

## 1 Children in poverty: Developmental and policy issues

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*Aletha C. Huston*

Until recently, 7-year-old Justin Coles received little treatment for recurring ear infections that might create permanent hearing loss. Justin's mother works part-time as a nurse's aide, and her husband, a laid-off steelworker, paints houses. Their combined income of \$13,000 falls below the federal poverty level for a family of five, but it is too high for the family to qualify for Medicaid in Pennsylvania. Mrs. Coles described their dilemma as a choice between medical treatment for Justin and having food on the table or a roof over their heads. Justin is fortunate to be covered by a privately sponsored health insurance program for children of the working poor, but many of the 37 million people in the country without health insurance are not so lucky (Dunn, 1989).

Alain Cooper spent his childhood in his native Harlem living "most of the time" with his mother and several of his eight brothers and sisters. When he was about 7 years old, his mother was imprisoned, and there was no one to care for the family. Finally, Connie, a 20-year-old friend, and her boyfriend took in five of the boys and one pregnant girl, attempting to support them. Ultimately, the boyfriend left, and Connie became a "street girl." The children were left alone for days at a time, and there was no money for food or rent even though their father and mother both sent money to Connie. Alain began working in the back of a bar at age 11, but he was never paid so he learned to help himself to the contents of the cash register (Williams & Kornblum, 1985, pp. 17–19).

Alma is a 9-year-old Mexican-American girl who is in foster care with an Anglo foster mother. She was referred for therapy "after she had been severely physically abused by her stepfather, Javier, a Nicaraguan exile who lived with the family for one year. . . . He punished her brutally over a period of three days, breaking an arm and ribs and burning her palms by holding them over a stove burner. . . . [Her] hands were severely scarred, and she wore mittens throughout her therapy to keep scar tissue from constricting the extension of her fingers." Alma sometimes denied that she was Hispanic, identifying her mother and Javier as Hispanic and "bad." After a year of therapy, she was more comfortable with her ethnicity, and her fear and anger seemed to be at manageable levels (Ramirez, 1989, pp. 243–244).

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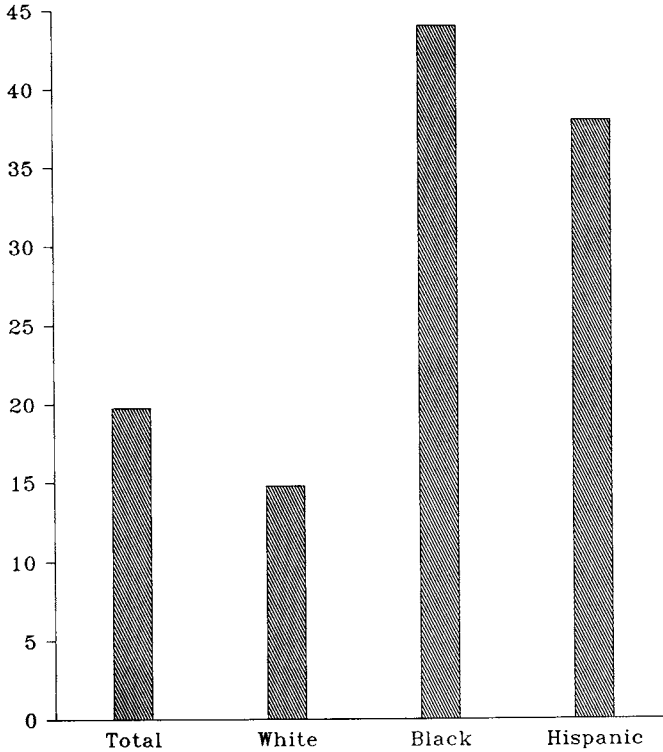


Figure 1.1a. Percentage of children living in families with incomes below the poverty line by ethnic group. From "Poverty Drops Slightly in 1988 but Continues to Rise for Young Children and Young Families" by the Children's Defense Fund, December 1989, *CDF Reports*, 11(5), pp. 1, 4.

These children represent a few of the many faces of poverty in the contemporary United States. Even a casual consumer of the mass media is aware that their numbers are high. During much of the last two decades, poverty among U.S. children has been on the rise, reversing the downward trend that had occurred from the 1950s to the early 1970s. In 1985, 20% of all children lived in families with incomes below the official poverty level; 41% of all black children and 37% of all Hispanic children lived in poverty (Burtless, 1986; Duncan, this volume; Moynihan, 1986; U.S. Department of Education, 1988). By 1988, the rate had dropped to 19.2% for all children; among children under age 3, it was 23.3% (Children's Defense Fund, 1989). These trends are illustrated in Figure 1.1. Children now experience higher rates of poverty than do elderly adults or adults in general. Poverty is also more prevalent for children in the United States than for those in most other industrialized nations (Duncan, this volume; Smeeding & Torrey, 1988).

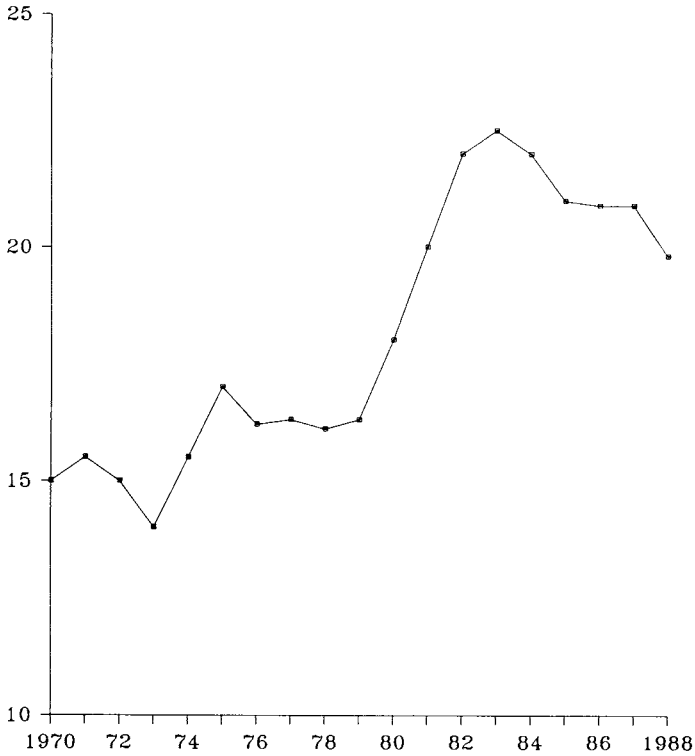


Figure 1.1b. Percentage of children living in families with incomes below the poverty line from 1970 to 1988. From "Poverty Drops Slightly in 1988 but Continues to Rise for Young Children and Young Families" by the Children's Defense Fund, December 1989, *CDF Reports*, 11(5), pp. 1, 4.

### **Why, how, and what can be done?**

This book addresses three sets of questions. First, why are so many children growing up in poor families? How and why has the economic status of families with children deteriorated in the last 20 years? What social and economic forces account for the high rates of children's poverty (and by implication might be altered to reduce poverty)?

Second, what are the effects of poverty on children's physical, cognitive, social, and emotional development? Why do these effects occur? How do these effects vary (or remain the same) for children in persistent and transitory poverty?

Third, what role can public policy and policy research play in preventing or alleviating the damaging effects of poverty on children? What are the goals of public policies affecting families, and how do they mesh with predominant social values? When is it most effective to raise family income, and when are

such intensive human services as educational programs, health centers, or family support required to help children overcome the negative effects of poverty? Where do we need more research to provide information guiding policy, and where do we know enough to act? How are policies evaluated? What criteria make sense in evaluating policies for children?

### Child-centered policy analysis

Unlike many other recent analysts of poverty, the authors in this book take a child-centered approach to understanding poverty and to evaluating the possible solutions to children's poverty. Most policy analyses of U.S. poverty either implicitly or explicitly include children as a major target for antipoverty policies. For the most part, however, these discussions, ranging from Murray (1984) to Ellwood (1988) and Wilson (1987), analyze and recommend policies for adults who may also be parents. Mainstream policy analysis, based primarily in economics and political science, usually occurs at a social-economic level dealing with aggregates of adults. Such scholars make the assumption that policies that reduce parents' poverty will also solve the problems of poor children. Although such an assumption is undoubtedly justified in many cases, the interests of children are not always identical to those of their parents.

Children as individuals in their own right are virtually absent from many policy discussions. Commonly used policy categories include such headings as welfare, education, and family policy, but rarely child policy. Gilbert Steiner (1981) observed several years ago that family policy is not child policy. His point is illustrated in a symposium on "family policy" in a 1989 issue of *Policy Studies Review* (Anderson & Hula, 1989). Although children are discussed in several of the articles, even the feminist analyses proceed from the vantage point of the adults who are responsible for children. One result is that policy proposals are often directed primarily to changing parental circumstances (i.e., income) or behavior. Important issues are obscured. For instance, when the family rather than the child is the target such issues as foster care or homelessness among adolescents easily can be neglected.

In this book, we take the child rather than the parent as the focal point of analysis. A child-centered analysis grows naturally out of developmental psychology, child development, and education, disciplines that until recently have been minor voices in the policy arena. Children's healthy development is conceived as a primary goal in its own right. Child-centered analysis leads one to ask about the direct outcomes of policies for children, not just for their parents. It leads one to examine a broad range of developmental outcomes that go well beyond the typical economic criteria of dollars earned or hours worked.

The child-centered point of view is illustrated in Schorr's (1988) *Within Our Reach* and in edited volumes on such topics as child care, family support,

parental leave, and educational interventions (e.g., Lande, Scarr, & Gunzenhauser, 1989; Stevenson & Siegel, 1984; Yogman & Brazelton, 1986; Zigler & Frank, 1988). They begin with what we know about the conditions that promote children's development and proceed to ask how policy can assure that children's basic needs are met.

These two orientations – social-economic and child-developmental – often lead to different questions about policy and different criteria for evaluating policy. Policy analysts and policy makers stress *economic* rationales for policies and programs affecting poor children. The short-term economic goal is to encourage parents to enter and remain in the labor force so that they can generate income by working. For example, welfare reform and child care programs are promoted because they permit mothers to work for pay outside their homes (Phillips, this volume). Conversely, cash or in-kind benefits are criticized on the grounds that they reduce parents' incentives to work.

The bulk of research on welfare reform and income maintenance is devoted almost exclusively to evaluating success in attaining such short-term economic goals. Parental labor force participation and earnings are the primary or sole criteria for success. In the 1980s, welfare reform experiments in different localities defined success or failure almost entirely on the basis of parents' economic self-sufficiency (Gueron, 1987). The debate surrounding the federal welfare reform legislation passed in 1988 was couched in a framework weighing the costs of welfare against the costs of education and training that could lead to employment.

The income maintenance experiments of the 1960s and 1970s were among the most extensive and expensive social experiments ever conducted. Many of the volumes generated by those experiments are devoted to analyzing the effects of income supplements on adults' labor force participation. In some groups, work hours declined, especially among women with children. Interpretations of these patterns dwelt almost entirely on the negative implications of reduced work hours for family income and for the health of the economy. They rarely asked whether there were benefits of reduced maternal employment for the family or for the children (Haveman, 1986; Institute for Research on Poverty, 1976; Kershaw & Fair, 1976; Robins & West, 1980).

A child-centered analysis leads to different questions. For example, do income supplements improve quality of life, particularly for children? Do they improve nutrition, parent-child relations, school motivation, neighborhood safety, or physical health? Some of the findings are suggestive. For example, families often spent their increased income on improving their housing (Kershaw & Fair, 1976). Better housing probably means better schools and safer neighborhoods, both of which could have important consequences for children. People also bought appliances and durable consumer goods, clothes, and in some instances, more food.

Economic assumptions also underlie the view of children as human capital

in whom we should invest for the future. Using this rationale, the goal of public policies that reduce poverty is to produce a healthy, educated work force prepared for the economic challenges of a competitive world in the next generation. Early interventions to promote health and education are justified by their long-term economic payoffs in larger earnings, less welfare dependence, lower prison populations, and other benefits. For instance, preschool education is sometimes evaluated by calculating the increased earnings that will result from higher rates of high school graduation. One result is that an extreme burden of proof is placed on programs for young children; they must achieve more than most other social programs because their outcomes are so far in the future.

Developmental psychologists, educators, and professionals in the human services take a fundamentally different perspective based on *humanitarian, moral, human rights, and social equity* principles. Antipoverty policies are justified on the grounds that children have a right not to be poor, that is, a right to grow up with reasonable levels of physical and emotional protection and comfort. Children have basic rights to quality of life; they have inherent value as individuals at any point in their lives, not simply as future adults. The welfare of children is taken as a given in a society that values social equity and justice. Early childhood education, health care, and quality child care are advocated in order to provide for the current developmental needs of children and not simply as adjuncts to parents' labor force participation or as investments in future workers. Policies and programs are evaluated by examining such developmental outcomes as health status, school progress, intellectual development, and social behavior. One example is an analysis of the income maintenance experiments showing some improvements in health, nutrition, school performance, and fertility control when families received income supplements (Salkind & Haskins, 1982). It is significant, however, that the quality and quantity of the data collected about these outcomes was sparse.

Economic and developmental rationales do not necessarily conflict, but achieving one set of goals does not always result in reaching the others. Policies aimed at the short-term economic goal of getting a mother into the labor force and raising her income may not benefit her child if that child is left in unsuitable child care or is unsupervised after school. Increased family income may not always be used for the benefit of children. In the chapter by McLanahan, Astone, and Marks (this volume), family income increased dramatically when single mothers married, but children in stepfamilies had many of the same problems as those in single-mother families. In many cases, of course, increased income does produce direct benefits for children's development. The point of these counterexamples is that evaluators should measure developmental variables directly rather than rely solely on parent labor force participation as *the* index of policy success.

**Nature of poverty for children***Defining poverty*

The official poverty level established by the U.S. government is the most widely used index of poverty. It was originally based on the estimated cost of an “economy food budget” multiplied by 3 on the assumption that food should constitute one-third of a family’s budget. It is adjusted for family size, the age of the head of the household, and the number of children under age 18. Annual adjustments to the poverty index are made for the cost of living based on the Consumer Price Index (Danziger, Haveman, & Plotnick, 1986).

Several criticisms of this index are common. Some critics argue that it overestimates poverty because it includes only cash income. It does not include such in-kind transfers as food stamps or medical care. This argument in part has been answered by analyses showing that although adding the market or cash value of in-kind transfers to family incomes reduces the percentage of children living below the poverty line, a substantial number remain. For example, in 1983, 22.2% of all children under age 18 lived in families with cash incomes below the poverty level; 15.6% remained below the poverty level when in-kind transfers were counted as income (Danziger et al., 1986). Moreover, there are serious questions about equating the market value of such commodities as medical care to cash transfers (Hill, 1988).

Some critics argue that a cut-off level underestimates the severity of poverty because it does not indicate variations in family income below that level. The *poverty gap* is the total dollar amount by which the incomes of the poor fall below the poverty level. In 1986, it was \$49.2 billion, an increase of more than 50% from 1977 (Greenstein, 1988).

Critics also contend that poverty is relative rather than absolute; therefore, it ought to be defined relative to the median income in the population. The official poverty level changed relative to median income from .46 in 1965 to .38 in 1979 and to .41 in 1983 (Danziger et al., 1986). Therefore, the trends over time based on the poverty level may be underestimates of the change in relative poverty. Hernandez (1989) examined trends in incomes of families with children, defining deprivation as incomes below 50% of the “prevailing family standard” (the median income for two-parent families with an employed father). The percentages are higher than those based on the poverty level, but the trends over time are similar (see Figure 1.2). These analyses also show changes in economic circumstances in the range just above the poverty level. As the percentage of children in deprivation increased during the 1970s and 1980s, the proportion living in “comfortable circumstances” (incomes ranging from 67% to 150% of the prevailing family standard) declined.

Finally, as the examples at the beginning of this chapter illustrate, many

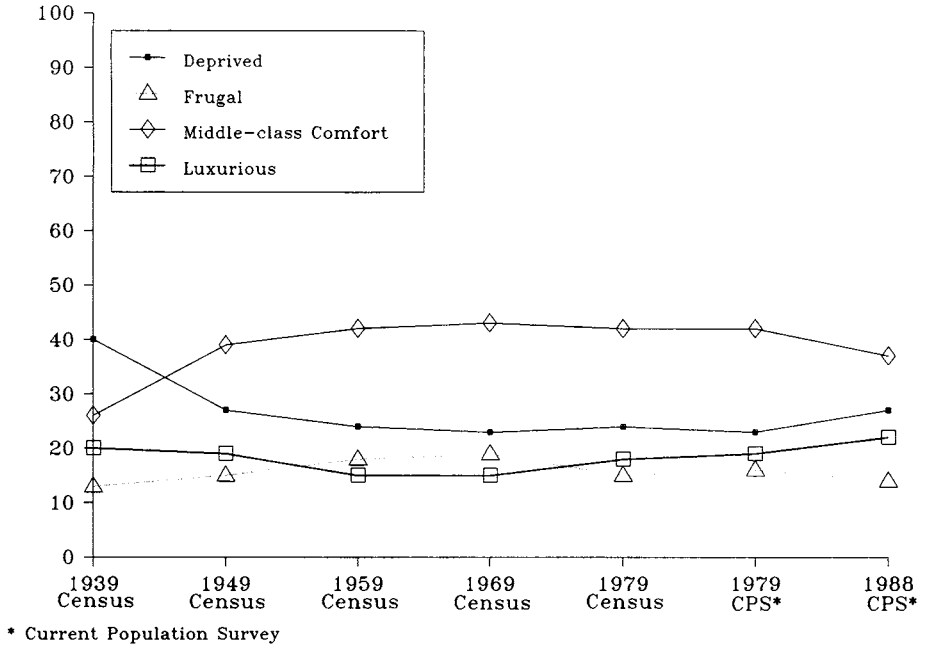


Figure 1.2. Proportions of children age 0 to 17 living in deprived, frugal, comfortable, or luxurious economic circumstances for selected years from 1939 to 1987. From "The Changing Needs of America's Children from the Great Depression to the 21st Century" by D. J. Hernandez, April 1989. Paper presented at the Biennial Meeting of the Society for Research in Child Development, Kansas City, MO.

children are essentially without families and are by definition without income. The many children in institutions, foster care, or other placements outside their families are not included when families are counted as the units in poverty statistics.

All of these approaches to defining poverty are consistent in showing trends over time – declining rates of poverty until the early 1970s, increases through the early 1980s, and a leveling off in the late 1980s. Analyses of family incomes by the Congressional Budget Office (1988) show a similar pattern for families with children. Moreover, they demonstrate an increase in income inequality from 1970 to 1986. Families at the top of the income distribution became relatively more affluent; those at the bottom became relatively poorer (see Figure 1.3).



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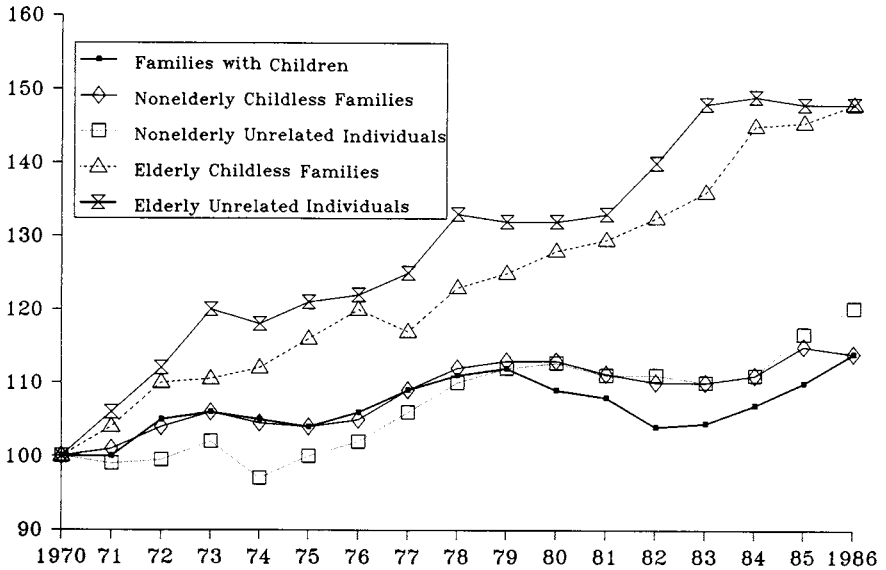


Figure 1.3a. Mean adjusted family income, relative to 1970 value (set at 100), by family type, from 1970 to 1986. From *Trends in Family Income: 1970–1988* by the Congressional Budget Office, 1988, Washington, DC: Author.

*Persistent and transitory poverty*

Taking a cross section of poverty at one point in time can obscure distinctions between children whose poverty is relatively transitory and those who live in persistent poverty. The Panel Study of Income Dynamics followed a nationally representative sample of families over a period of 15 years. Slightly over half of all the children in the sample lived in poverty or near poverty (less than 150% of the official poverty level) at some time between ages 4 and 18. In many cases, however, poverty lasted only a year or two. About 12% of the sample lived in poverty for more than 4 years of their childhood (Duncan, 1984; Duncan, this volume).

Race is the most striking and disturbing distinction between families whose poverty is persistent and those for whom it is transitory. Black children have a much higher risk of living in chronic poverty than do white children. The *average* black child in the Panel Study on Income Dynamics spent 5.5 years in poverty; the average nonblack child spent 0.9 years in poverty. Many chronically poor children also live in single-mother families. Mothers who are either unmarried or in their teen years at the child's birth and who are poorly educated have children who are at risk for long-term poverty (Duncan, this volume; Furstenberg, Brooks-Gunn, & Morgan, 1987).

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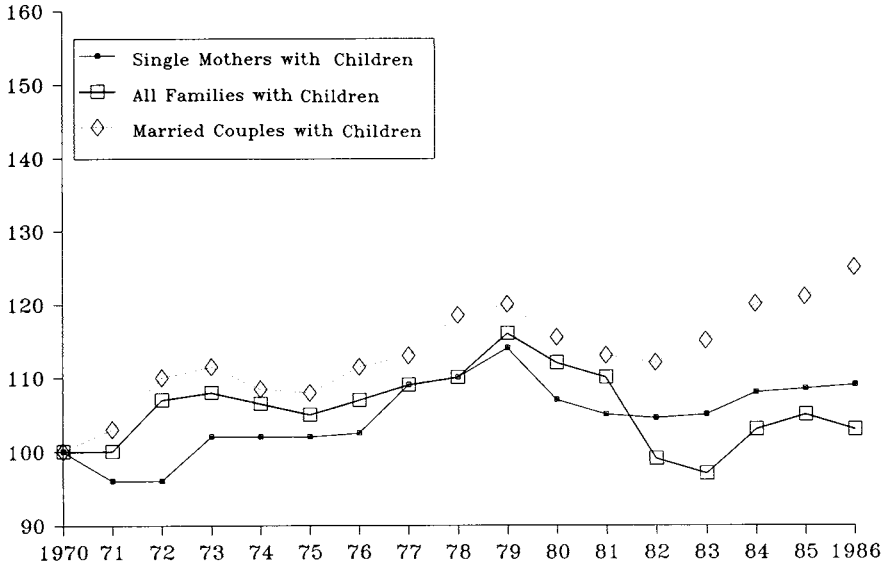
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Figure 1.3b. Mean adjusted family income, relative to 1970 value (set at 100), for families with children, from 1970 to 1986. From *Trends in Family Income: 1970–1988* by the Congressional Budget Office, 1988, Washington, DC: Author.

Transitory poverty for children often results from parental unemployment or divorce. Although transitory poverty probably entails fewer social and environmental risks than chronic poverty does, it nonetheless can have a lasting impact on children's development. Large fluctuations in family income may force the family to change neighborhoods and schools and to forgo "extras" such as recreational activities, lessons, and new clothes. Moreover, income volatility is likely to create emotional stress for parents, which, in turn, leads some of them to be less nurturant and more punitive to their children (Emery, Hetherington, & DiLalla, 1984; McLoyd, 1989).

#### *Urban and rural poverty*

Mention poverty to most Americans, and they will probably conjure up an image of an all-black ghetto in a deteriorated area of a large city. Black children in urban ghettos live not only with poverty in their own families but also with the burdens of racism that can result in inferior educational systems and perceived lack of opportunity (Ogbu, 1988). Some large urban ghettos have high concentrations of adults who are poor and chronically unemployed with virtually no attachment to the labor market. This pattern increased dramatically in a few of the largest cities during the 1980s as middle- and working-class blacks took advantage of opportunities to leave impoverished