



# THE RECESSION'S ONGOING IMPACT ON CHILDREN, 2012: FIRST FOCUS CAMPAIGN FOR CHILDREN POLICY RECOMMENDATIONS

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The impact of the recession on children can be hard to see. A new analysis by First Focus and Urban Institute researchers Julia Isaacs and Olivia Healy, *The Recession's Ongoing Impact on Children, 2012: Indicators of Children's Economic Well-Being*, provides close to “real-time” tracking of the recession’s impact on children through three state-by-state measures: children with an unemployed parent, individuals receiving nutrition assistance benefits, and child poverty.

Various pieces of the safety net that affect these indicators will be considered by Congress before the end of 2012. Isaacs and Healy write that it is important for policymakers to recognize that many families with children have not yet recovered from the recession – and would be adversely affected by cuts in the safety net. This analysis lends a new urgency to protecting children and families within current debates on the safety net and related proposals on government spending. Below are a set of First Focus Campaign for Children policy recommendations on how Congress and the Administration can act now to best protect children and families from the lingering effects of the recession now and promote their economic security moving forward.

## PROTECT FAMILY TAX CREDITS

Close to one in four children live below the poverty line, but refundable family tax credits kept 8.7 million Americans from poverty in 2011. Key improvements to family tax credits: the Child Tax Credit (CTC), Earned Income Tax Credit (EITC), and Child and Dependent Care Tax Credit (CDCTC) are set to expire at the end of 2012. The current versions of all three credits, including the 2009 provisions of the CTC and EITC, should be made permanent and eligibility for these credits should be preserved for all children. And in order to continue to protect families with children from poverty and ensure a pathway to the middle class, family tax credits should also be held harmless within tax reform proposals that may seek to limit household deductions.

**Impact on Children:** The CTC and EITC together kept close to 5 million children from falling into poverty in 2010 alone – with the 2009 improvements to both credits responsible for keeping 1 million of those children from poverty. The CTC and CDCTC also help millions of middle class families meet their children’s basic needs each year.

## PROTECT AND STRENGTHEN SNAP

With over one in five children at risk of hunger, and one in three overweight or obese, the Supplemental Nutrition Assistance Program (SNAP) program combats child poverty, hunger and obesity by providing families with the resources to afford nutritious food for their children and provides nutrition education about how to shop for and prepare healthy meals on a limited budget. This is especially important because of the meager SNAP benefit. SNAP households with children receive an average per person benefit of only \$127 per month, or \$1.41 per person per meal. Decisions around the expired Farm Bill, the sequester, and the fiscal cliff will have far-reaching implications for vulnerable Americans and their ability to access adequate nutrition. We urge Members of Congress to protect the SNAP program as debates over deficit reduction continue.

**Impact on Children:** SNAP is our nation’s largest child nutrition program and 48 percent of SNAP participants are children. Without SNAP and other important child nutrition programs child hunger in our country would be far worse. In 2010, SNAP benefits lifted 3.9 million people – 1.7 million of them children – above the poverty threshold. 1 million additional people were kept out of poverty as a result of the increased benefits they received through changes to the SNAP program through the 2009 economic stimulus law.

## **RENEW UNEMPLOYMENT INSURANCE EMERGENCY UNEMPLOYMENT COMPENSATION (EUC)**

With more than 6 million children living in families with an unemployed parent and close to half (2.8 million) of these children with a parent who is long-term unemployed for six months or longer, it is imperative that Congress act to renew the Emergency Unemployment Compensation (EUC) program through 2013. Without Congressional action, over 2 million Americans – many of whom are parents – will face an immediate cutoff of their unemployment benefits. These insurance benefits average \$291 per week, per worker and help families cover basic needs such as housing, food, and clothing.<sup>1</sup>

**Impact on Children:** In 2011, unemployment insurance provided support to 26 million workers and their families – and kept 2.3 million people, including 600,000 children, from poverty. Unemployment insurance also reduced the poverty rate for families who received it by 40 percent.

## **RESTORE THE TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) SUPPLEMENTAL GRANTS**

In June of 2011, Congress allowed these Supplemental Grants – \$319 million in annual funding to provide additional support to states with relatively low spending on children in poverty or high population growth – to expire, leaving states shortchanged and our most vulnerable children worse off.<sup>2</sup> Congress has an opportunity in the short-term to restore the Supplemental Grants (potentially through re-allocating existing resources from the TANF Contingency Fund), and an important responsibility in the longer-term to reauthorize TANF in ways that focus specifically on child poverty reduction, equalize resources, and strengthen accountability.

**Impact on Children:** According to Isaacs and Healy's analysis, the vast majority of the Supplemental Grant states continue to see the highest levels of child poverty (at least 1 in 5 children living below the poverty line) in the country. The Supplemental Grants were integral to the TANF program in the receiving states and their discontinuation has had real impacts on child well-being and family economic security through cuts in state-led services in the areas of cash assistance, child care, and child welfare.<sup>3</sup>

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<sup>1</sup> For more information, please see the November 2012 National Employment Law Project report, "Federal Unemployment Insurance Reduces Family Economic Hardship", at <http://www.nelp.org/page/-/UI/2012/Fact-Sheet-Unemployment-Insurance-Economic-Hardship.pdf?nocdn=1>.

<sup>2</sup> For more information on the history of the Supplemental Grants, please see: "TANF Supplemental Grants: Reforming and Restoring Support for Children Who Need It Most" at <http://www.firstfocus.net/library/reports/tanf-supplemental-grants-reforming-and-restoring-support-for-children-who-need-it-mo>.

<sup>3</sup> For more information on the impact of the Supplemental Grant loss in the 17 affected states, please see: "Costly Consequences: The Real Impact of Congress' Elimination of the TANF Supplemental Grants" at <http://www.firstfocus.net/library/reports/costly-consequences-the-real-impact-of-congress-elimination-of-the-tanf-supplemental>.