

The Youngest Victims: Why Young Children Are Hardest Hit by State Budget Cuts

Experiences in early childhood have lifelong effects

When very young children don't get the love and care they need, the damage can be extensive and long-lasting. Michigan's Children believes that the key to our state's success is family, community and public investments in *all* children--from the cradle to a career that can support the next generation of strong families, and help Michigan's economy rebound and thrive.

The first, and most critical, window of opportunity is during the earliest years before the age of 6. Scientists have documented that children's experiences during the earliest years of life alter the very architecture of their brains in ways that permanently affect their health, learning and development. In fact, between 80 and 90 percent of the "wiring" of the brain takes place by the time a child enters kindergarten.

During those critical years, children and their parents/caregivers need access to:

- Basic income, health and mental health services
- Parenting supports, including home visits for high risk families
- High quality child care and preschool programs

In terms of the return on investment, the research is clear: the investments in the first 2,000 days of life reap the greatest returns. Michigan saved an estimated \$1.1 billion in 2009 alone from investments in early education programs over the last 25 years. The benefits accrue in part from better school achievement and lower costs related to child abuse and neglect, crime, and public assistance.

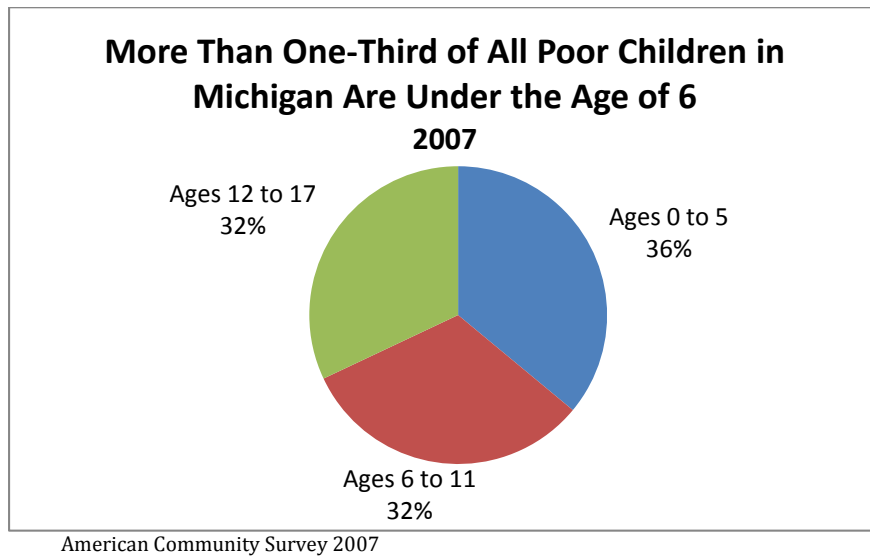
Young children are hardest hit during a recession because they are more likely to live in poverty and be reliant on state assistance

Because they are more likely to live in poverty and be reliant on public assistance, young children are hardest hit during a recession when families' needs grow at the same time that state revenues dwindle. The problem is particularly severe in Michigan because of the state's 10-year struggle with structural budget deficits, caused in part by an outdated tax system in need of reform. More than one of every five young children under the age of five in Michigan live in poverty, with early childhood poverty rates as high as 47 percent for Native American, 44

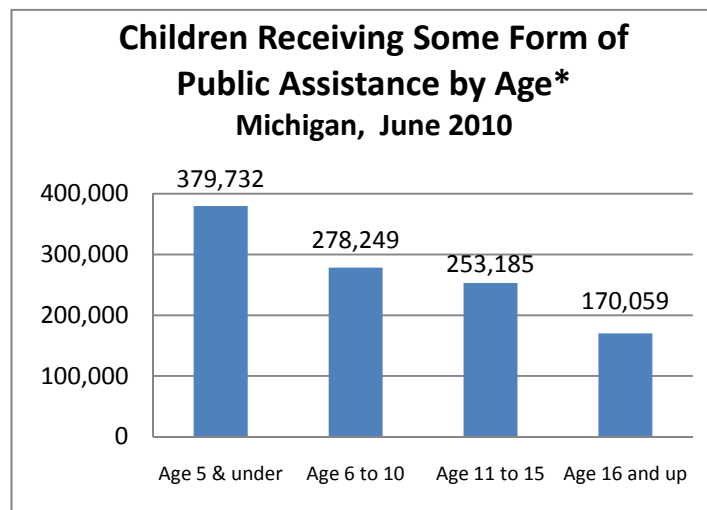
Michigan's Youngest Citizens in a Recession

- **More than one of every five young children under age 5 live in poverty, with rates of nearly 40 to 50 percent for African American, Native American and Hispanic children.**
- **An estimated 150,000 Michigan children lack health insurance.**
- **Nearly 1,000 Michigan infants die in the first year of life, with African-American infants three times more likely to die.**
- **Two of every three children in publicly subsidized child care are in unregulated care where little is known about safety or quality.**
- **Approximately 30,000 Michigan children are confirmed victims of child abuse and neglect, with 43 percent under the age of five.**

percent for African American, and 38 percent for Hispanic children. Of all poor children, over one-third is under the age of six.¹



While all children are disproportionately reliant on public services and supports, the youngest children--under the age of 6--are the most vulnerable. In June of 2010, over 1 million children in Michigan were receiving some form of public assistance, including income assistance, food assistance, child care subsidies, Medicaid or disability assistance. Nearly 380,000 of those children were under the age of six.²



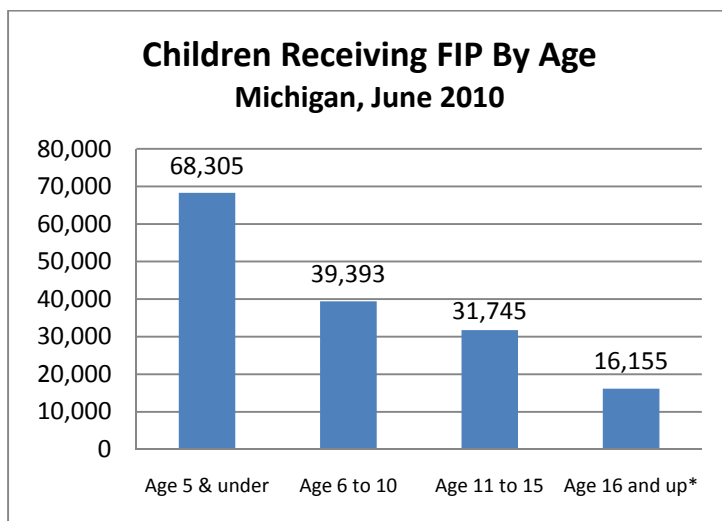
*Source: Michigan Department of Human Services. Includes income assistance (FIP), food assistance, subsidized child care, Medicaid and state disability assistance; children may be eligible for multiple programs but the count is unduplicated.

Young children under the age of six are much more likely to live in families with incomes so low that they qualify for public income assistance. Two of every three recipients of public income assistance are children. To be eligible for the state’s Family Independence program (FIP), families must typically have incomes below approximately \$9,780 per year for a family of three. Between 1981 and 2008, the maximum public assistance grant for a family of three, currently \$492 per month, dropped from 23 percent below the

¹ Kids Count in Michigan 2009 Data Book, Michigan League for Human Services.

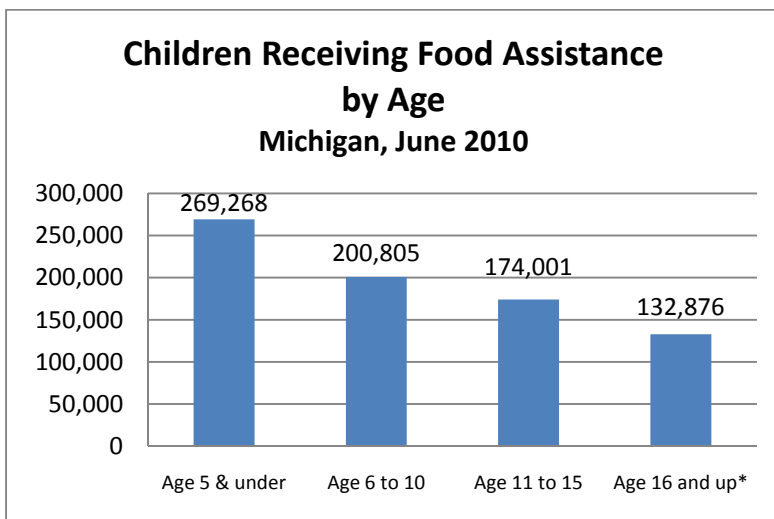
² Distribution of Children by Age Reports, Green Book Report of Key Program Statistics, Michigan Department of Human Services (June 2010).

poverty line to 66 percent below. As a result, it is estimated that less than one-third of Michigan households with children living in poverty now receive cash assistance needed to cover their children’s basic needs.³



Source: Michigan Department of Human Services.

Young children are more likely to rely on federal food assistance programs for their daily sustenance. Nearly 270,000 young children under the age of 6 rely on federally-funded food assistance for their basic nutritional needs, and the need for food assistance has been growing rapidly. Overall, the number of food assistance cases increased from 253,887 in 2000 to 695,569 in 2009, an increase of nearly 175 percent.⁴

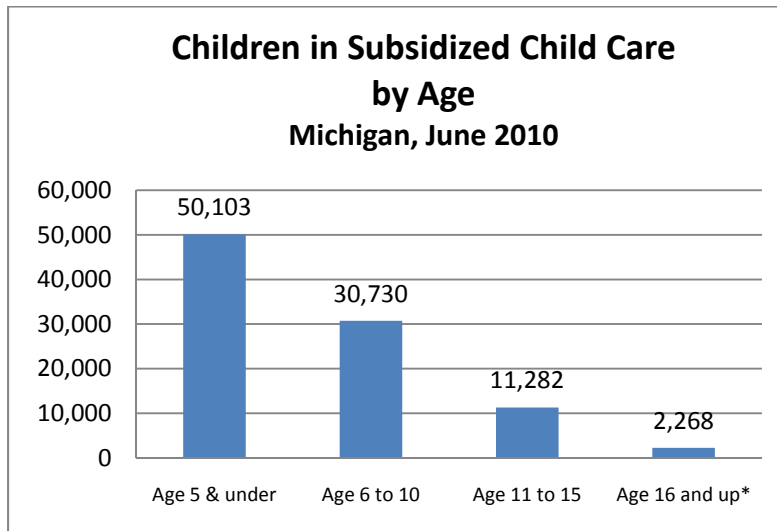


Source: Michigan Department of Human Services

Infants, toddlers and preschoolers are more likely to spend time in state-subsidized child care, which is often of unknown quality. In June of 2010, there were 94,383 children in state-subsidized child care settings, including 50,103 children ages five and under. Two of every three children in publicly subsidized child care in Michigan are in unregulated child care settings where little is known about safety or quality, a rate much higher than other states.

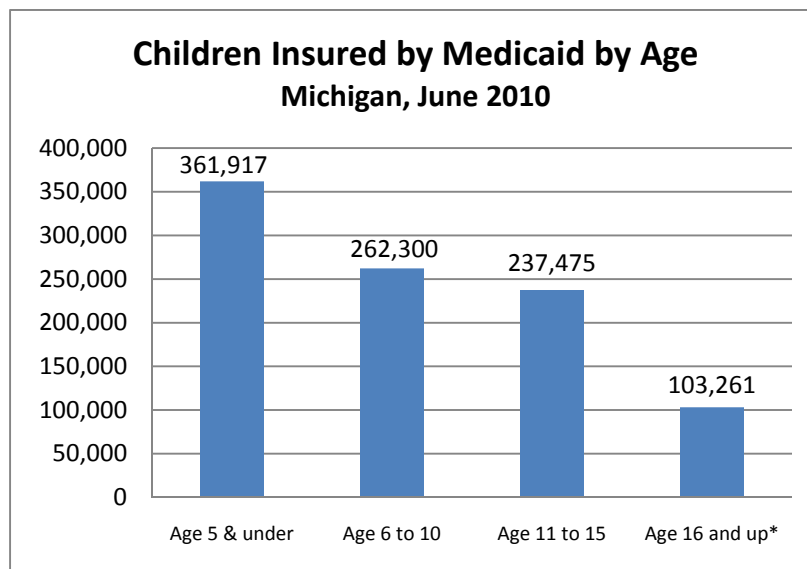
³ Michigan’s Incredible Shrinking Safety Net, Michigan League for Human Services (May 2009).

⁴ Koorstra, K. and Schneider, B. Human Services Background Briefing, House Fiscal Agency (January 2010).



Source: Michigan Department of Human Services

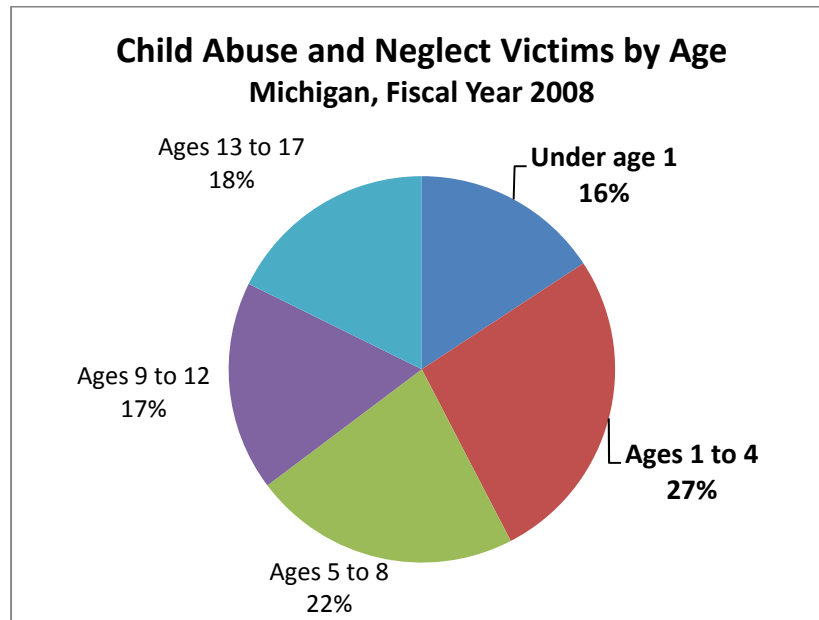
The number of children insured by Medicaid has continued to rise in Michigan, and young children are most likely to rely on Medicaid for their health care coverage. In fiscal year 2009, 38 percent of all Michigan children were insured by Medicaid, up from 23 percent in 2001—a 65 percent increase. In the same year, nearly half (46%) of all births in Michigan were covered by Medicaid. In June of 2010, there were 964,953 Michigan children enrolled in the state’s Medicaid program, including 361,917 children under the age of six. Because children are generally healthy if provided adequate preventive care, they represent 55 percent of all Medicaid enrollees, but account for only 19 percent of Medicaid expenditures.



Source: Michigan Department of Human Services

The youngest children are more likely to be the victims of child abuse and neglect. In fiscal year 2008, over 29,000 Michigan children were confirmed victims of child abuse and neglect, with 43 percent being under the age of five.⁵ African American and other children of color continue to be overrepresented in Michigan’s child welfare system.

⁵ Kids Count in Michigan 2009 Data Book, Michigan League for Human Services.



Source: Kids Count in Michigan.

The first days and years of life: the window of opportunity that we ignore at our peril.

Fortunately, there is incontrovertible proof that small investments in very young children can reap long-term benefits and can generate savings that more than repay their costs. Dr. James J. Heckman, a Nobel Memorial Prize winner in Economics at the University of Chicago has demonstrated, through decades of research, that investing in early childhood development for disadvantaged children and their families provides an annualized 10 percent return on investment through increased personal achievement and social productivity.

Access to high quality early childhood programs, including prenatal care, preventive health and mental health services, high quality child care and early learning opportunities, and family support programs such as home visitation, paves the way for sustained long-term benefits, first upon school entry, and later in the labor market. In Dr. Heckman's words, "Skill begets skill; motivation begets motivation. Early failure begets later failure."

The proven benefits of early investments include improved school readiness, increased high school graduation rates and college attendance, reduced special education costs, reduced crime and delinquency, fewer teen pregnancies, reduced reliance on public assistance, and greater adult employment and higher wages.⁶ Given the large number of young children who are at-risk in Michigan's current economy, and the known effectiveness of early childhood programs, we ignore early investments at our peril.

⁶ *Results: What Happens When Children Receive Quality Early Learning?* The First Five Years Fund.

Smart Investments, Big Returns

Improving children's health: High quality home visiting and parent mentoring programs can cut low-birth weight by nearly half, reduce child abuse and neglect by up to 80 percent, and reduce emergency room visits by as much as one-third.

Reducing grade retention and costly special education services:

- Children who received early education through the North Carolina Abecedarian Project were half as likely as their peers to require special education.
- Grade retention in first grade was reduced by up to 50 percent for children who attended New Jersey's Abbott Preschool program when they were 3 and 4 years old.

Meeting standards in elementary school: Low-income students in Louisiana who did not receive state preschool were 37 percent more likely to fail to meet basic third grade statewide standards.

Reducing crime and delinquency: Chicago children who did not attend preschool were 70 percent more likely than their peer who did not attend to be arrested for a violent crime by age 18.

Reducing teen pregnancies: North Carolina children who attended the Abecedarian Project were only half as likely to become parents as teens than their peers who did not attend.

Increasing high school graduation rates: Children who attended high quality preschool programs were 29 percent more likely to graduate from high school than their peers who did not attend, and were less likely to repeat grades.

Increasing college attendance: Students who attended high quality early education programs, including Perry Preschool, the Abecedarian Project, and Chicago Child Parent Centers, were more likely to attend college than their peers.

Sources: The Heckman Equation: The Economics of Human Potential, Invest In Us, and The Costs of Disinvestment: Why States Can't Afford to Cut Smart Early Childhood Programs, Partnership for America's Economic Success, the PEW Center on the States (April 2010).