The State of Children:

What Parents Should Know About Government's Efforts to Assist Children

By Naomi Lopez

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Executive Summary

If one gauged the well-being of children strictly by the flurry of alarming media accounts and the rhetoric of child welfare advocates, one might believe that American children stand in dire peril. Politicians compound this problem with their fever-pitch crusades claiming to champion the cause of children.

Of all the issues that divide the nation, few draw such fervent claims from both sides of the political aisle. In today’s political debates, no other cause receives more attention than children’s issues. Deservedly, this issue is the legislative centerpiece of political agendas in Washington and across the country.

But for all the good intentions, there has been little discussion of the proper role of government on the lives and children. Furthermore, the impact of additional government programs and initiatives is not well understood.

Few parents realize that, contrary to media reports and child advocates, many key indicators of children’s well-being show that, in many ways, children are actually better off today than they have ever been. In fact, much of the improvement in children’s well-being actually occurred early in the century—prior to large-scale government intervention in this area.

Furthermore, the current magnitude of government efforts is not readily apparent. The federal government currently operates more than 150 programs directed specifically towards children at an annual cost that exceeds $50 billion. This is in addition to many well known social welfare programs such as cash assistance, Food Stamps, Medicaid and housing assistance that target the entire family.

There is no doubt that children’s issues deserve serious and careful consideration. But before further attempts are made to expand government’s already considerable role in the lives of children, the public should be made aware and the nation should debate the proper role of government.

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Introduction

Government programs have long sought to improve children's well-being. Despite evidence that indicates children were faring better than ever, the number of children served by government programs and the magnitude of these programs have grown steadily up to the 1970s. See Figure 1. Since then, the trend has continued - often without the desired results.

**Figure 1**
Services Under Public Health and Welfare Service Programs

In recent years, our nation has witnessed a number of high-profile, energetic campaigns on behalf of children. The recent onslaught of new efforts includes, but is not limited to, internet decency regulation, the V-chip, limitations on smoking product advertisement, voluntary network ratings, day care, uninsured children, and parental leave. This trend is so strong that Georgia Governor Zell Miller implemented a program that provides every newborn in the state a classical music cassette or compact disk.

In today's political climate, children's issues are politically charged and debates surrounding them are frequently guided by sentiment, rather than logic. Lawmakers, the media, and the public too often support expanding government efforts on children prior to examining existing programs and their effectiveness. In some cases, the best intentioned government policies and programs have actually undermined children's well-being.
Children's Trends

Demographic Trends

Last year, 69.5 million children lived in the United States. In terms of sheer numbers, the U.S. children's population is at an all-time high. When compared to the rest of the population, however, the child population has been declining since its peak in 1960. Today children make up just over one quarter of the population — down from 36 percent in 1960. This trend is expected to continue through the year 2020 when they will make up just under one quarter of the entire population (See Figure 2).

Since 1960, children's living arrangements have dramatically changed. While the vast majority of children still live in two-parent households, today an increasing proportion of children are living with only one parent. See Figure 3. Of those children living with only one parent, 36.5 percent of them live with a never married parent — which is up from 4.2 percent in 1960. See Figure 4.

The most common gauges of the status of children are in the areas of poverty, infant mortality, life expectancy, health-care coverage and educational attainment. Unfortunately, a single snapshot in time can be misleading.
Figure 3
Living Arrangements


Figure 4
Living Arrangements of Children Under 18 Years Living with One Parent

Well-being Trends

In most instances, key indicators of children’s well-being are used as a justification for increased government activity in a particular area. Unfortunately, these indicators can only tell part of the story. Analysis of children’s well-being is not complete unless placed within historical or relative context. Many trends illustrate the rapid improvement in children’s well-being earlier this century prior to the massive expansion of government programs.

- **Poverty.** After steadily declining for decades, the level of children’s poverty stabilized at about 15 percent during the late 1960s. Since the mid-1970s, however, it has been heading upward and now stands at just over 20 percent — the same rate as when the War on Poverty began in 1965. See Figure 5.

![Figure 5](image)

**Figure 5**
Child Poverty


Today, according to the U.S. Bureau of the Census, one in five children lives in poverty. While even one child living in poverty should be of concern, these figures and comparisons may overstate poverty and lend little insight into this problem.

The official poverty measure in the U.S. is controversial. According to Bruce Bartlett of the National Center for Policy Analysis, consumption among the nation’s poor consistently outstrips income. Bartlett reports that the poor spend $1.70 for every reported dollar in their possession. Furthermore, forty percent of our nation’s poor own their own homes, the vast majority own a car, and nearly all own a color television. This
may occur because the poverty level counts cash assistance, but not non-cash benefits such as food stamps and housing benefits, as income. When using a poverty definition that includes non-cash government benefits, the child-poverty rate falls from 20 percent to 13 percent. See Figure 6.

**Figure 6**

**Poverty Rate after Cash and Non-cash Transfers, 1996**

<table>
<thead>
<tr>
<th>Description</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash income before transfers</td>
<td>23.6</td>
</tr>
<tr>
<td>Plus social insurance</td>
<td>21.8</td>
</tr>
<tr>
<td><strong>Poverty rate plus means-tested cash transfers</strong></td>
<td>20.5</td>
</tr>
<tr>
<td>Plus food and housing benefits</td>
<td>17.8</td>
</tr>
<tr>
<td>Plus EIC and less Federal payroll and income taxes</td>
<td>16.1</td>
</tr>
<tr>
<td><strong>Total reduction in poverty rate</strong></td>
<td>7.5</td>
</tr>
</tbody>
</table>

Source: Congressional Budget Office computations of U.S. Bureau of Census data.

The extent that the federal welfare system contributes to welfare dependency can be debated, but evidence points to a strong correlation between the rise of the welfare state and poverty. See Figure 7. It is also important to point out that incidence of poverty among single, female-headed households is significantly higher than their two-parent family counterparts. Recent increases in the poverty rate can be attributed to this increase in single-parent households. See Figure 8.

**Figure 7**

**Federal Per Capita Welfare Spending vs. Poverty**

Infant Mortality. The infant mortality rate has exponentially declined throughout the century. This trend is evident early in the century. In 1915, the infant mortality rate was almost 100 deaths per 1,000 live births. By the late 1930s, that rate was cut in half. See Figure 9.
The U.S. infant mortality rank may not necessarily correspond to a likelihood of survival for U.S. babies. In fact, because of medical advances, many of the children born today would not have survived only a few years ago in the U.S., or if born elsewhere today.

Many believe that government health care programs are responsible for reduced infant mortality rates in the United States. However, empirical evidence proves otherwise. Medical researchers Jane Huntington and Frederick Connell reviewed articles in peer reviewed medical journals and government documents from 1975 to 1993 that studied the economic effects of prenatal care. They concluded that there is no evidence that infant mortality rates bear any relationship to public spending on prenatal care. A book edited by former Assistant Secretary of Health and Human Services, Philip R. Lee, reveals that infant mortality rates declined significantly in the United States long before 1965, the year Medicaid was established. In fact, our nation's infant mortality rate declined long before government programs took effect in the United States.

**Life Expectancy.** Between 1900 and 1935, life expectancy at birth improved by more than fourteen years. While life expectancy continues to steadily improve, it improved by just over five years between 1970 and 1995. See Figure 10.

[Figure 10: Expectation of Life (in Years) at Birth]


University of Pennsylvania researchers Kevin White and Samuel Preston point out that the most dramatic improvements in children's life expectancy occurred in the early part of this century, long before government health care programs were in place. Research attributes the gains in life expectancy and reductions in infant mortality primarily to basic hygienic measures including purification of water, efficient sewage disposal, and
improved food hygiene. Furthermore, corresponding increases in life expectancy for persons reaching later ages can also be observed early in the century.¹⁶

- **Health Care.** Because health insurance coverage is relatively new phenomenon, historical data is not available. However, insured rates have remained relatively stable over the past decade.¹⁷ See Figure 11.

Robert Goldberg of George Washington University points out that, according to the Department of Health and Human Services, only 1.3 million children lack health insurance because of its high cost.¹⁸ A recent survey conducted by the Council for Affordable Health Insurance found the cost of child-only policies for a single child range between $58 and $66 per month, depending on geographic region.¹⁹ Because children are the healthiest population and the lowest cost group to insure, health insurance underwriting standards for children are very liberal.

![Figure 11: Children's Health Care Insurance Coverage](image)

**Figure 11**

*Children’s Health Care Insurance Coverage*

Furthermore, the federal government already operates countless health-care programs aimed specifically at children. These programs range from child health-care service delivery to nutritional programs. (See Appendix A.) In this way, health insurance status may not accurately reflect children’s access to health-care services.

Even if the government expanded health insurance to cover every child, health-outcome research shows that free care – tax-funded care not paid for by the consumer at point of delivery – does not necessarily improve health. Harvard health economist Joseph Newhouse and the Rand Corporation between 1974 to 1982 conducted the most comprehensive study of health insurance. In *Free for All: Lessons from the Rand Health*
Insurance Experiment, Newhouse and his associates conclude that free health care for children had, at most, only a small effect on the health of children. Instead, free care caused a dramatic overuse of medical services without dramatically improving health.\textsuperscript{20}

Expansions in government-funded health care for children reduce the number of privately insured children— with little impact on reducing the overall rate of uninsured. In fact, empirical evidence shows that when government health care grows, private health insurance shrinks.\textsuperscript{21} Parents who previously purchased private insurance coverage for their children will increasingly switch over to subsidized government care.

- Educational Attainment. Enrollment in education has steadily increased since the middle of the century. Blacks achieved the most dramatic gains in the last quarter of the 1800’s and all groups have steadily improved over time.\textsuperscript{22} See Figure 12. Despite these advances, gains in educational achievement have been lost in recent years.

Public, compulsory education is based on the premise that society benefits from an educated population. It is ironic to note that in the past few decades, while government spending on education has grown sharply, educational achievement is falling, and there is a trend for parents to send their children to private school even though public education is "free."\textsuperscript{23} Federal spending per pupil increased more than six-fold, in real terms, between 1945 and 1995, yet high school completion rates have only marginally improved in the last twenty years.\textsuperscript{24} See Figure 13.

![Figure 12](image-url)

**Figure 12**

School Enrollment by Race

Government Tax and Spending Trends

While indicators such as poverty can be helpful in gauging children’s well-being, it only provides insight into a narrow population of children. Economic well-being and government’s fiscal policies receive less attention, but may be just as important in determining children’s well-being.

For the most part, family income has been steadily rising throughout this century. Unfortunately, tax rates for single- and two-parent families have also been increasing. Between 1955 and 1995, taxes for both types of families have increased by about 10 percent.25 See Figure 14. Absent reform, this trend will continue.

Children born today will face the highest net tax rates in American history. Government programs, particularly Medicare and Social Security, have created enormous financial burdens on future generations. At the turn of the century, a child faced net tax rates of just below one-quarter throughout his or her lifetime. A child born today will face a net tax rate of close to 50 percent.26 See Figure 15.
Figure 14
Taxes as a Percentage of Income
for Median Income Families, 1955-1995


Figure 15
Lifetime Net Tax Rates

Should the Government Do More?

Today the federal government operates more than 150 federal programs targeted specifically at children. The cost for FY 1997 exceeded $50 billion for these programs. (For a detailed list of these programs, see Appendix A.)

Federal Child Programs by Category and Spending

<table>
<thead>
<tr>
<th>Program Category</th>
<th>Number of Programs</th>
<th>FY 1997 Spending (in billions $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nutrition Programs</td>
<td>12</td>
<td>10.5</td>
</tr>
<tr>
<td>Social and Juvenile Services</td>
<td>43</td>
<td>16.5</td>
</tr>
<tr>
<td>Education, Training and Compensatory</td>
<td>82</td>
<td>21.1</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health Programs</td>
<td>20</td>
<td>6.3</td>
</tr>
<tr>
<td>TOTAL</td>
<td>157</td>
<td>54.4</td>
</tr>
</tbody>
</table>


- Trends in Children's Spending. Federal children's spending has increased by more than 240 percent in the last 20 years.27 See Figure 16.

These figures do not include programs such as cash assistance or Medicaid that target the entire family, or state and local children's programs. One has to question why there is little knowledge or public debate over government's current efforts in this area.
Highly politicized child advocates continue to paint a bleak picture of children's prospects, accounts often picked up uncritically in the media and championed by politicians. A careful assessment of the facts, however, confirms that, in many ways, children are actually better off today than they have ever been. Few parents realize that much of the improvement in children's well-being actually occurred early in the century — prior to large-scale government intervention.

The current magnitude of government programs is not readily apparent. Children and their families deserve better than these expensive, bureaucratized approaches. A pro-child agenda need not be limited to further expansion of government programs — which, in many cases, may not improve children's status.

Free-market alternatives to the problems these programs aim to cure should be sought: private alternatives to public health-care delivery and education; reducing families' tax burden; and reducing the unfunded liabilities of Social Security and Medicare and balancing the federal budget.

Children represent the future and there is no doubt that children's issues deserve serious and careful consideration. But before further attempts are made to expand government's role, the public should be fully informed about the cost and effects of past programs. Most important, the nation should conduct a sober, reasoned debate on the proper role of government in the lives of our children.