its money fast enough. During the period between fiscal year 1982 and fiscal year 1985, the Pentagon received at least \$18.1 billion more spending authority than it needed to pay for even the long list of costly programs approved by Congress. This surplus resulted from the Pentagon's overestimate of inflation, coupled with its request for 30 percent more than its inflation estimate.<sup>126</sup> With this \$18.1 billion from a mistake in the Pentagon's ledger, we could restore all the money the President wants to cut from children's survival programs in 1987, and have enough left over to offer the services of WIC, Head Start, and com-

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118. 1987 BUDGET, *supra* note 116, at 5-114.

119. *Id.* at 5-102.

120. CHILDREN'S DEFENSE BUDGET 1987, *supra* note 7, at xvi.

121. *Id.*

122. *Id.* at 206.

123. *Id.* at 233.

124. *Id.* at 248.

125. 1987 BUDGET, *supra* note 116, at 5-86, 5-99 (Head Start); 5-86, 5-98 (child care); 5-113, 5-118-20 (low income housing); 5-86, 5-88 (handicapped education); 3-16 (juvenile justice programs).

126. *Aspin Looks Under Rocks for Pentagon Inflation Dividend*, House Armed Services Committee, News Release, May 20, 1985. See also CONGRESSIONAL BUDGET OFFICE, BUDGETING FOR DEFENSE INFLATION (1986). The \$18.1 billion figure is at the low end of the range of estimates of the unwarranted "inflation dividend." The range is \$18.1 billion to \$50 billion. The Department of Defense estimated the inflation excess at \$28.4 billion. BUDGETING FOR DEFENSE INFLATION, at 1.

pensatory education to every poor child in America who needs them.<sup>127</sup>

There is another near-term threat to the future of American children, however, one that is equal to or greater than President Reagan's budgets. Like the President's last three budgets, his proposals for fiscal year 1987 were pronounced "dead on arrival" by congressional leaders of both parties. But 1986 and ensuing years pose new and unpredictable dangers to children because of Congress' enactment of the Gramm-Rudman legislation.<sup>128</sup> That law drastically changes federal budget procedures in an attempt to eliminate the budget deficit in five years. It does so in such a way as to seriously endanger funding for federal programs which are vital to the lives and well-being of low-income children, youth, and families.

Gramm-Rudman requires Congress and the President to come up each year with budgets that meet steeply declining annual deficit targets. It originally provided that if Congress and the President fail to agree on enough new budget cuts and tax increases by the beginning of the fiscal year, there would be automatic across-the-board spending reductions sufficient to comply with the deficit targets. Half of these automatic budget cuts would fall on defense and the other half on the non-defense domestic budget. Although the particular automatic cutting procedure of the original law was recently found unconstitutional by the Supreme Court,<sup>129</sup> proponents of the legislation are seeking the enactment of a new automatic budget-cutting process. Any such process imperils poor children.

While some may think that Gramm-Rudman protects the poor, only ten of the more than fifty low-income programs are protected from the bill's budget buzzsaw.<sup>130</sup> Such programs as Head Start, Compensatory Education (Chapter I), child care under the Social Services Block Grant, the Maternal and Child Health Block Grant, Child Welfare Services, summer youth employment, immunizations, family planning, mental health services, and bilingual education would all suffer cuts.<sup>131</sup> Each of these programs, along with many others, has already suffered a 4.3 percent reduction under Gramm-

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127. Data from CONGRESSIONAL BUDGET OFFICE, BUDGETING FOR DEFENSE INFLATION (1986); calculations by CDF.

128. Balanced Budget and Emergency Deficit Control Act of 1985, Pub. L. No. 99-177, §§ 200-275, 99 Stat. 1038-1101.

129. *Bowsher v. Synar*, — U.S. — (1986), 54 U.S.L.W. 5064 (U.S. July 7, 1986) (No. 85-1377).

130. Balanced Budget and Emergency Deficit Control Act of 1985, Pub. L. No. 99-177, § 255(g), 99 Stat. 1085.

131. *Id.* at §§ 252, 255-56, 99 Stat. 1072-1078, 1082-1091.

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Rudman in 1986 — \$47 million taken from disadvantaged and minority children learning how to learn in Head Start, \$21 million taken from poor pregnant mothers and children receiving health care through the Maternal and Child Health Block Grant, \$159 million taken from youngsters trying to catch up in school through Chapter I compensatory education, and millions taken from each of dozens of other programs serving needy children and families.<sup>132</sup>

Even if attempts to reestablish an automatic budget reduction process fail, programs for low-income children may be particularly vulnerable as Congress strives to meet the Gramm-Rudman deficit targets. Children are in peril not so much because Congress will accept all of the President's recommendations for budget cuts, but because Congress may accept more of the Reagan proposals than otherwise, in order to meet the deficit targets. And in this process of hunting for budget savings, even those few programs sheltered from Gramm-Rudman's automatic spending reductions may not be safe. Slashing federal programs indiscriminately, regardless of how badly the programs are needed or what the consequences of the cuts will be, will in both the short and long terms endanger not just poor children but all of us.

The President's rhetoric and his budget tell us that it is more blessed to judge than to help the poor; that private charity is an adequate substitute for public justice; that daily AFDC payments averaging \$3.87 per family member<sup>133</sup> encourage dependency, but daily federal payments of \$137 to each tobacco grower do not;<sup>134</sup> that it is proper for government to subsidize through the tax system corporate lunches and private jets to Super Bowl games but improper for government to subsidize child care to help millions of poor working mothers escape welfare; that spending millions of dollars on golf outings and sports tickets and barber shops for defense contractors<sup>135</sup> is a more justifiable national security expenditure than compensatory education for disadvantaged children; that more government support for rich families makes those families stronger

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132. CHILDREN'S DEFENSE BUDGET 1987, *supra* note 7, at 68; *see also* 51 Fed. Reg. 1918 (Jan. 15, 1986) (Office of Management and Budget & Congressional Budget Office, Sequestration Report for Fiscal Year 1986 — A Joint Report to the Comptroller General of the United States).

133. SOCIAL SECURITY ADMINISTRATION, U.S. DEP'T OF HEALTH AND HUMAN SERVICES, MONTHLY BENEFIT STATISTICS, 1985, at 10, Table 12. Calculations by CDF.

134. Many tobacco growers receive the maximum annual subsidy of \$50,000, or \$136.99 per day. *See* 1987 BUDGET, *supra* note 116, at I-E39.

135. *Contractors Charge DOD to Cut Hair, Burnish Image*, House Armed Services Committee News Release, Apr. 29, 1985, at 2-3.

while more government help for poor families weakens those families; that it is acceptable to let poor children die today from deprivation and poverty in America in order to save them tomorrow from foreign threats; and that a child's right to life consists solely of birth and does not include the right to adequate prenatal and nutritional care before birth, or survival, health, housing, and family support after birth. Such perverse values provide no foundation on which to build a worthwhile future for ourselves and our children.

## VII. *Building our Future: Programs that Work*

The problems of child poverty in America are not insoluble. In many ways they are not particularly difficult, or particularly expensive, to solve. We know some of the solutions from our own experiences in this country. We know others from the experience of other countries: virtually every wealthy western country suffers much less from child poverty and its consequences than we do. We know the way, but we need the will.

Tragically, many of our leaders today lack that will. They urge us to abandon our efforts to help our neediest children because poverty did not disappear after we funded a few government programs to address the problem in past decades. These leaders ignore the limited nature of our past efforts to help poor children. Our country has not yet made a long-term, concentrated effort to eliminate poverty through jobs or income supplements. The notable exception has been efforts to help the elderly, whose poverty has been successfully and drastically reduced through Social Security and Supplemental Security Income.<sup>136</sup> For poor children and families, however, we have created a network of marginal programs — marginal because each serves a very limited group of the poor, often only in a limited way, and because they are almost never adequately funded. One program will provide food for some of the poor, another medical care for others; one will supply compensatory education in some school years but not others; another will furnish housing assistance to some of the poor, and yet another child care for a few lucky low-income recipients.

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136. Between 1959 and 1974 the incidence of poverty among the aged was cut by more than half, from 35.2 percent to 14.6 percent. Since 1974 the poverty rate of the aged has remained around 15 percent, dipping in 1977 and 1978 to 14.1 and 14 percent respectively. Part of the reason for the maintenance of the poverty rate for this group at this level, despite numerous changes in the economy, is that social security was indexed for inflation and supplemental social security was introduced beginning in 1974.

BACKGROUND MATERIAL ON POVERTY, *supra* note 15, at 46.

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Of course some anti-poverty programs, like any major worthwhile social effort, have had failures. What corporation has not produced bad products? How many defense duds such as DIVAD and the M1 tank have American tax dollars supported? Even the space program, a costly federal effort to which our society rightly remains committed, has faced major setbacks in the quest to explore other worlds. If we took the same patient and positive attitude in the realm of social policy that we do in other arenas, we would not be confronted by a defeatism that is at odds with our nation's customary determination to keep attacking a problem until it is solved. Instead of conceding defeat prematurely, we should learn from our failures, try new approaches, and build on our successes.

The successes on which we can build are solid and inspiring. Despite their limits, most of the public programs for children and youth — programs started during both Republican and Democratic administrations, under Presidents Madison, Lincoln, Taft, Wilson, Harding, Eisenhower, Nixon and Carter, as well as Roosevelt and Johnson — have worked well. Through them, we transformed the lives of millions of children from despair to hope, from sickness to health, from ignorance to learning. Instead of being defensive, we should be proud that we did so much with so little, and that our society does have the compassion, the instinct for justice, the common sense and the will to salvage the lives of millions of our children.

In 1963, before the creation and expansion of several federal public health programs, only 63 percent of pregnant women in America began prenatal care in the first trimester of pregnancy.<sup>137</sup> By 1979, due in significant part to federal social programs, that figure had risen to 76 percent.<sup>138</sup> Federal programs contributed to the substantial drop in the infant mortality rate. In the fifteen years after Medicaid began, black infant mortality dropped 49 percent, more than nine times the rate of improvement during the preceding fifteen years.<sup>139</sup> Many studies of the WIC program show unequivocally that the program increases birthweight of infants, reduces premature births, and reduces neonatal infant mortality.<sup>140</sup>

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137. CHILDREN'S DEFENSE BUDGET 1987, *supra* note 7, at 108.

138. HUGHES, *supra* note 33, at 273.

139. *Id.* at 269. Medicaid began in 1965, with the Social Security Amendments of 1965, Pub. L. No. 89-97, 79 Stat. 286 (codified as amended at 42 U.S.C. § 1396a (1982)).

140. See, e.g., INSTITUTE OF MEDICINE, *supra* note 29; Kotelchuk, Schwartz, Anderka & Finison, *WIC Participation and Pregnancy Outcomes: Massachusetts Statewide Evaluation Project*, 74 AM. J. PUBLIC HEALTH 1086 (1984); Kennedy & Kotelchuk, *The Effect of WIC Supple-*

Poor children enrolled in Head Start and similar comprehensive pre-school programs score better on standardized tests than their peers, achieve more in school, and are less likely to be absent, fail a grade, drop out, or need special education classes. They are also more likely to finish high school, continue education beyond high school, and find employment.<sup>141</sup> Although we gave compensatory education to fewer than half of those who needed it, we eliminated 40 percent of the gap in reading achievement between black and white elementary school children in the 1970s.<sup>142</sup>

In part due to the existence of federal financial aid programs for poor students, black and white high school students were entering college at equal rates by 1977.<sup>143</sup> As noted above, when these programs were cut, the statistical disparity increased sharply.

The goal of extending needed poverty programs and services to all poor children is well within our reach. Our nation could lift every poor family in the country out of poverty for \$30.1 billion, or seven-tenths of one percent of the 1986 Gross National Product.<sup>144</sup> Such an investment in our children would yield long-term savings to our society, as some government officials have recognized. For instance, a bipartisan staff report of the House Select Committee on Children, Youth and Families said in 1985 that we have

proof of our ability to improve the lives of millions of vulnerable American children, while reducing the need for later and more costly expenditures.

The fact is that we already know enough to use public policy to benefit children, and do so in a way that returns funds to the federal treasury. We have been able to reduce infant mortality, overcome early learning deficiencies, and provide early educational access for handicapped children. . . .

By not reaching out to the [millions of] unserved children, we are foregoing opportunities for new successes as well as burdening future taxpayers with more costly public expenditures.<sup>145</sup>

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*mental Feeding on Birth Weight: A Case-Control Analysis*, 40 AM. J. CLINICAL NUTRITION 579 (1984); Edozien, Switzer & Bryan, *Medical Evaluation of the Special Supplemental Food Program for Women, Infants and Children*, AM. J. CLINICAL NUTRITION 677 (1979).

141. Reece, *Head Start at 20*, 14 CHILDREN TODAY 6-7 (Mar.-Apr. 1985).

142. Lapointe, *The Good News About American Education*, PHI DELTA KAPPAN 663, 665 (June 1984).

143. See *supra* note 55 and accompanying text.

144. CURRENT POPULATION REPORTS, *supra* note 14, at 30, Table 19 (7,277,000 families in poverty times a mean poverty deficit of \$4,141 per family is \$30.1 billion in 1984 dollars). OMB estimates 1987 calendar year GNP at \$4,629 billion in 1987 dollars, or \$4,150 billion in 1984 dollars, adjusting for OMB's estimates of the Consumer Price Index (CPI-W) in 1984-1987. 1987 BUDGET, *supra* note 116, at 2-24.

145. STAFF OF HOUSE SELECT COMM. ON CHILDREN, YOUTH AND FAMILIES, 99TH CONG., 1ST SESS., OPPORTUNITIES FOR SUCCESS: COST-EFFECTIVE PROGRAMS FOR CHIL-

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We waste financial and human resources when we cut or freeze preventive health care and nutrition programs for pregnant women and for children. We waste lives and potential when hundreds of thousands of pregnant women receive late or no prenatal care, or when five-sixths of the children needing Head Start do not get to participate in the program. Studies show that for every dollar we invest in early and continuous prenatal care through Medicaid, Title V and other programs — thereby decreasing infant mortality and increasing average birth-weight — we save anywhere from three to ten dollars in the costs of medical care after birth and of institutional care for some of the babies who would have been born handicapped.<sup>146</sup>

Every dollar we invest in the WIC program saves as much as \$3 in short-term hospital costs, and more over the long term.<sup>147</sup> Every dollar invested in Head Start and similar pre-school programs will result in \$7.00 in savings to society because of lower special education costs, fewer grade retentions, lower welfare costs and higher worker productivity.<sup>148</sup> Every dollar invested in quality pre-school education for handicapped children saves three dollars in later special education costs.<sup>149</sup> Compensatory education, which costs about \$600 per year per student,<sup>150</sup> can save us more than the \$3,400 we spend when a student has to repeat a grade.<sup>151</sup> Since students who repeat grades are more likely to drop out<sup>152</sup> or get pregnant,<sup>153</sup> society's stake in the preventive measures is particularly great. Every dollar invested in the Job Corps yields an economic return of \$1.46 to society, and pays back the investment in just three years.<sup>154</sup>

America cannot afford national budget policies that leave unserved 82 percent of the children who need Head Start,<sup>155</sup> more

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DREN 3 (Comm. Print 1985) [hereinafter cited as SELECT COMM. ON CHILDREN, YOUTH AND FAMILIES].

146. *Id.* at 5.

147. *Id.* at 5-8.

148. J. BERREUTER-CLEMENT, *CHANGED LIVES: THE EFFECTS OF THE PERRY PRE-SCHOOL PROGRAMS ON YOUTHS THROUGH AGE 19* (Monograph of the High/Scope Educational Research Foundation No. 8, 1984).

149. SELECT COMM. ON CHILDREN, YOUTH AND FAMILIES, *supra* note 145, at 27.

150. CHILDREN'S DEFENSE BUDGET 1987, *supra* note 7, at 27, 228, 237, 368-370.

151. NATIONAL EDUCATION ASSOCIATION, *ESTIMATES OF SCHOOL STATISTICS, 1984-85*, at 23 (1985).

152. Rock, *Who Drops out of School? Findings from a National Study* (Report for the Educational Testing Service) (1985).

153. Peter Morrison, Rand Corp., unpublished analysis of data from *High School and Beyond*, United States Dep't of Education (1983).

154. SELECT COMM. ON CHILDREN, YOUTH AND FAMILIES, *supra* note 145, at 30.

155. CHILDREN'S DEFENSE BUDGET 1987, *supra* note 7, at 303.

than 50 percent of the mothers and babies who need WIC,<sup>156</sup> 48 percent of those who need compensatory education,<sup>157</sup> 54 percent of those who need Medicaid,<sup>158</sup> and 24 percent of those who lack early prenatal care.<sup>159</sup> Nor can we afford to ignore epidemic teen pregnancy and the lack of hope and future employment opportunities that fuel it. In 1983 alone, the number of babies born to teenagers was as large as the population of Denver or Atlanta.<sup>160</sup> How will the parents of these new babies get the skills or the jobs to be self-sufficient if we continue to slash youth employment, training, and education programs? How can we convince youths to delay pregnancy and parenthood if they have no economic future to protect?

There is no simple answer or single solution to the current problems of American children. Family disintegration, hardship, and poverty have multiple causes and require multiple remedies. Government is not the only answer, but it is an important part of any answer.

A generation ago, our nation set goals of equal opportunity, greater fairness, and the elimination of poverty. More recently, the focus has changed to strengthening the family, increasing national security and limiting the size of government. Public investment in children, including a strong role for the federal government, is necessary to reach any of these goals.

Without prenatal care, adequate child nutrition, a broadened Head Start program, compensatory education, enough jobs at decent wages, and adequate income supports, major reductions in the extent and effects of child and family poverty will be virtually impossible to achieve. And, as long as there is substantial child poverty, we cannot have equal opportunity or greater equality. Without major reductions in child poverty, however, we also cannot sustain economic growth, maintain our society's strength, or preserve the family. Ironically, without reducing child poverty we cannot even limit the size of government, since cost-effective programs are

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156. *Id.* at 186.

157. *Id.* at 110; *See also* ROBERT WOOD JOHNSON FOUNDATION, UPDATED REPORT ON ACCESS TO HEALTH CARE FOR THE AMERICAN PEOPLE, SPECIAL REPORT No. 1 (1983).

158. CHILDREN'S DEFENSE BUDGET 1987, *supra* note 7, at 349; HUGHES, *supra* note 33, at 5, 38, 273.

159. HUGHES, *supra* note 33, at 273.

160. In 1983, 500,000 babies were born to teenage mothers. Over 90,000 of these were to mothers sixteen years old or younger. NATIONAL CENTER FOR HEALTH STATISTICS, U.S. DEP'T OF HEALTH AND HUMAN SERVICES, MONTHLY VITAL STATISTICS REPORT, ADVANCE REPORTS OF FINAL NATALITY STATISTICS: 1983, Vol. 34, No. 6, Supp., Sept. 20, 1985, at 14, Table 2; BUREAU OF THE CENSUS, U.S. DEP'T OF COMMERCE, STATISTICAL ABSTRACT OF THE UNITED STATES 1986, at 16, Table 19 (Dec. 1985).



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needed both to help poor children today and to save us money tomorrow.

Building the future requires us to confront child poverty as a society, in concerted ways, over the long term. This is not an old idea or a new idea, a liberal or a conservative cause, or a Republican or a Democratic agenda. It is a necessity.