

One in seven American children has an unemployed parent as a result of the current recession, known by many as the "Great Recession." These 10.5 million children are more likely to experience homelessness, suffer from child abuse, fail to complete high school or college, and live in poverty as adults than other children.

The economy is technically emerging from the recession and is likely to recover in the coming years.¹ However, the same may not be the case for our children without a concerted effort to address their needs and provide them with every opportunity to work hard and attain the American Dream. The following brief analyzes the number of children and youth who are impacted by the recession, examines the consequences, and recommends policy solutions.

THE NUMBERS: CHILDREN AND YOUTH IMPACTED BY UNEMPLOYMENT

An estimated 10.5 million children under the age of 18 live in families with an unemployed parent. Another 3.3 million young people between the ages of 16 and 24 are themselves unemployed. These figures are based on monthly unemployment statistics and annual data on family status of unemployed men and women (see methodological note for a complete explanation).

Doubling the Number of Children with an Unemployed Parent

The Great Recession has nearly doubled the number of children with an unemployed parent. In December 2007, the month in which the nation technically entered into recession, the unemployment rate was 4.9 percent and an estimated 5.5 million children had an unemployed parent. The unemployment rate has now escalated to 10.0 percent, leaving 10.5 million children with a parent looking for work. Almost half of unemployed women (46 percent) and one-third of unemployed men are parents.

Rising Youth Unemployment

The recession's impact on youth also has been stark. In December of 2007, 2.6 million youth between the ages of 16 and 24 were unemployed (that is, they were actively looking for a job, and could not find one). The latest figures show that 3.3 million youth are unemployed, an increase of 750,000, or 29 percent.

Because young people are most likely to seek employment during the summer months, it is helpful to look at summer job figures to get a complete picture of youth employment. This past summer saw the highest youth unemployment rate on record (18.5 percent) and 4.4 million unemployed youth aged 16 to 24, an increase of nearly 1 million from the summer of 2008.²

A comparison of youth unemployment across races is also compelling. The unemployment rate of black youth aged 16 to 19 is twice that of white youth (48.4 percent and 23.6 percent, respectively).³



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- **The Great Recession has nearly doubled the number of children with an unemployed parent.**
- **Almost half of unemployed women and one-third of unemployed men are parents.**
- **The summer of 2009 saw the highest youth unemployment rate on record.**

Children are Disproportionately Impacted by Unemployment

One in seven children, or 14 percent, has an unemployed parent. This percentage is double that of working-aged adults who are unemployed (7.4 percent of adults 18 to 64 were unemployed in December 2009).⁴ The disproportionate impact of unemployment on children goes beyond the simple numerical comparison, however, because of the negative effects of unemployment on children's well-being. This includes adverse impacts in the areas of poverty, homelessness, education and child safety.

BEYOND THE NUMBERS: HOW UNEMPLOYMENT IMPACTS CHILDREN AND YOUTH

Child Poverty

Researchers at the Brookings Institution estimate that the number of children in poverty may increase by 5 million over the next few years as a result of the recession.⁵ Already the number of children receiving food stamps has increased by 3.4 million between August 2008 and August 2009, leading to predictions of increased child poverty between 2008 and 2009.⁶ These increases in need are especially troubling considering nearly one in five children, or 14 million children, were poor in 2008, before the full onset of the recession.

However, the long-term consequences also are cause for concern: children forced into poverty by a recession are three times more likely to be poor as adults than their more affluent peers.⁷ In short, the conditions of today will give rise to the next generation of poor Americans.

Homelessness

Since the recession began, 19 States collectively report a 49 percent increase in homeless children.⁸ Evidence suggests that the spike in homelessness stems largely from job losses that are now fueling the continued foreclosure crisis. By the end of September 2009, 2.6 million homes were in foreclosure. Further, an additional 1.6 million home loans were 90 days past due and, therefore, heading toward foreclosure.⁹

The impact of homelessness on child well-being is severe.¹⁰ While action is being taken to reduce foreclosures and address the banking and finance policies that led to the mortgage crisis, too little is being done to prevent children and families from becoming homeless. Indeed, support for the children, youth, and families who lose their homes and have nowhere to go has been a secondary priority for those trying to repair the damage done by the recession.

Education

Children who fall into poverty as a result of a recession are less likely to graduate from high school or college. An analysis of the long-term impacts of recession induced poverty found that children who entered poverty as a result of a recession were 15 percentage points less likely to complete high school and 20 percentage points less likely to complete college than those who were not poor.¹¹ A separate analysis found that children with a parent who loses a job are 15 percent more likely to repeat a grade than children with parents who are stably employed.¹²

Since education is critical to the nation's economic success, the recession of today poses a direct threat to the economy of tomorrow. Evidence clearly shows the connection between education, employment, and earnings. In fact, people without a high school diploma are three times more likely to be unemployed as those with a college degree.¹³ As a result, the Great Recession makes today's investments in education all the more critical for the competitive future that lies ahead.

Child Abuse

Research shows a strong link between poverty and child abuse. Children in poverty are more likely to suffer maltreatment, sexual abuse, and to be seriously injured than other young people. Although the relationship between child abuse and poverty is complex, the stress that results from poverty and unemployment can create an environment where abuse is more likely. Several news articles depict instances of abuse that appear tied to the economic downturn.¹⁴

POLICY RECOMMENDATIONS

The most effective path to a full recovery must remain front and center on the agenda of Congress and the Administration. While policy makers counteract the fiscal implications of the Great Recession, they must also address the impact of today's unemployment rate on our nation's children. Congress should enact a Jobs Bill that puts parents back to work and provides the following provisions to support our children and youth:¹⁵

- As states and school districts suffer significant budget cuts, an education fund of at least \$23 billion, as included in the Jobs for Main Street Act, is critical to addressing the educational needs of our children.
- The significant growth in youth unemployment warrants a strong response. Congress should appropriate \$1.5 billion through the Workforce Investment Act youth program to support year-round employment opportunities for the nation's young people, as proposed by the Youth Jobs Act of 2010 (S.2923).
- Homelessness can be prevented, as demonstrated by the Homelessness Prevention and Rapid Re-housing Program (HPRP) funded through the American Recovery and Reinvestment Act. At least an additional \$1 billion should be provided to HPRP. Moreover, \$1.065 billion should be provided to the National Housing Trust Fund in order to expand the availability of affordable housing for low-income families. Further, \$100 million should be allocated to school districts through the Education for Homeless Children and Youth program to help children stay in school even if they become homeless.
- Congress should provide funding for programs that support and strengthen families, including the Child Abuse Prevention and Treatment Act and the Promoting Safe and Stable Families program.

HOW WERE THE NUMBERS ESTIMATED?

Every month, the Bureau of Labor Statistics releases the most recent unemployment rate and number of unemployed persons, but these monthly data do not include the number of children residing with unemployed parents. We estimate this number by combining the monthly unemployment statistics with data on the family status of unemployed men and women from the Annual Social and Economic Supplement to the Current Population Survey.

Specifically, in December 2009, there were 15.3 million unemployed persons 16 and older, including 3.4 million married men and 2.2 million married women, as well as 5.5 million men and 4.2 million women of other marital statuses (widowed, divorced, separated, never married, married with spouse absent). These figures are all seasonally adjusted. Annually collected data from March 2009 indicate that two in five unemployed people are parents living with children, including roughly half of unemployed married men and women, 21 percent of unemployed men who are not married and 45 percent of unemployed women who are not married. Unemployed parents have an average of 1.8 children, with the number ranging from 1.7 among unemployed parents who are not married to 1.9 among unemployed married women and 2.0 among unemployed married men.

These data were combined to generate the estimate that 10.5 million children under 18 were living with an unemployed parent in December 2009. This estimate incorporates a small adjustment to ensure that the children of unemployed parents who are married to each other are counted once, not twice. It assumes no significant change in family size for unemployed married and unmarried men and women between March 2009 and December 2009.

The 10.5 million figure represents children living with one or two unemployed parents. Children living with unemployed grandparents or other relatives are not included in this number. Nor does it capture children who receive reduced child support payments due to the unemployment of a father who is absent from the household.

CONCLUSION

The Great Recession has put the American Dream on hold for too many Americans. While addressing the economic causes and consequences of the downturn, we must recognize the impact the economy is having on our young people.

Let us not leave this generation worse off than the generation that came before it. Legislation addressing the unemployment crisis must address the needs of its youngest victims. And future efforts to restore fiscal discipline should not seek to balance the budget on the backs of our kids. America's children are the only future we have. Together, we can provide them with the opportunity to prosper.



The First Focus Campaign for Children is a 501(c)(4) nonprofit organization affiliated with First Focus, a bipartisan children's advocacy organization. The Campaign for Children advocates directly for Congress to ensure children and families are a priority in federal policy and budget decisions. For more information contact Phillip Lovell, Vice President for Education, Housing, and Youth Policy. He can be reached at phillipl@firstfocus.net.

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NOTES:

¹ Ben Bernanke, (15 September 2009) [address] A Year of Turmoil: FED Chairman Ben Bernanke Reflects on the Stabilization of the Financial System Since the Events of Last September. [Transcript] Retrieved January 7, 2010 from http://www.brookings.edu/~media/Files/events/2009/0915_financial_crisis/20090915_bernanke.pdf

² Summer youth employment data is collected in July, and these data were first collected for the summer of 1948. These summer youth employment data are not seasonally adjusted. Note that the proportion of youth seeking a job (known as the labor force participation rate) was lower in July 2009 than in any July since 1955. In other words, in addition to the 4.4 million youth who were formally unemployed, there were additional youth who did not even enter the labor force because of the difficult labor market. Bureau of Labor Statistics, "Employment and Unemployment Among Youth--Summer 2009," Economic News Release, USDL 09-1021, Washington, DC: Author, August 27, 2009. Available on-line at <http://www.bls.gov/news.release/youth.nr0.htm>.

³ Bureau of Labor Statistics, "The Employment Situation – December 2009," Economic News Release, USDL-09-1583, Washington, DC: January 8, 2009. The labor force participation rate for white youth aged 16-19 is 38.4 percent; for black youth it is 27.5 percent.

⁴ The most common unemployment statistic, the unemployment rate, measures the unemployed as a percentage of the labor force 16 and older, and was 10.0 percent in December 2009. Our estimate of the percentage of working-age adults who are unemployed is different, not only because of the age group covered, but because we included the full population of adults 18 to 64 in the denominator, including students, homemakers, disabled individuals, discouraged workers, and others who are not working or seeking work. Also note that the percentage would have been larger if we had included all adults living in families with an unemployed person, not just the unemployed adult.

⁵ Emily Monea and Isabel Sawhill, "Simulating the Effect of the "Great Recession" on Poverty," Brookings Institution, Washington, D.C., 2009. Available on-line at http://www.brookings.edu/papers/2009/0910_poverty_monea_sawhill.aspx

⁶ Julia Isaacs, "The Effects of the Recession on Child Poverty." Washington, D.C.: Brookings and First Focus, 2009. Available on-line at <http://www.firstfocus.net/pages/3661/>.

⁷ Michael Linden, "Turning Point: The Long Term Effects of Recession-Induced Child Poverty." Washington, DC: First Focus, 2009. Available on-line at www.firstfocus.net/Download/TurningPoint.pdf.

⁸ Phillip Lovell and Barbara Duffield, "Creating Jobs and Supporting Homeless Students." Washington, DC: First Focus Campaign for Children and National Association for the Education of Homeless Children and Youth, 2010. [Forthcoming]

⁹ "The Impact of the Recovery Act on Economic Growth: Hearing Before the Joint Economic Committee. 111th Cong., 1st Sess (2009) (testimony of Mark Zandi, Chief Economist and Cofounder of Moody's Economy.com).

¹⁰ Barbara Duffield and Phillip Lovell, "The Economic Crisis Hits Home: The Unfolding Increase in Child and Youth Homelessness." Washington, DC: First Focus, 2008. Available on-line at <http://www.firstfocus.net/Download/TheEconomicCrisisHitsHome.pdf>

¹¹ Linden, 2009. The study examined completion of 12 and 16 years of schooling, which are roughly analogous to attaining a high school diploma or attaining a bachelor's degree, respectively.

¹² Ann Huff Stevens and Jessamyn Schaller, "Short-Run Effects of Parental Job Loss on Children's Academic Achievement," Working Paper 15480, Cambridge, MA: National Bureau of Economic Research, 2009. Available on-line at <http://www.nber.org/papers/w15480>.

¹³ For people ages 25 years and over, the unemployment rate for those with less than a high school diploma is 15.3 percent; for those with a bachelor's degree or higher, it is 5.0 percent. (Bureau of Labor Statistics, 2009). Also note that high school dropouts make \$10,000 less per year than those with a diploma. Additionally, only one-third (37 percent) of high school dropouts nationwide are steadily employed and they are more than twice as likely to live in Poverty as high school graduates. See Swanson, Christopher (2009). *Cities in Crisis 2009: Closing the Graduation Gap: Educational and Economic Conditions in America's Largest Cities*. Bethesda, Maryland: Editorial Projects in Education Research Center.

¹⁴ Shadi Houshyar, "Addressing The Needs of Vulnerable Families During an Economic Crisis." Washington, DC: First Focus, 2008. Available on-line at www.firstfocus.net/Download/Families_EconomicCrisis.pdf.

¹⁵ Additional recommendations are highlighted in *A Child-Focused Jobs Package* by <http://www.firstfocus.net/Download/child-focused-jobs-package.pdf>.