The Recession's Ongoing Impact on America's Children:

Indicators of Children's Economic Well-Being through 2011

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First Focus
MAKING CHILDREN & FAMILIES THE PRIORITY

BROOKINGS

EXECUTIVE SUMMARY

Children throughout the United States continue to be negatively impacted by the lingering effects of the Great Recession, with children in some states more hard hit than others.

The impact of the recession on children can be hard to see. Some economic statistics ignore children, while others come out with a long time delay. An updated issue brief by Julia Isaacs of the Brookings Institution tracks the economic well-being of children during the recession with three state-by-state indicators: children with an unemployed parent, individuals receiving nutrition assistance benefits, and child poverty.

- **Children with an Unemployed Parent.** An estimated 6.5 million children under the age of 18 are living in families with an unemployed parent during an average month of 2011, based on data through the first nine months of the year. More than 1 million of these children live in California, which has an unemployment rate of 12 percent, second only to Nevada at 13 percent. Of particular concern is the number of children living with parents who have been out of work for more than six months: this number totals 3 million nationally. Children in California, Florida, Michigan and Nevada are particularly likely to be living with parents who have been out of work for six months or longer.

- **Individuals Receiving SNAP Benefits.** Almost half of participants receiving Supplemental Nutrition Assistance Program (SNAP, or formerly food stamp) benefits are children, making SNAP caseloads a good indicator of economic well-being among children. Over the past four years, monthly caseloads have skyrocketed by 70 percent, from 26 to nearly 45 million participants. This extraordinary caseload increase means that roughly 8 million more children were receiving SNAP benefits in spring 2011 than four years earlier, bringing the total number of child recipients to 21 million. One in seven Americans (14 percent) are receiving SNAP benefits in 2011, with the recipiency rate as high as one in five residents in a half-dozen states (the District of Columbia, Michigan, Mississippi, New Mexico, Oregon and Tennessee).

- **Child Poverty.** Child poverty has risen by a percentage point or more for each of the last four years, from 18 percent in 2007 to 22 percent in 2010. The number of poor children has increased by 3 million over the same time period, totaling 16 million children nationwide in 2010. Child poverty varies dramatically by state, with rates reaching 30 percent or higher in three states (the District of Columbia, Mississippi and New Mexico). The author predicts that child poverty will continue to rise in 2011, by about a half percentage point. Child poverty will remain high across the country. Isaacs' child poverty prediction model suggests that 27 states will have poverty rates of more than 20 percent in 2011, a dramatic increase from 14 states having such high poverty in 2007.

Children's economic well-being has deteriorated between 2010 and 2011, according to two of the three indicators tracked in this analysis. One positive trend is that the number of children with an unemployed parent is lower than a year ago. However, SNAP caseloads continue to rise, and, according to the predictions presented here, child poverty also continues to rise. The economy may have begun its slow recovery, but conditions are not yet improving for children in the most vulnerable families.

The continued worsening of children's economic well-being comes at a time when both federal and state budgets are tight. As policy makers engage in debates about government spending, it is important to recognize that many families with children have not yet recovered from the recession and are in greater need of government assistance than in normal economic times.

INTRODUCTION

The country is slowly emerging from the Great Recession, the longest period of economic downturn since the Great Depression of the 1930s. During the first nine moths of 2011, the national unemployment averaged 9.0 percent, a distressingly high rate, even though this is down from the 9.6 percent average in 2010 and the peak of 10.1 percent in October 2009.

While the recession is technically over, our nation's children continue to be negatively impacted by its lingering effects. Children in every state are experiencing the effects of the recession, with children in some states hit harder than others.

The impact of the recession on children can be hard to see. Unemployment statistics released by the Bureau of Labor Statistics rarely mention the millions of children living in families with unemployed parents. And while poverty statistics include child poverty rates, there is a significant time lag in their release. For example, child poverty rates for 2011 will not be released until September 2012.

Many policy makers and child advocates would prefer more current measures of child poverty and economic hardship, in order to assess the needs of children and their families in the current time period. This brief responds by providing updated statistics on three indicators of child economic well-being: children with an unemployed parent, individuals receiving nutrition assistance benefits, and child poverty. These indicators are tracked for all 50 states and the District of Columbia (hereafter referred to as a state), using the most up-to-date information, including the author's predictions for child poverty in 2011.[1]

ECONOMIC WELL-BEING INDICATOR: CHILDREN WITH AN UNEMPLOYED PARENT

Unemployment averaged 9.0 percent in the first nine months of 2011, leaving an average monthly count of 12.7 million Americans out of work. Three out of ten (30 percent) of these unemployed individuals are parents, resulting in millions of children with unemployed parents.

Parental job loss can harm children in a number of different ways. Most obviously, sharp declines in family income can lead to economic hardship and poverty, particularly if the family's income was low prior to the job loss or if unemployment lasts for a long period. In addition, unemployed parents often experience psychological distress, which tends to diminish their parenting capacity, and can lead to child abuse in some cases.[2] Negative effects on children can persist long after the period of unemployment ends, with effects seen on grade repetition and educational attainment, the child's aspirations for his or her own future success in the labor market, and the child's earnings upon reaching adulthood.[3]

An estimated 6.5 million children under the age of 18 are living in families with an unemployed parent during an average month of 2011, based on data through the first nine months of the year. This is a significant increase from the 3.8 million children with unemployed parents in December 2007, the month in which the nation technically entered into recession. On a more positive note, the number of children with unemployed parents has dropped between 2010 and 2011 and is considerably lower than in December 2009, when the unemployment rate was 10.0 percent and 8.1 million children lived with a parent looking for work.[4]

There are over 1 million children of unemployed parents in California, which has the second highest state unemployment rate in 2011 (12 percent, second only to Nevada at 13 percent, based on data through the first nine months of the year). The percentage of children living with an unemployed parent ranges from 3 percent in North Dakota to 13 percent in Nevada, averaging 9 percent nationwide (see Table 1).

One of the more troubling aspects of the current economy is the number of long-term unemployed, that is, individuals who are unemployed for six months or longer. More than 3 million children are

TABLE 1. CHILDREN WITH UNEMPLOYED PARENTS IN 2011

(based on data through September)

		Children with Unemployed Parents		Children with Parents Unemployed 6 Mos or More	
State	(Percent)	(Number)	(Percent)	(Number)	(Percent)
Alabama	9.6%	107,500	10%	53,200	5%
Alaska	7.6	11,700	7	2,600	1
Arizona	9.4	136,800	8	67,900	4
Arkansas	8.2	55,000	8	21,300	3
California	12.0	1,092,300	12	535,500	6
Colorado	8.8	98,700	8	42,300	4
Connecticut	9.1	73,800	10	37,100	5
Delaware	8.3	15,300	8	6,900	4
District of Columbia	10.4	13,800	13	5,400	5
Florida	10.9	368,200	10	216,700	6
Georgia	10.1	244,800	10	124,800	5
Hawaii	6.3	22,000	8	10,300	4
Idaho	9.5	29,400	8	11,900	3
Illinois	9.4	296,800	10	158,500	5
Indiana	8.7	157,000	10	81,900	5
Iowa	6.1	39,700	6	10,700	2
Kansas	6.8	54,500	8	28,900	4
Kentucky	10.0	90,800	10	31,000	3
Louisiana	7.8	81,600	8	20,200	2
Maine	7.7	21,000	8	9,600	4
Maryland	7.2	106,800	8	46,400	4
Massachusetts	7.8	96,400	7	45,700	3
Michigan	10.8	245,500	11	123,500	6
Minnesota	6.9	103,400	9	44,800	4
Mississippi	10.5	74,200	10	30,400	4
Missouri	9.0	108,600	8	48,600	4
Montana	7.6	14,200	7	6,400	3
Nebraska	4.3	25,000	6	6,300	1
Nevada	13.2	81,800	13	44,600	7
New Hampshire	5.3	12,900	5	6,000	2
New Jersey	9.4	175,100	9	106,500	5
New Mexico	7.4	37,200	8	19,400	4
New York	8.1	357,000	9	190,800	5
North Carolina	10.1	218,000	10	110,000	5
North Dakota	3.6	4,600	3	600	0
Ohio	9.1	245,500	10	106,400	4
Oklahoma	5.9	55,600	6	23,000	3
Oregon	9.8	87,300	11	31,200	4
Pennsylvania	8.0	172,800	7	82,000	3
Rhode Island	11.0	26,300	12	11,800	5
South Carolina	10.4	99,000	10	44,900	4
South Dakota	4.8	9,000	5	1,400	1
Tennessee	9.8	142,600	10	72,600	5
Texas	8.3	525,300	8	204,000	3
Utah	7.6	59,900	7	14,100	2
Vermont	5.7	7,700	7	2,600	2
Virginia	6.3	119,000	7	49,900	3
Washington	9.3	173,400	11	77,100	5
West Virginia	8.8	25,100	7	11,200	3
Wisconsin	7.7	109,500	9	50,600	4
Wyoming	6.1	7,400	6	1,800	1
U.S. Total	**9.0%**	**6,536,600**	**9%**	**3,091,200**	**4%**

Source: Brookings tabulations of Current Population Survey data, January –September 2011. Counts are average monthly counts.

living with a long-term unemployed parent during an average month of 2011. This represents almost half (47 percent) of all children living with unemployed parents. Children in California, Florida, Michigan and Nevada are more likely than children in other states to be living with parents who have been out of work for six months or longer.

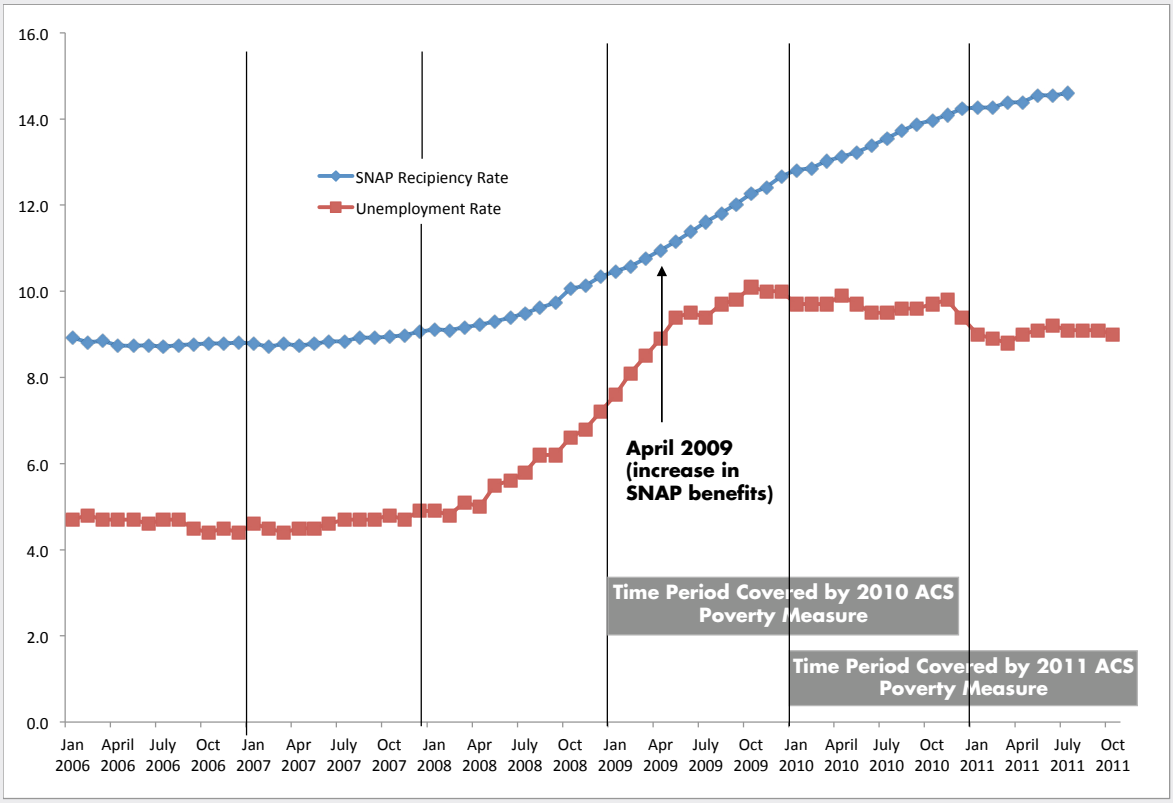
ECONOMIC WELL-BEING INDICATOR: NUTRITION ASSISTANCE

As the economy has worsened in the past few years, more Americans have signed up to receive food stamps, or what are now called Supplemental Nutrition Assistance Program (SNAP) benefits. The old paper food stamps have been replaced by plastic electronic benefit cards, which function like ATM cards, and allow families to purchase food at grocery stores. Between June 2007 and June 2011, the number of people receiving nutrition assistance benefits grew by 70 percent, or 18.4 million people, as monthly caseloads averaged over the first six months of the year skyrocketed from 26.2 million to 44.5 million participants. By 2011, one in seven Americans – 14 percent – were receiving SNAP benefits, a dramatic increase from 9 percent in 2007.

The percentage of Americans receiving SNAP benefits rose rapidly in the second half of 2008, a few months after the unemployment rates started rising. While unemployment rates peaked in late 2009, the SNAP recipiency rate has continued rising through 2010 and 2011, although the recent increases are not as steep as in 2009 (see Figure 1).

SNAP caseloads are used as an indicator of economic well-being among children because almost half (47 percent) of all SNAP participants are children and another quarter (27 percent) are adults living in households with children. Roughly 8 million more

FIGURE 1. SNAP CASELOADS AND UNEMPLOYMENT RATES, 2006–2011



Note: Unemployment data are seasonally adjusted and SNAP data have been adjusted to remove disaster relief assistance.
Sources: U.S. Bureau of Labor Statistics and SNAP National Data Bank Version 8.2 Public Use.

children were receiving SNAP benefits in the spring of 2011 than four years earlier, bringing the total number of child recipients to 21 million children or more than one in four American children.[5]

In one sense, the rise in SNAP benefits can be viewed positively, as a sign that the safety net is working: families suffering economic decline as a result of the recession are receiving assistance so that their children do not go hungry. On the other hand, the rise in SNAP caseloads signals the rising needs of families, particularly families with children. Helping parents to meet the needs of the children in these families may require more than a monthly nutrition assistance benefit averaging $134 per person.

All 51 states have seen dramatic growth in SNAP caseloads between 2007 and 2011. Caseloads more than doubled in eight states: Delaware, Florida, Idaho, Maryland, Nevada, Rhode Island, Utah and Wisconsin (see Table 2). While much of this growth occurred in the early years of the recession, SNAP caseloads continued to grow between 2010 and 2011 across the nation. (Note that monthly caseloads in Table 2 are averaged over the first half of the year, to allow consistent comparisons to available data for 2011).

To allow comparisons across states of different sizes, it is useful to track changes in recipiency rates, defined as average monthly participation divided by state population. Recipiency rates range from 7 percent in Wyoming to 22 percent in the District of Columbia in 2011, as shown in the last column of Table 2. The nation's capital is not the only jurisdiction where one in five people are receiving SNAP benefits; one-fifth of the state population is also receiving SNAP benefits in Michigan, Mississippi, New Mexico, Oregon and Tennessee.

While increased economic need is the primary driving factor behind increases in SNAP caseloads, shifts in policy and administrative practices also can affect caseloads. Indeed there have been a number of changes in recent years that might lead to increased SNAP caseloads, including greater use of on-line applications, the adoption by many states of broad-based categorical eligibility, and an expansion in maximum benefits in April 2009. As explained in the technical appendix to this brief, the combination of eligiblity expansions and increased take-up rates among eligible families increased participant caseloads by about 7 percent between 2007 and 2009. While substantial, this growth represents less than a third of the total (26 percent) growth in caseloads over those same two years. Most of the dramatic caseload growth from 2007 to 2011, therefore, represents deteriorating economic conditions and increased economic hardship among children. However, administrative practices may explain trends in particular states.

ECONOMIC WELL-BEING INDICATOR: CHILD POVERTY RATES

Child poverty is perhaps the most direct measure of children's economic well-being. Child poverty has risen by a percentage point or more for each of the last four years, rising from 18 percent in 2007 to 22 percent in 2010. Over the same three years, the number of poor children has increased by 3 million, from 13 million to 16 million. These poverty statistics are based on traditional Census Bureau poverty measures, which count the number and percentage of children living in families with annual cash incomes below the official poverty threshold, which was about $17,000 for a family of three and $22,000 for a family of four in 2010.[6]

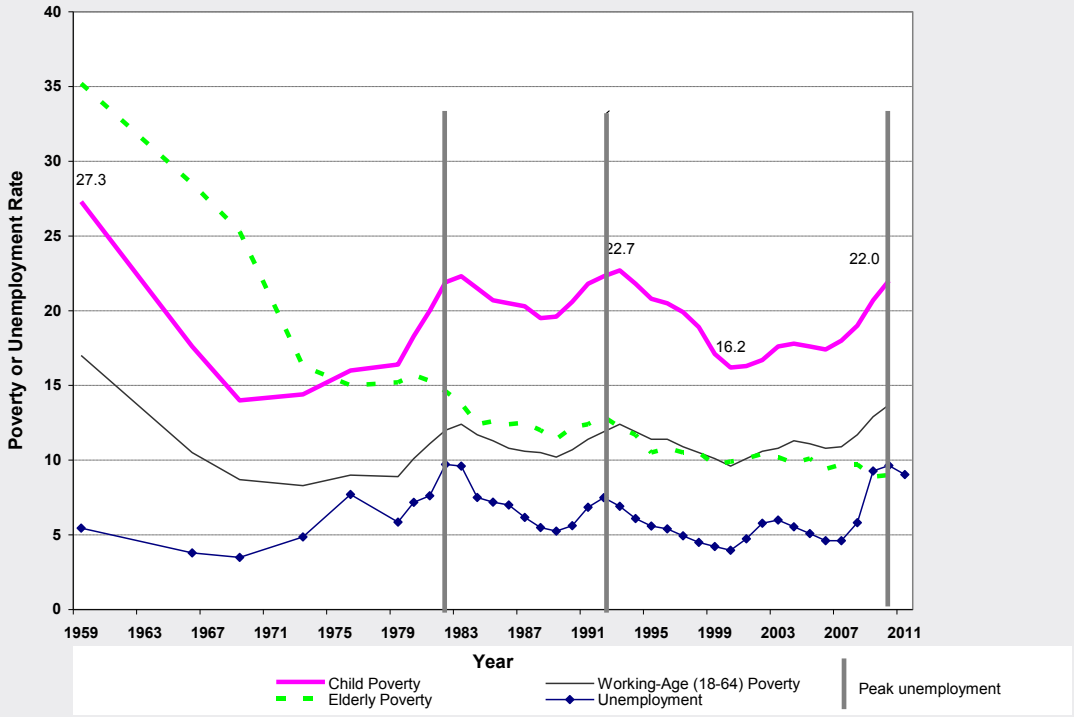
The rise in child poverty during the current recession is consistent with the pattern of the past 50 years, in which poverty rates for children and working-age adults have tended to rise and fall with changes in unemployment rates (see Figure 2). In contrast, elderly poverty has declined over the past 50 years, as Social Security and Supplemental Security Income have done much to reduce the problem of elderly poverty.

TABLE 2. SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP) RECIPIENTS, 2007 AND 2011

	Recipients (Average Monthly Jan-June, in thousands)			Percent Growth	Recipiency Rates	
State	**2007**	**2010**	**2011**	**07 to 11**	**2007**	**2011**
Alabama	541	801	871	61%	12%	18%
Alaska	59	79	89	52	9	12
Arizona	538	1,020	1,050	95	9	16
Arkansas	379	465	483	28	13	16
California	2,054	3,238	3,673	79	6	10
Colorado	252	408	454	80	5	9
Connecticut	211	336	378	79	6	11
Delaware	67	112	134	101	8	15
District of	85	117	134	57	15	22
Florida	1,212	2,583	3,072	153	7	16
Georgia	943	1,590	1,769	88	10	18
Hawaii	89	138	160	79	7	12
Idaho	88	197	231	163	6	15
Illinois	1,242	1,628	1,806	45	10	14
Indiana	586	810	876	50	9	13
Iowa	239	341	375	57	8	12
Kansas	181	268	299	65	7	10
Kentucky	600	776	822	37	14	19
Louisiana	646	820	879	36	15	19
Maine	164	231	249	52	12	19
Maryland	313	556	666	113	6	11
Massachusetts	454	749	811	79	7	12
Michigan	1,206	1,780	1,935	61	12	20
Minnesota	277	431	512	85	5	10
Mississippi	421	569	617	46	14	21
Missouri	667	901	945	42	11	16
Montana	80	115	125	56	8	13
Nebraska	121	164	175	45	7	10
Nevada	121	275	332	175	5	12
New Hampshire	59	105	114	92	5	9
New Jersey	412	615	749	82	5	8
New Mexico	232	354	416	79	12	20
New York	1,804	2,761	3,006	67	9	15
North Carolina	875	1,332	1,571	80	10	16
North Dakota	46	60	61	34	7	9
Ohio	1,072	1,607	1,799	68	9	16
Oklahoma	418	581	610	46	11	16
Oregon	440	708	774	76	12	20
Pennsylvania	1,145	1,578	1,718	50	9	13
Rhode Island	76	141	161	112	7	15
South Carolina	540	795	841	56	12	18
South Dakota	61	96	102	68	8	12
Tennessee	860	1,218	1,273	48	14	20
Texas	2,397	3,584	3,938	64	10	15
Utah	124	254	288	131	5	10
Vermont	50	86	93	86	8	15
Virginia	513	786	855	67	7	11
Washington	540	958	1,057	96	8	16
West Virginia	269	340	345	28	15	19
Wisconsin	383	721	804	110	7	14
Wyoming	23	36	37	63	4	7
U.S. Total	**26,172**	**40,211**	**44,531**	**70%**	**9%**	**14%**

Source: National Data Bank, adjusted by author to remove disasters. Guan and Virgin Islands are excluded from the U.S. totals.

FIGURE 2: POVERTY RATES BY AGE AND UNEMPLOYMENT RATE, 1959–2010



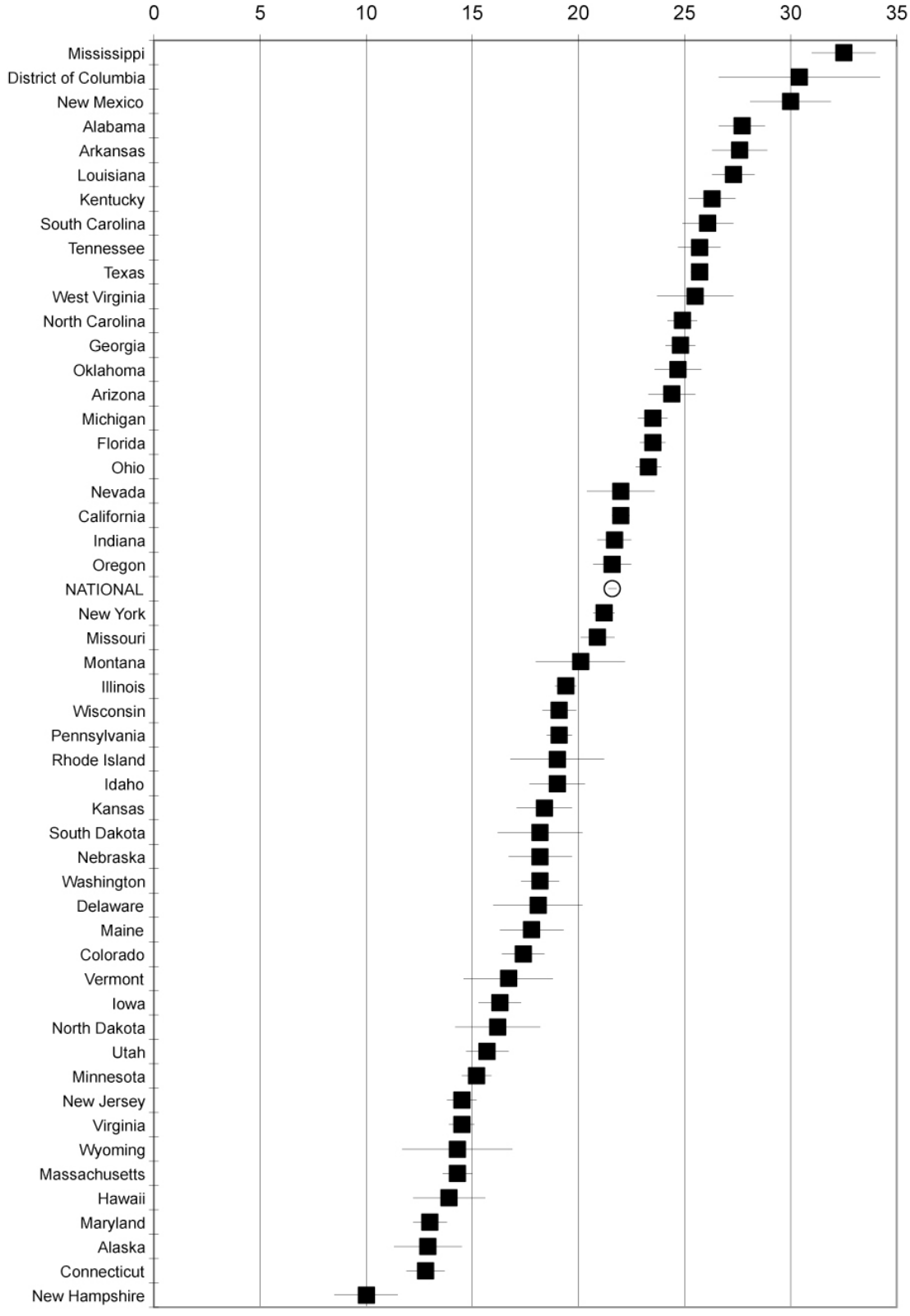
Source: U.S. Census Bureau and Bureau of Labor Statistics.

Peak levels of child poverty frequently occur a year or so after peak levels of unemployment, giving a preliminary indication that child poverty is likely to rise again in 2011. The state-by-state predictions in this paper suggest that national child poverty will rise by an estimated 0.5 percentage points in 2011, a small but statistically significant increase that will leave the rounded rate at 22 percent. These predictions may be conservative; other Brookings researchers have run simulations suggesting the child poverty may be as high as 24 percent in 2011.[7]

The high rate of child poverty – more than one in five children – is troubling. In addition to humanitarian concerns about the immediate well-being of children, there is disturbing evidence that poverty has negative effects on children's development, with some effects persisting into adulthood.[8] There are several pathways through which poverty may influence child development. With less family income, children in poor families may lack the resources needed for healthy development, such as having access to nutritious meals and enriched home environments. Poor children also may suffer from the negative effects of living in neighborhoods with more crime and air and noise pollution.[9] Poverty also can affect the psychological well-being of parents, contributing to depression and other forms of psychological stress that can negatively impact their interactions with children. Even when parental stress does not manifest itself in observed changes in mental health, it can contribute to a harsh and less supportive parenting style.[10] While social scientists are still exploring which pathway is most important in explaining why poverty is so bad for children, there is general consensus that the lingering negative effects of poverty are strongest when poverty is experienced during early childhood, when poverty lasts for several years of childhood, or both.

Child poverty rates vary dramatically across the states, ranging from 32.5 percent in Mississippi to 10.0 percent in New Hampshire in 2010 (see Figure 3). That is, nearly three in ten children in Mississippi, compared to about one in ten children in New

FIGURE 3. CHILD POVERTY RATES IN 2010: POINT ESTIMATES AND 90 PERCENT CONFIDENCE INTERVALS



Source: U.S. Census Bureau, 2010 American Community Survey, Table GCT1704.
Confidence intervals are shown at the 90 percent confidence level.

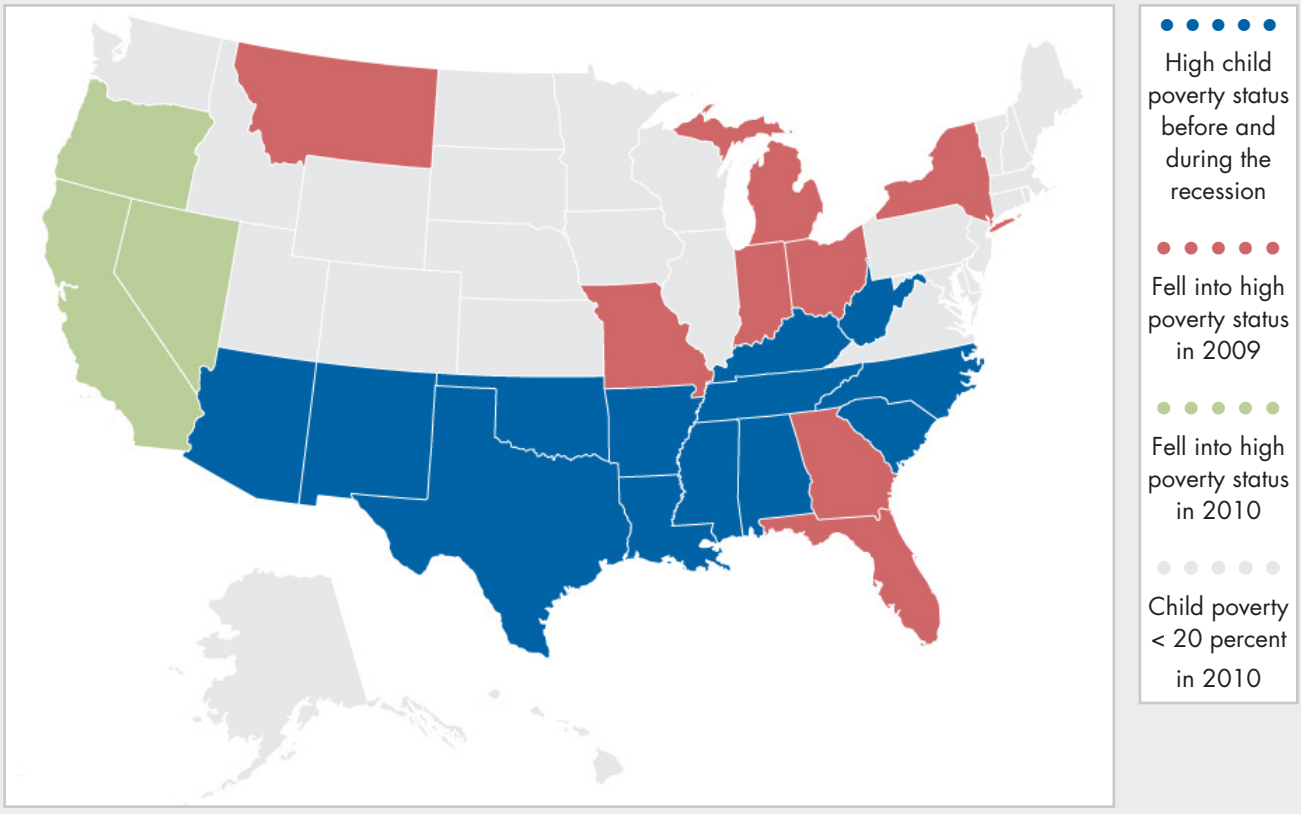
Hampshire, lived in families with annual cash incomes below the national poverty thresholds. Three states had child poverty rates of 30 percent or higher: the District of Columbia, Mississippi and New Mexico.

Before the recession, states with high child poverty rates were generally clustered in the southern and southwestern regions of the country (see Map 1). The 14 states with poverty rates of 20 percent or higher in the pre-recessionary period included Alabama, Arizona, Arkansas, the District of Columbia, Kentucky, Louisiana, Mississippi, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and West Virginia. (Poverty before the recession is measured as the average child poverty rate over 2000-2007). By 2009, the number of "high poverty" states had swollen to 22 states, including the original 14 states plus a geographically diverse set of eight additional states that had child poverty rates of at least 20 percent: Georgia, Florida, Indiana, Michigan, Missouri, Montana, New York, and Ohio. By 2010, three western states had joined the ranks of high poverty states – California, Nevada and Oregon – bringing the total to 25 states.

The highest increases were in Michigan, Indiana, and Nevada, where child poverty was more than 6 percentage points higher in 2010 than average levels before the recession. Most states (43 states) had markedly higher poverty rates in 2010 than during the pre-recessionary period, with the size of the growth shown in the second to last column of Table 3. A few states experienced increases (5 states) or decreases (3 states) that were within the margin of error around the estimates for 2010.

Note that even though the American Community Survey has a large sample of households in every

MAP 1: CHILD POVERTY BEFORE AND DURING THE GREAT RECESSION



Note: High child poverty status is defined as having a child poverty rate of 20 percent or higher. Poverty before the recession is measured over the 2000-2007 period.

TABLE 3. CHILD POVERTY RATES BEFORE AND AFTER THE RECESSION (Revised 12/28/11)

State	Child Poverty Rates					Growth in Poverty	
	2000-07	2010 with margin of error			2011 (predicted)	00-07 to 10	10 to 11
Alabama	23.3%	27.7%	+/-	1.1%	28	4.4	*
Alaska	12.3	12.9	+/-	1.6	14	*	*
Arizona	20.6	24.4	+/-	1.1	25	3.8	*
Arkansas	24.1	27.6	+/-	1.3	27	3.5	*
California	18.6	22.0	+/-	0.4	22	3.4	0.4
Colorado	13.6	17.4	+/-	1.0	18	3.8	*
Connecticut	10.9	12.8	+/-	0.9	14	1.9	1.4
Delaware	13.5	18.1	+/-	2.1	19	4.6	*
District of Columbia	30.9	30.4	+/-	3.8	33	*	*
Florida	18.0	23.5	+/-	0.6	24	5.5	0.7
Georgia	19.0	24.8	+/-	0.7	25	5.8	*
Hawaii	13.0	13.9	+/-	1.7	15	*	*
Idaho	16.4	19.0	+/-	1.3	21	2.6	2.2
Illinois	16.2	19.4	+/-	0.5	20	3.2	*
Indiana	15.3	21.7	+/-	0.8	20	6.5	-1.3
Iowa	13.2	16.3	+/-	1.0	17	3.1	*
Kansas	14.1	18.4	+/-	1.3	18	4.3	*
Kentucky	22.4	26.3	+/-	1.1	27	3.9	*
Louisiana	28.1	27.3	+/-	1.0	29	*	2.1
Maine	15.0	17.8	+/-	1.5	19	2.9	*
Maryland	11.0	13.0	+/-	0.8	14	2.0	0.9
Massachusetts	12.7	14.3	+/-	0.7	16	1.6	1.2
Michigan	16.7	23.5	+/-	0.7	23	6.8	*
Minnesota	10.9	15.2	+/-	0.7	15	4.3	*
Mississippi	28.8	32.5	+/-	1.5	34	3.7	*
Missouri	17.0	20.9	+/-	0.8	21	3.9	*
Montana	18.7	20.1	+/-	2.1	22	*	*
Nebraska	13.4	18.2	+/-	1.5	17	4.8	-1.6
Nevada	15.4	22.0	+/-	1.6	22	6.7	*
New Hampshire	8.4	10.0	+/-	1.5	11	1.6	*
New Jersey	11.3	14.5	+/-	0.7	15	3.2	*
New Mexico	26.0	30.0	+/-	1.9	30	4.0	*
New York	19.6	21.2	+/-	0.5	23	1.7	1.4
North Carolina	20.1	24.9	+/-	0.7	25	4.8	*
North Dakota	14.0	16.2	+/-	2.0	15	2.2	*
Ohio	17.5	23.3	+/-	0.6	23	5.8	*
Oklahoma	21.7	24.7	+/-	1.1	25	3.0	*
Oregon	17.7	21.6	+/-	0.9	22	3.9	*
Pennsylvania	16.1	19.1	+/-	0.6	19	3.1	*
Rhode Island	17.3	19.0	+/-	2.2	21	*	2.4
South Carolina	20.8	26.1	+/-	1.2	26	5.4	*
South Dakota	15.4	18.2	+/-	2.0	19	2.8	*
Tennessee	21.0	25.7	+/-	1.0	26	4.7	*
Texas	22.7	25.7	+/-	0.4	26	3.0	0.7
Utah	11.5	15.7	+/-	1.0	15	4.2	*
Vermont	12.7	16.7	+/-	2.1	16	4.0	*
Virginia	12.7	14.5	+/-	0.6	15	1.8	0.9
Washington	15.3	18.2	+/-	0.9	19	3.0	1
West Virginia	24.8	25.5	+/-	1.8	27	*	*
Wisconsin	13.9	19.1	+/-	0.8	19	5.2	*
Wyoming	12.9	14.3	+/-	2.6	14	*	*
U.S. Total	**17.8**	**21.6**	**+/-**	**0.2**	22.0	**3.8**	**0.5**

*Source: U.S. Census Bureau, 2010 American Community Survey, Table 1704, and earlier years of ACS. The margin of error is shown at the 90 percent confidence interval. * The change is less than the margin of error.*

state and is the best available source of data on child poverty at the state level, child poverty estimates have a margin of error that is between 0.4 and 1.5 percentage points for two-thirds of the states (37 states), and even larger for less populated states (between 1.6 and 2.6 percentage points for 12 of the smaller states, and 3.8 percentage points for the District of Columbia). This lack of precision means that smaller states can see changes in reported poverty rates of as much as 2 percentage points without being counted as a state with a real change in the underlying poverty rate.

Child poverty rates are predicted to rise again in 2011, but by smaller amounts than the past few years, according to a model that predicts child poverty on the basis of unemployment rates, SNAP recipiency rates and lagged child poverty. Under this model (which is described in the technical appendix), 12 states are predicted to have a rise in child poverty in excess of the margin of error around the 2010 estimates. These dozen states include five states in the South (Florida, Louisiana, Maryland, Texas and Virginia), four states in the Northeast (Connecticut, Massachusetts, New York, and Rhode Island) and three states in the West (California, Idaho and Washington). No state in the Midwest is predicted to have a statistically significant rise in child poverty; in fact, child poverty is projected to decline by at least a percentage point in two midwestern states (Indiana and Nebraska), as shown in last column of Table 3. For two-thirds of the states (37) the change in child poverty between 2010 and 2011 is not large enough to exceed the margin of error surrounding the estimates. Rounded numbers are shown for the 2011 predictions to emphasize the lack of precision.

All the states marked as "high child poverty" states in Map 1 are expected to retain that dubious distinction in 2011. Two additional states– Idaho and Rhode Island – are projected to join their ranks, resulting in a projected total of 27 states with child poverty rates of 20 percent or higher in 2011. If these projections are correct, that means a near doubling of the number of states experiencing high child poverty during the recession, from 14 mostly southern and southwestern states to 27 states found throughout the South, much of the West, and portions of the Northeast and Midwest.

CONCLUSION

Many families have at least one parent out of work, are turning to SNAP benefits to put food on the table, and/or have cash income less than the poverty threshold ($17,000 per year for a family of three). Two of these three indicators are worse in 2011 than in 2010, indicating a continued deterioration in children's economic well-being. The one positive trend is that the number of children with an unemployed parent in 2011 is lower than a year ago. However, SNAP caseloads continue to rise, and child poverty also is rising, according to the predictions presented here. The economy may have begun its slow recovery, but conditions are not yet improving for children in the most vulnerable families.

The continued worsening of children's economic well-being comes at a time when both federal and state budgets are tight. A temporary boost in federal spending on children is ending, as the one-time funds enacted under the stimulus package of February 2009 are gradually exhausted.[11] State budgets are still struggling to recover from the recession, making it difficult for state governments to maintain, let alone expand, their assistance to children and families. At the same time, there are loud calls in Congress for large cuts in federal spending.

The indicators of child well-being presented in this brief provide important contextual background for the ongoing debates over federal and state budgets. As policy makers engage in debates over the size of government spending, the appropriate mix of spending cuts and tax increases to address the budget deficits, and the timing of any proposed budget cuts, it is important to acknowledge that many families with children have not yet recovered from the recession and are in greater need of government assistance than in normal economic times.

TECHNICAL APPENDIX

This technical appendix provides data sources and other methodological information about each of the three indicators of child well-being. It also describes the model used to predict child poverty.

Data Sources and Notes on Unemployment, Nutrition Assistance and Child Poverty Indicators

Unemployment. The unemployment rates in Table 1 are from the Bureau of Labor Statistics Local Area Unemployment (LAU) data base, not seasonally adjusted, averaged across January – September 2011. The counts and percentages of children with unemployed parents and with parents unemployed for six months or longer are based on Brookings tabulations of monthly Current Population Survey data for January to September 2011.

The count of children with unemployed parents include children living with one or two unemployed parents. They do not include children living with parents who are working part-time yet desire full-time work, nor children living with "discouraged workers" who have dropped out of the labor force. Children living away from their parents and with unemployed grandparents or other relatives are not included in these numbers. Nor do they capture children who receive reduced child support payments due to the unemployment of an absent parent.

Nutrition Assistance. SNAP caseloads in Table 2 are based on caseload data from the Food and Nutrition service (National Data Bank Version 8.2 Public Use, as of 10/27/2011, personal communication, Jenny Genser, 10/27/2011), adjusted to remove temporary spikes that occur during hurricanes, floods and other disasters (Disaster Report by Fiscal Year as of 9/21/11, personal communication Jenny Genser, 10/28/11). SNAP caseloads in Guam and the Virgin Islands are not included in the national totals. Only the first half of the year is used, in order to have a consistent measure for 2011 and earlier years.

SNAP recipiency rates are based on these SNAP caseloads for January-June, divided by Census Bureau estimates of state populations as of July 1 (U.S. Census Bureau, September 2011. "Table 1. Intercensal Estimates of the Resident Population for the United States, Regions, States, and Puerto Rico: April 1, 2000 to July 1, 2010 (ST-EST00INT-01). State populations for July 1, 2011 were estimated by the author assuming a continuation between 2010 and 2011 of the states' observed growth rates between 2009 and 2010.

The main challenge to using SNAP participant data to track economic need is that caseloads can increase or decrease due to changes in federal laws and states' administrative practices. Indeed, there have been a number of policy changes that have led to increases in SNAP caseloads, independent of changes due to economic conditions. However, most of them have had a small impact on caseloads. For example, the restoration of eligibility for certain immigrants in the 2002 Farm Bill was estimated by the Congressional Budget Office to increase caseloads by 1 to 2 percent increase in caseload when fully phased in.[12] Another policy change is increasing use by states of broad-based categorical eligibility policies, which exempt households from asset limits, and in some states, also raise income eligibility tests. According to recent estimates, 1.2 percent of participants in 2008 and 2.1 percent in 2009 are categorically eligible but with incomes below traditional income limits.[13] This percentage may increase by another percentage point or two by 2011, as the number of states using this measure has increased (from 15 states in 2008 to 27 states in 2009 and 40 states as of March 2011). The impact of categorical eligibility on caseloads is limited by the fact that benefit amounts are reduced as income rises, bringing potential benefits to zero for most participants at higher income levels.

More recently, under the American Recovery and Reinvestment Act (ARRA) of 2009, maximum benefits increased by 13.6 percent, resulting in a jump in average nutrition benefits from $252 per household in March 2009 to $295 per household in April 2009.[14] While this increase in benefits does not directly expand eligibility, it could motivate some eligible people who had not previously applied for benefits to submit an application, further increasing uptake of benefits. It is hard to quantify this impact; there was no noticeable jump in recipient counts in April 2009 (see Figure 1), and while participation has increased since then, it also was increasing well before 2009.

Between 2002 and 2006, participation rates increased from 54 to 69 percent, which is equivalent to a 22 percent growth in caseloads, or 5 percent annual growth, as a result of increased take-up among eligible individuals and families. Analysts generally attribute this increase to changes in states' administrative practices, such as greater outreach, streamlined application processes, and simplified program rules and reporting in an effort to encourage more eligible individuals to sign up for benefits. Between 2007 and 2009, participation rates grew more slowly, from 68.5 percent to 72.2 percent, contributing to a 5 percent (2.5 percent annual growth) in caseload over these two years.[15] Data on participation rates are not yet available for 2010 and 2011.

Combining the 5 percent increase due to the change in take-up rates, and the 2 percent increase due to the broad-based eligibility expansions, administrative and policy changes may contribute to about a 7 percent increase in caseloads between 2007 and 2009. While substantial, this growth represents less than a third of the total (26 percent) growth in caseloads over those same two years. More than two thirds of the caseload growth was a result of more families qualifying for SNAP because of low family income during the economic downturn. In other words, SNAP caseloads remain a good barometer of economic conditions, particularly at the low end of the income distribution. This is undoubtedly true at the national level; administrative practices may explain trends in particular states, however.

As a final complicating factor, note that increases in takeup rates are not solely due to administrative practices or the lure of higher benefits, they may also reflect the state of the economy, as eligible families are more likely to apply for SNAP benefits (rather than struggle by without assistance for a few months) if they are pessimistic of getting a job soon.

Child Poverty. The child poverty rates in Table 3 are from American Community Survey data, generated through the Census Bureau's on-line tabulator. As noted in the table and discussed in the text, there are significant margins of error around these estimates. The margins of error would be even larger if the estimates had been based on the Annual Social and Economic Supplement to the Current Population Survey (CPS); the CPS surveys 70,000 rather than close to 3 million households. While the CPS is generally used for national poverty estimates, the ACS is much better for state-level poverty estimates.

Note that ACS has a slightly lower estimate of child poverty nationally in 2010 than the CPS data (21.6 vs. 22.0 percent). Numerous small differences between the ACS and the CPS may contribute to this difference. For example, the ACS collects less detailed information about different sources of income than the CPS. In addition, there is a difference in time period. The 2010 income data in the CPS were collected in March of 2011, with families asked to report on calendar year income during 2010. The "2010 ACS data" are collected during calendar year 2010, with families asked about income over the previous 12 months. The result is that the "2010 ACS" reflect economic conditions over a 23-month time period that roughly spans 2009 and 2010.[16] Thus the "2010" data are based on conditions in 2009 and 2010 and the "2011 predictions" are more precisely for the 2010-2011 period (see Figure 1).

This paper follows official poverty measures and bases poverty on a family's cash income, without making adjustments for tax credits, non-cash benefits, medical expenses, work expenses, or geographic differences in the cost of living, as is increasingly being done in poverty research. While cash-based measures are less comprehensive than alternate poverty measures, they still provide a useful measure of economic conditions, and are the only data available for measuring long-term time trends or patterns across states. The new Supplemental Poverty Measure (SPM) is only available for two years – 2009 and 2010 – and is not yet available for states. As the SPM is developed further, it may present a somewhat different view of child poverty than that viewed in official child poverty statistic. Some of the cross-state differences presented here would be reduced if adjustments were made for geographic differences in costs of living. In addition, the time trend in child poverty during the recession might show less of an increase under the SPM or other alternative measures that take into account expansions in SNAP benefits (and expansions in refundable tax credits) as well as declines in earnings.

Model for Predicting Child Poverty

The dependent variable in the child poverty prediction model is ACS estimates of state child poverty from 2001-2010. The three independent variables in the model are state unemployment rates, the percentage of the state population receiving Supplemental Nutrition Assistance Program (SNAP) benefits, and lagged child poverty for the state. There are ten observations for each state (2001-2010), resulting in a pooled time series data set with 510 observations (51 states observed 10 times).

Unemployment rates are measured as calendar-year averages for 2001-2010 in the base model. For prediction purposes, unemployment averaged over January to September 2011 was used as a proxy for unemployment for the full calendar year 2011, in every state. This assumption seems reasonable. The national unemployment rate for January to September 2011 has averaged 9.0 percent and a 9.0 percent rate for the full year would fall midway between projections of 8.9 percent and 9.1 percent, made this summer by the Congressional Budget Office and the Office of Management and Budget, respectively.

As noted above, SNAP recipiency rates are defined as average monthly caseloads January-June, divided by population as of July 1. Lagged child poverty is simply the independent variable lagged one year. The earliest child poverty measure in the time series are from 2000, and thus 2001 is the first year with complete data including lagged child poverty. Note that the child poverty estimates from 2000-2004 used in the child poverty prediction model are actually from the precursor to ACS; the model assumes no significant change in child poverty estimates between the two versions of the survey.

The full prediction model is shown in Table A-1; the first column shows the basic model and the second column shows the model with state fixed effects to capture unobserved underlying differences across the states, which might include wage levels in the state, the proportion of female-headed families, the racial and ethnic composition, levels of public support for poor families, and other factors. Under this second version of the model, which is used for the predictions, the child poverty rate goes up by 0.31 percentage points for each 1 percentage point change in the unemployment rate, and by 0.29 percentage points for each 1 percentage point change in the SNAP recipiency rate. The poverty rate in the preceding year also affects poverty in the current year, even after controlling for the underlying characteristics of the state.

Table A-1. Regression Estimates of the Effects of Economic Conditions on Child Poverty Rates, 2001–2010

	Dependent Variable: Poverty Rate among Persons under Age 18	
Variable	**Model A**	**Model B**
Unemployment Rate	0.25***	0.31***
SNAP Recipiency Rate (January–June)	0.17***	0.29***
Child Poverty in Previous Year	0.84****	.25****
Constant	0.28	8.99
State Fixed Effects	No	Yes
Number of Observations	510	510

**** Significant at 1 percent level*

How good is the model? Last year's model predicted child poverty would be 21.3 percent nationally, quite close to the 21.6 percent rate reported in the 2010 ACS data.[17] The model also did well with its state-by-state predictions, with the typical difference between predicted and "actual" state child poverty rates being only 0.8 percentage points and well within the margin of sampling error for the majority of states. Because some predictions were too high and some too low, the differences across all 51 states averages out to only +0.2 percentage points.

Further confidence is provided in an analysis presented in last year's paper, in which nine different simulations were done, estimating how well the model would have predicted poverty in each year between 2001 and 2009, assuming the actual poverty rates for that year were unknown.[18] At the state level, the predicted poverty rates were within 2.0 percentage points of the actual poverty rates 87 percent of the time and within 3.0 percentage points of the actual rates 97 percent of the time, with most of the larger discrepancies occurring in the District of Columbia and the smaller states. At the national level, the simulated child poverty rate was generally within 0.5 percentage points of the actual rate—except in 2009, the first year of the recession, when the model overestimated child poverty by 0.7 percentage points. The threat that the model is overestimating poverty during the recession is counter-balanced, however, by the fact the full model with data for 2001-2009 underestimated poverty in 2010 (21.3 predicted vs. 21.6 actual).

In fact, the model may be underestimating poverty again with its 22.0 prediction for 2011. Results from simulation run by Brookings analysts Emily Monea and Isabel Sawhill suggest that child poverty may rise to 24 percent in 2011. Differences in data may explain some of the differences (Monea and Sawhill use CPS rather than ACS data, and the child poverty rate has been 0.4 to 0.7 percentage points higher in the CPS as compared to the ACS over the past two years). However, even after taking into account data differences, the Monea/Sawhill predictions are higher than those from the state-child-poverty model, suggesting the predicted child poverty rates presented here may be conservative in estimating the effects of the recession on children.

ENDNOTES

1 This brief updates an earlier paper predicting child poverty in 2010. See Julia Isaacs, *Child Poverty during the Great Recession: Predicting State Child Poverty Rates for 2010* (Washington, DC: Brookings and First Focus, 2010).

2 Vonnie C. Mcloyd, "Socialization and development in a changing economy: The effects of paternal job and income loss on children," *American Psychologist,* Vol 44(2), Feb 1989, 293-302; Vonnie C. McLoyd, Toby Epstein Jayartne, Rosario Ceballo., and Julio Borquez. (1994). "Unemployment and work interruption among African American single mothers: Effects on parenting and adolescent socioemotional functioning," *Child Development, 65*(2), 562-589; and Beth Molnar, Stephen Bruka, Robert Brennan, John Holton and Felton Earls, "A multilevel study of neighborhoods and parent-to-child physical aggression: Results from the project on human development in Chicago neighborhoods." *Child Maltreatment*. May 2003, Vol 8, no. 2, 84-97.

3 Phillip Oreopoulos, Marianne Page and Ann Huff Stevens, Marilyn Page, "The Intergenerational Effects of Worker Displacement," *Journal of Labor Economics*, 2008, vol. 26, no. 3; Ariel Kalil and Kathleen M. Ziol-Guest, "Parental Employment Circumstances and Children's Academic Achievement." *Social Science Research*, Volume 37, Issue 2, June 2008, 500-515; and Ann Huff Stevens and Jessamyn Schaller, "Short-run effects of parental job loss on children's academic achievement." NBER paper 15480 (2009).

4 Phillip Lovell and Julia Isaacs, *Families of the Recession: Unemployed Parents and their Children. Washington, DC: Brookings and First Focus,* June 2010.

5 Esa Eslami, Kai Filian and Mark Strayer, *Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2010,* Table A-14 (Alexandria, VA: Food and Nutrition Services, U.S. Department of Agriculture, 2010). The percentage of children was lower in 2010 than in 2007 (47 vs. 49 percent). The 2011 caseload is assumed to be 47 percent children, the same as in 2010, when calculating the increased of 8 million children and 10 million adults.

6 See technical appendix for discussion of alternative poverty measures.

7 Emily Monea and Isabel Sawhill, An Update to 'Simulating the Effect of the Great Recession on Poverty' (Washington, DC: Brookings, 2011). Some of the differences between the two estimates may reflect data differences (CPS vs. ACS data), as discussed in the technical appendix.

8 Jeanne Brooks-Gunn and Greg J. Duncan (1997). The effects of poverty on children. *The Future of Children*, *7*(2), 55-71.

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10 Vonnie C. McLyod (1990) The impact of economic hardship on black families and children: Psychological distress, parenting, and socioemotional development *Child Development, 61*(2), 311-346 and.P. Lindsay Chase-Lansdale and Laura D. Pittman (2002) Welfare reform and parenting: Reasonable expectations. *Future of Children, 12* (1), 167-185.

11 Julia Isaacs, Heather Hahn, Stephanie Rennane, C. Eugene Steurle, and Tracy Vericker, *Kids' Share 2011, Report on Federal Expenditures on Children through 2010.* (Washington, D.C: Brookings and the Urban Institute, 2011).

12 Congressional Budget Office, *Pay-As-You-Go Cost Estimate of H.R. 2642, Farm Security and Rural Investment Act of 2002*, May 22, 2002, p. 11. Available at http://www.cbo.gov/ftpdocs/34xx/doc3468/hr2646omb.pdf (downloaded 10/20/2010).

13 The 2009 estimate is from Joshua Leftin, Esa Eslami and Mark Strayer, *Trends in SNAP Participation Rates*. Appendix D, footnote 19, page 63, (Alexandria, VA: Food and Nutrition Services, U.S. Department of Agriculture, 2010) and the 2008 estimate is from Joshua Leftin, *Trends in Supplemental Nutrition Assistance Program Participation Rates: 2000 to 2008,* Appendix D., p. 57. Note that these estimate do not include household that are income eligible but have high assets that would have disqualified them but for the broad-based categorical eligibility.

14 Food and Nutrition Service, U.S. Department of Agriculture, *Program Data, Supplemental Nutrition Assistance Program, Monthly Data National Summary* (data as of November 2, 2009). Available at http://www.fns.usda.gov/pd/34SNAPmonthly.htm (downloaded 11/11/09).

15 Author's analysis of data provided in Leftin et al., *Trends in SNAP Participation Rates*.

16 The 23-month period ranges from January 2009 to November 2010. Families interviewed in January 2010 report on income between January and December 2009, families interviewed in February report on income between February 2009 and January 2010, and so on, with families interviewed in December 2010 reporting on income between December 2009 and November 2010.

17 Isaacs, 2010.

18 For example, to predict child poverty in 2005, the 2005 child poverty data were dropped, the model was run on data from 2001 to 2004 and 2006 to 2009, and then the resulting coefficients—combined with the dropped data on conditions in 2005—were used to predict child poverty in 2005, simulating an estimate of poverty in a year "outside" the data used to estimate the model.

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