



**HEARING  
ON THE  
ECONOMIC AND SOCIETAL COSTS OF POVERTY**

**UNITED STATES  
HOUSE OF REPRESENTATIVES  
THE WAYS AND MEANS COMMITTEE**

**January 24, 2007**

The Child Welfare League of America (CWLA), representing public and private nonprofit, child-serving member agencies across the country, is pleased to submit testimony to the Ways and Means Committee this morning. The issue of the economic and social costs of poverty to our country is one that deserves a great deal more attention than it has received in recent years. The attention of this congressional committee and the priority that Chairman Rangel has placed on this issue is greatly appreciated and is to be commended. We look forward to working with you on this and related issues in the coming months.

Parents and other caregivers require certain economic resources to provide their children with proper nutrition, adequate housing, and sufficient health care. Although economic resources provide no guarantee of a child's healthy development or well-being, poverty is correlated with a wide range of negative outcomes that begin in childhood and can forever impact a child's future.<sup>1</sup> Children raised in poverty are likely to experience more risks and have fewer protective factors and resources than children living above the poverty threshold.<sup>2</sup>

Many children raised in poverty begin their lives at a disadvantage because of inadequate prenatal care, poor maternal nutrition, or birth complications. They often also face a wide array of familial and other environmental obstacles, including low levels of parental education, increased levels of familial stress, poor social support, and limited community assistance. Compared with other children, children living in poverty are more likely to experience difficulty in school and have a higher high school drop-out rate. Poverty during early childhood may be more damaging than poverty experienced later in life because much of the foundation for learning is built in the early years. Poor children score lower on measures of vocabulary, language skills, understanding of number concepts, organization, and self-regulation. In addition, children living in poverty are more likely to become teen parents, and, as adults, earn less and be unemployed more frequently.<sup>3</sup>

CWLA believes that as a country we must confirm our commitment to prevent child abuse and neglect and to support children who have been abused and neglected. A fundamental building block to reaching this goal is to tackle poverty head-on.

## **POVERTY AS A NATIONAL ISSUE**

In August 2005, for a brief moment, the nation's attention was focused squarely on the issue of poverty in America. Everyone's eyes were glued to their television screens as the levees broke in New Orleans, Louisiana, and significant tragedy unfolded. Images of individuals and families trapped by floodwaters and testimony of those mourning the loss of loved ones, homes, and personal belongings destroyed any ideas of poverty as merely an illusion. This attention was unfortunately fleeting, however, and the commitments that had been made to address the poverty issue quickly faded.

In fact, if you were living in Washington, DC, on that August 2005 day, you might have attended a forum hosted by the prestigious Brookings Institute that included a panel

discussion interpreting the meaning of the new census data on poverty. As has been the case in other discussions and in other forums over the last several years, much of that discussion focused on how we measure poverty and whether or not it is as severe as some would argue. We will not continue that debate here because, in our view, poverty is severe and the United States is not doing enough to combat the issue.

CWLA sees poverty as a serious matter that impacts individuals across the country and shapes the direction we are headed as a nation. Poverty touches on our economic preparedness, the effectiveness of our schools, the health of our nation, and—most significantly to CWLA—the welfare of our nation’s children.

In 2005, the national poverty rate stood at 13%.<sup>4</sup> For children under the age of 18 the poverty rate was higher at 18%, which meant that approximately 12.8 million of our nation’s children were being raised in poverty.<sup>5</sup> For children under the age of 5, the percentage was even higher at 21%.<sup>6</sup> One out of five children in the critical child developmental period of 0 through 5, then, live in poor conditions that will certainly affect their chances at future success and well-being.

## **POVERTY AND CHILD ABUSE**

According to the CWLA Standards of Excellence for Services for Abused or Neglected Children and Their Families, neglect is defined as “Failure of parents or other caregivers, for reasons not solely due to poverty, to provide the child with needed age-appropriate care, including food, clothing, shelter, protection from harm, supervision appropriate to the child’s development, hygiene, education, and medical care.”

In 2004, the most recent data available, an estimated 3 million children were reported as abused or neglected and received an assessment or screening to determine whether or not there was evidence of abuse or neglect. Approximately 872,000 children were substantiated as abused or neglected.<sup>7</sup>

Of the 872,000 substantiated cases of abuse or neglect, 62.4% of these children experienced neglect, 17.5% were physically abused, 9.7% were sexually abused, 7% were psychologically maltreated, and 2.1% were medically neglected. Nearly three-quarters (or 72.9%) of child victims age 0 to 3 years were neglected—higher than any other age category.<sup>8</sup>

In 1996, the U.S. Department of Health and Human Services released the Third National Incidence Study (NIS) of Child Abuse and Neglect. The NIS is a congressionally mandated, periodic research effort to assess the incidence of child abuse and neglect in the United States. The fourth study is currently underway. The NIS gathers information from multiple sources to estimate the number of children who are abused or neglected and to provide information about the nature and severity of the maltreatment, the characteristics of the children, perpetrators, and families, and the extent of changes in the incidence or distribution of child maltreatment since the previous NIS.

In the 1996 study, a significant correlation was found between the incidence of maltreatment and family income. It found that that 47% of children with demonstrable harm from abuse or neglect and 95.9% of endangered children came from families whose income was less than \$15,000 per year.<sup>9</sup>

Children from families with annual incomes below \$15,000 as compared to children from families with annual incomes above \$30,000, were over 22 times more likely to experience some form of maltreatment that fit the study's harm standard and over 25 times more likely to suffer some form of maltreatment as defined by the endangerment standard.<sup>10</sup>

Children from families in the lowest income bracket were 18 times more likely to be sexually abused, almost 56 times more likely to be educationally neglected, and over 22 times more likely to be seriously injured from maltreatment than children from higher income families.<sup>11</sup>

The stress created by living in poverty may play a distinct role in child abuse and neglect.<sup>12</sup> Parents who experience prolonged frustration in trying to meet their family's basic needs may be less able to cope with even normal childhood behavior problems. Those parents who lack social support in times of financial hardship may be particularly vulnerable. Parents who are experiencing problems with employment are frequently rated by child protective services staff as being at moderate to high risk of child maltreatment.<sup>13</sup>

## **POVERTY AND KINSHIP AND FOSTER CARE**

These findings suggest that we could help alleviate the flow of children into other parts of the child welfare system by addressing the core issue of poverty. For those children who are in care, the challenges and the issue of poverty are no less significant. As of September 30, 2004, 509,662 children were in foster care in the United States.<sup>14</sup> Foster care, when it is the most appropriate service for a child, should provide a child with protection, care, and nurturance for a temporary period of time while services are provided to the child's parents in order to deal with the problems that led to placement.

When a child cannot remain in his or her own home, it is critical that the child welfare system work to provide that child with permanence. All children deserve to be a part of, or have a connection with, stability and families that are intended to be permanent. Family foster care and foster care services should emphasize safety and the well-being of children; recognize that the family is a fundamental foundation of child rearing; and acknowledge the importance of a comprehensive, child-centered, family-focused, culturally competent approach. To fulfill their vital role, then, public child welfare agencies need to ensure that children in care are protected and cared for and that they receive the services they need. The agency should also ensure that the families of the children in care receive services directed toward early reunification with their child or, as an alternative, another permanency goal.

To meet these goals, it is clear that families must have the needed support to help foster children. According to the National Survey of America's Families (NSAF), only 39% of out-of-home care provider families have incomes that place them beyond 200% of the poverty level. Among all families—in-home, foster, and kinship—those involved with the child welfare system are five times more likely to have income at only 50% of the poverty level than families in the general population.<sup>15</sup>

The needs of children in foster care and the support their families provide to them is only made more challenging by the fact that less than half of the children in care are eligible for federal support. A child in foster care is eligible for federal support only if that child was removed from a family that would have been eligible for the now nonexistent Aid to Families with Dependent Children (AFDC) as it existed in July 1996.

According to 2005 calculations by the Congressional Research Service (CRS), this outdated eligibility, which erodes every year, means “that in as many as 25 states, eligibility for the Title IV-E foster care program may only be established for children removed from families with incomes less than half the federal poverty level (roughly \$8,000/year for a family of three).”<sup>16</sup>

Another significant and growing part of the child welfare system is the use of kinship care and kinship settings. By definition, kinship care is the full-time care, nurturing, and protection of children by relatives, members of their tribes, godparents, stepparents, or any adults who have a kinship bond with a child. This definition is designed to be inclusive and respectful of cultural values and ties of affection. Beyond its formal definition, what kinship care provides is an opportunity for a child to grow to adulthood in a familial environment. For many children, it is also a lifeline to a safe and productive future. It is, therefore, the type of care that we must nurture and promote in every way possible.

Over six million children are living with a relative who serves as their caregiver, with approximately four-and-a-half million of these being grandparents. According to the last census, nearly two-and-a-half million grandparents report that they are primarily responsible for their grandchildren. The same census survey reveals that nearly 20% of these grandparents live in poverty.<sup>17</sup>

When Congress enacted the Adoption and Safe Families Act (ASFA) in 1997, it gave formal recognition to kinship placements as a permanency option even though that same act did not extend federal funding to these placements. The increased urgency that ASFA placed on the goal of permanency also influenced the increased use of kinship placements. These families are a vital support for millions of children and are a key to ensuring the safety and permanency, as well as the nurturing and well-being, of these children.

Although we have seen a decrease in the poverty rates amongst these families from the end of the last decade and through 2002, the percentage of children in a kinship setting

living in poverty is still too high. According to an Urban Institute analysis,<sup>18</sup> the poverty rate for children living in public kinship care or kinship care provided through the child welfare system is 18%. That is the same as the overall child poverty rate for children under 18. For private kinship care—those kinship families not coming through the public child welfare system—the poverty rate is 31%. When compared to non-kin foster parents, kinship families are much more likely to be low income (defined as 200% of the poverty level or lower), single, and older. In all instances, poverty certainly creates additional burdens and challenges for these families who have opened their homes and are providing a vital service to these children. If we continue to adhere to the goals of the federal Adoption and Safe Families Act and we recognize kinship placements as a permanency option as we should, we must provide accompanying federal financial support.

## **YOUTH AFTER FOSTER CARE**

For too many older children in foster care the exit from the system will come only when they reach the age of 18. More than 22,000 young people leave foster care annually because they age out of the system.<sup>19</sup> Although data is sometimes sparse, we know of common challenges for these young people from several studies. In one national survey, 25% of foster youth reported having been homeless at least one night in the two-and-a-half to four years after exiting foster care.<sup>20</sup> In a national survey, only 54% of former foster youth had completed high school,<sup>21</sup> and in another study, 3 in 10 of the nation's homeless adults reported a foster care history.<sup>22</sup>

## **FOSTER CARE AND EDUCATION**

Children and youth in foster care are also challenged when it comes to education outcomes. Placement in out-of-home care may create issues around mobility and stability in a child's education arrangements. For example, a three-year study of youth aging out of care by Chapin Hall indicated that over one-third of young adults reported five or more school changes.<sup>23</sup> Another study of the Chicago school system (also by Chapin Hall) indicated that over two-thirds of children and youth included in the study had switched schools shortly after their initial placement.<sup>24</sup> This kind of instability, along with the challenges of poverty, creates greater barriers to successful education outcomes.

A 2001 Washington state study is typical of other research in its findings, which showed that youth in foster care attending public schools scored 16 to 20 percentile points below nonfoster youth in statewide standardized tests at grades three, six, and nine.<sup>25</sup> Over one-third of young people in a Midwest Study had received neither a high school diploma nor a GED by age 19, compared to fewer than 10 percent of their same-age peers in a comparable national sample.<sup>26</sup> In addition other studies have demonstrated that such outcomes continue to have an impact as these youth attempt to succeed at the post-secondary education level. The Northwest Alumni Study found that of the foster care alumni studied, 42.7 percent completed some education beyond high school, 20.6 percent completed any degree or certificate beyond high school, 16 percent completed a

vocational degree and 1.8 percent completed a bachelor's degree. This completion rate for a bachelor's degree compares to 24 percent among the general population of the same age as those surveyed in the study.<sup>27</sup> CWLA believes that these results offer strong evidence that efforts to improve the education outcomes for these children and youth in foster care has to be a part of our national strategy to improve education and to reduce poverty.

## **HEALTH STATUS OF CHILDREN AND PARENTS**

Children and parents living in poverty are less likely to have access to adequate health and mental health care. The lack of comprehensive health services for both children and parents increases entry into the child welfare system and makes it more difficult for children in the system to attain long-term health, stability, and permanency.

The first three years of life are crucial to a child's brain development and early mental health status.<sup>28</sup> There are an astounding number of children living in poverty during this critical period. Moreover, the 2005 U.S. Census Survey reported 11.2% of children as uninsured, despite widespread eligibility for Medicaid or SCHIP.<sup>29</sup> Lack of health insurance or limited health insurance coverage contributes needlessly to an increasing number of children in the child welfare system with an unmet health need as well as placement of children in the child welfare system solely to obtain essential mental health services.<sup>30</sup> The data demonstrates a greater need for outreach to meet the needs of these children by increasing enrollment in eligible health insurance programs and ensuring comprehensive access to health and mental health resources under them. Increased access to health and mental health care improves a child's chance for permanency.<sup>31</sup>

Poverty also correlates with increased rates of mental illness and substance abuse among parents,<sup>32</sup> leaving them less ready to handle the stressors associated with raising children. The children of parents with substance abuse or mental health concerns are therefore more likely to be victims of abuse or neglect. Availability of comprehensive mental health care reduces caregiver stress and increases a child's chance for healthy development and stable placement.<sup>33</sup> Helping children to overcome the obstacles created by the presence of poverty in their early lives means increasing services to address the mental health and substance abuse treatment needs of these children and their parents.

## **CWLA POLICY RECOMMENDATIONS ON PROPOSED LEGISLATION**

The booming economy in the 1990s resulted in increases in overall income levels and modest declines in poverty levels relative to economic gains. The percentage of U.S. children living in families with high incomes grew to 29.7% in 2000, while one in three children (34%) lived in families with medium incomes.<sup>34</sup>

The progress made at the end of the last decade, however, has either plateaued or reversed. Poverty remains prevalent and debilitating for millions of U.S. children, youth,

and families. Children are almost twice as likely to live in poverty as Americans in any other age group.<sup>35</sup> The extent of inequality in the distribution of earned income since the 1970s has dramatically increased. While workers with higher schooling levels and more experience have enjoyed increases in their inflation-adjusted earnings, the real earnings of younger and less-educated workers have fallen sharply.<sup>36</sup>

Although secure parental employment may provide access to health care and reduction of some stressors, poor working parents often face multiple pressures that negatively impact their ability to adequately care for their children. When they are exhausted from low-paying jobs and enervated by the sheer demands of coping with inadequate resources, parents find it harder to be consistent in discipline, to be responsive to children's needs, and to provide a range of socially and educationally stimulating experiences.

## **SOLUTIONS**

- Providing a broader and better financial situation for low-income families will give these families adequate resources that positively affect child development, especially for younger children. CWLA therefore supports federal strategies that seek to increase low family incomes and include income supports, such as increasing the Earned Income Tax Credit and raising the minimum wage.
- CWLA supports enhancements in programs such as the Temporary Assistance to Needy Families. This enhancement, however, must assist parents in reaching more and better paying jobs and not just focus on arbitrary work rates and punitive measures for failure to work.
- CWLA supports the enhancement of child care and preschool readiness programs, high school completion programs, and other educational supports to increase opportunities for the nation's poorest children and youth.
- CWLA supports increased investments in prevention, intervention, and treatment services to reduce the negative impact of poverty on children and youth and on the larger culture. This includes the expansion of home visiting programs and full funding of prevention and intervention programs such as the Child Abuse Prevention Treatment Act and the Promoting Safe and Stable Families program.
- Congress needs to reauthorize and strengthen the State Children's Health Insurance Program, including the provision of funds necessary to avoid shortfalls and expand coverage to more uninsured children.
- Congress must preserve the federal guarantee of Medicaid as an entitlement program for low-income children, youth, and families and prevent any cuts

that would result in reduced benefits and restricted eligibility for beneficiaries. Coverage for youth leaving foster care should be required to age 21.

- In the reauthorization of the education act, the No Child Left Behind law, Congress must include initiatives that will assure and strengthen the access of foster children to public education and eliminate current barriers to stability and a foster child's ability to continue in his or her current school setting.
- CWLA believes we cannot succeed in reducing the number of children in care without greater federal support. We must fix the financing mechanisms for children who are in the child welfare system. This means extending Title IV-E funding to kinship placements and replacing the outdated eligibility requirements for foster care and adoption assistance currently tied to the now nonexistent AFDC program as it existed in July 1996.

## **CONCLUSION**

CWLA appreciates the opportunity to offer our testimony to the committee in regard to the issue of poverty. The fact that the Ways and Means Committee, under the leadership of Chairman Rangel, has held this hearing as one of its first hearings demonstrates a commitment to child welfare by the chairman and the committee. This gives CWLA hope that this country will once again seriously confront the challenge and the need to reduce poverty and improve the lives of children and families throughout the United States of America.

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