

A Decade of
Political and
Economic
Change Shapes
Children's Lives

'98 Report Card

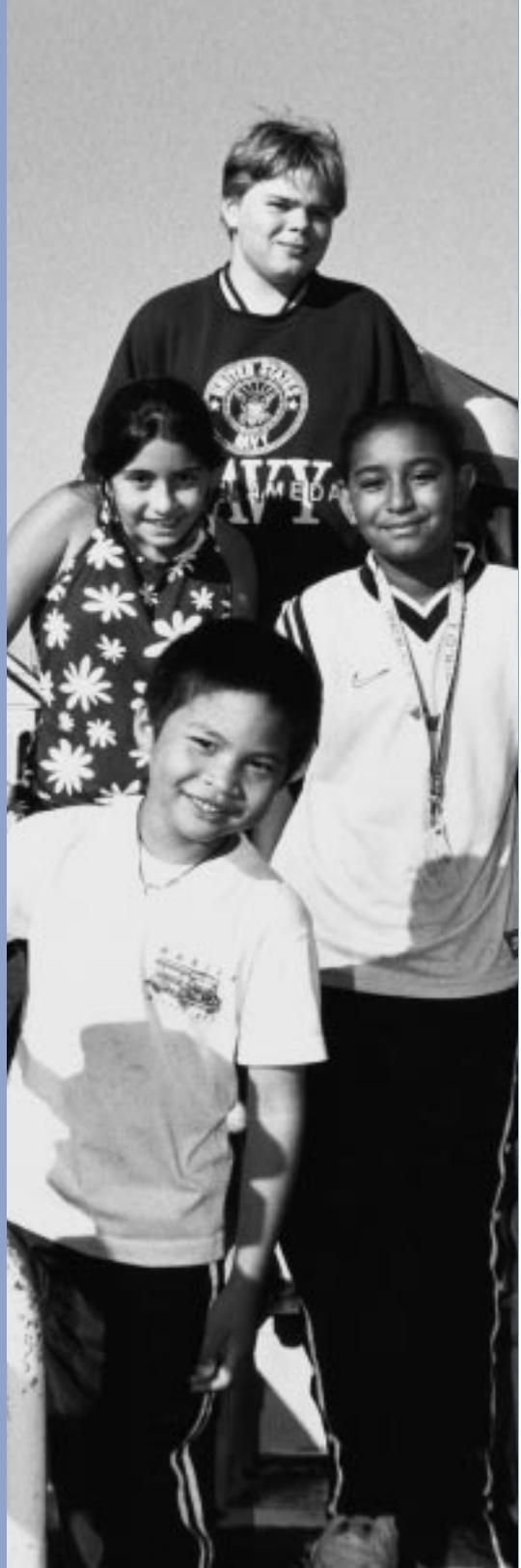


A Children Now Report

Children Now is a nonprofit, independent voice for children, working to translate the nation's commitment to children and families into action.

Children Now combines policy expertise and up-to-date information on children with communication strategies to reach parents, lawmakers, citizens, business, media and community leaders to generate positive change on behalf of children.

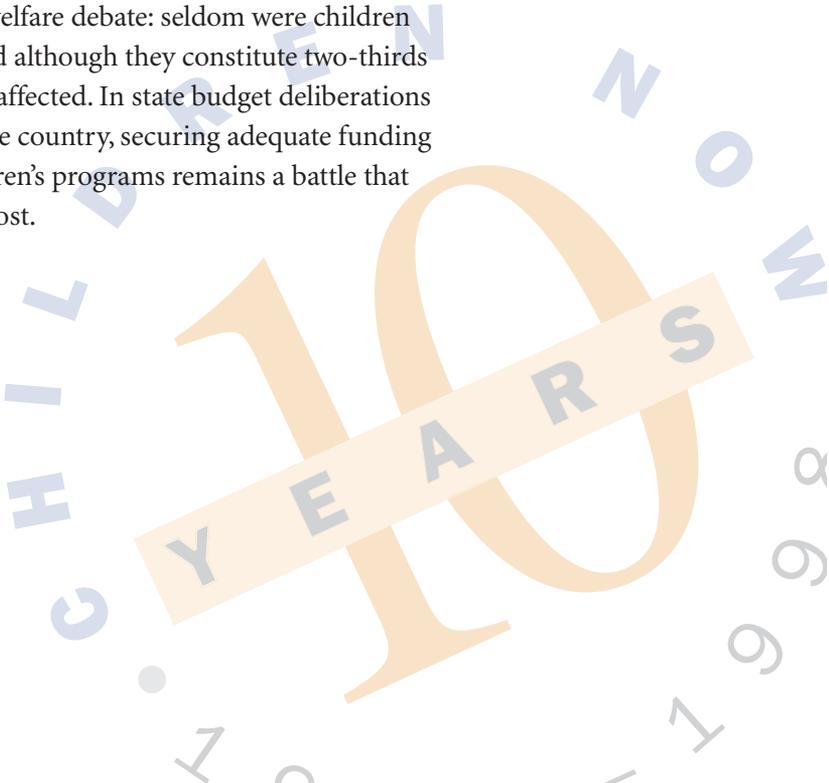
With particular concern for those who are poor or at risk, Children Now is committed to improving conditions for all children. Founded in 1988, Children Now is a national organization with special depth in California.



A Decade of Political and Economic Change Shapes Children's Lives

In 1998, children are on the political map. Ten years ago, when Children Now was founded, only a handful of children's policy organizations existed; today, in state capitals across the country, numerous groups are representing children's best interests. Recently we have witnessed greater attention in Congress and statehouses to child care and children's health. In California and across the nation, voters and candidates in the most recent elections put education at the top of the political agenda.

But the politically powerful have not become reliable allies of children. Consider the 1996 federal welfare debate: seldom were children discussed although they constitute two-thirds of those affected. In state budget deliberations across the country, securing adequate funding for children's programs remains a battle that is often lost.



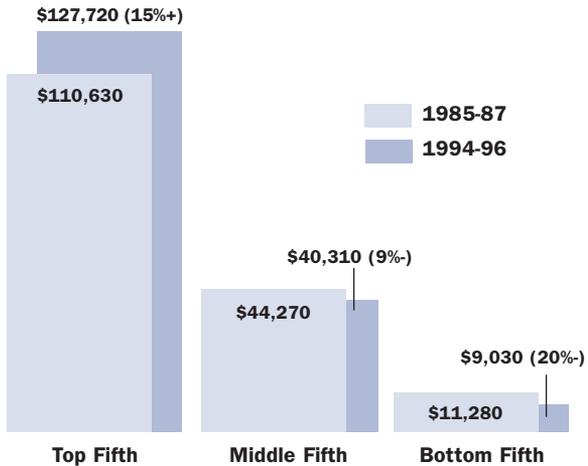
The Ten-Year Balance Sheet

An assessment of how the well-being of California's children has changed over the past decade yields mixed results.

One of the starkest trends is the disparate economic fortunes of families. A comparison of California families' average incomes between the years 1985-87 and 1994-96 shows that families with children in the top fifth of the income range increased their income by 15%, while families with children in the middle fifth saw their incomes decline by 9% and the bottom fifth experienced an income drop of 20%. On a basic level, many more families are struggling today than a decade ago to provide for their children.

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Earnings Growth/Decline for California Families



Source: *Pulling Apart: A State-by-State Analysis of Income Trends*, Center on Budget and Policy Priorities, December 1997.

Economic disparity widens as earnings decline for low-wage workers.

Even with the state's current strong economy, a child is more likely to live in poverty today than ten years ago. In 1987, one in five children (1.6 million) lived in poverty; in 1996, the number reached 1 in 4 children (2.4 million). Most poor children have a parent who works, but earnings for those at the lower end of the wage scale have been declining. Between 1989 and 1997, the hourly earnings of low wage workers (those in the bottom fifth of earners) dropped 12.7% in California compared to a slight (0.4%) increase nationwide.

And a child has no greater chance of having medical coverage or access to subsidized child care. About 1.6 million children, ages 0-17, lack health insurance, which decreases the likelihood that they will receive preventive check-ups and timely medical care. Three of four children who qualify for subsidized child care do not have access to such care due to lack of state funding.

Yet, some areas of children's lives have improved. Compared to a decade ago, an infant today is more likely to be born to a mother who received prenatal care and is more likely to survive her first year of life. Teenagers are less likely to drop out of school. Teen births and youth homicides have declined in the past few years, after their rise in the beginning of the decade. But California has the resources to do much more.

**California
has the
resources
to do much
more.**

Looking at the balance sheet for kids over the past decade, it is apparent that many sectors of California society have fared better than children. Stockholders reaped gains as the S&P 500 grew by 300%. Overall, the state's economy grew by 19%. A decade from now, what will our state look like if the well-being of children posts comparable gains?

Business Expansion (S&P 500 Index)

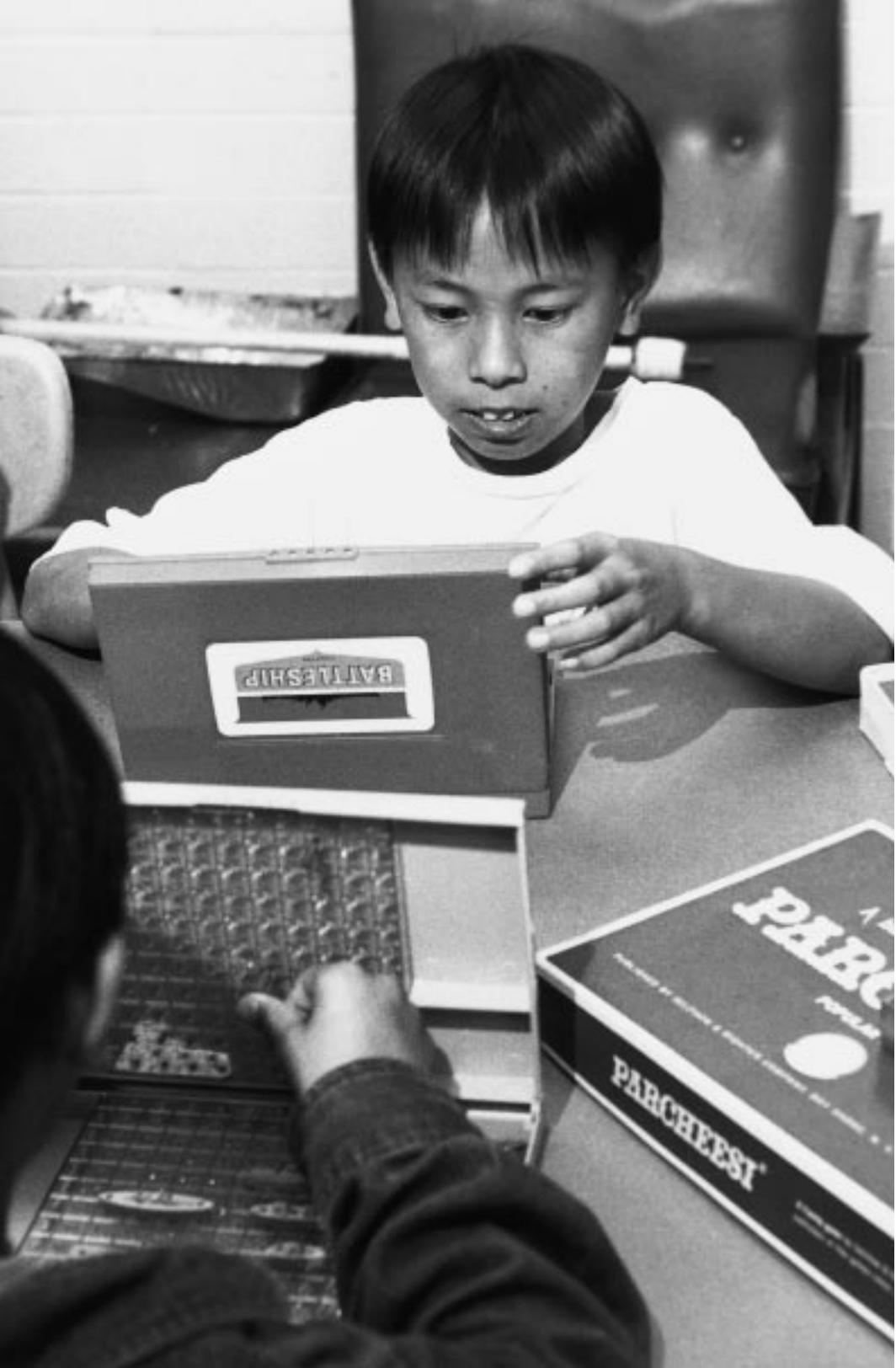


Source: Year end prices, Standard and Poor's "500" Composite Index.

Child Poverty Rate



Source: California Department of Finance.



Family Economics



**1987
to 1996:
From
1 in 5
children
living in
poverty to
1 in 4.**

In the last ten years, child poverty increased from one in five children (20.8% or 1.6 million) living in poverty to one in four (26% or 2.4 million). The high cost of living in California takes a toll on families. The fair market rent for a two-bedroom apartment is \$777, 81% of a minimum wage earner's income. California families receiving public assistance are among the least likely in the nation to receive housing assistance, with only 13% receiving such help.

The U.S. Conference of Mayors' annual survey of homelessness estimates that children constitute 25% of the homeless population, a similar percentage to a decade ago.

California's Largest Metro Areas at Bottom of Nation in Affordable Housing

Ranking ¹	Metro Area	Ratio ²	>50% Income ³
45	Anaheim/Santa Ana	4.0	78%
44	Riverside/San Bernardino	3.1	73%
43	Los Angeles	4.0	67%
42	San Jose	3.4	77%
41	Sacramento	3.3	71%
40	San Diego	2.7	68%
38	San Francisco/Oakland	2.8	68%

¹ Ranking among 45 largest metro areas in U.S.

² Ratio of low-income households to low-cost units.

³ Percentage of renters paying more than 50% of income.

Source: *In Search of Shelter*, Center on Budget and Policy Priorities, December 1997.

**Welfare
assistance is
30% less
in value.**

For the poorest children, the value of welfare assistance declined by 30% in the last ten years. In the current budget year, the value of assistance was raised slightly to \$580 - \$610 monthly for a family of three, depending on the county in which the family lives. This amount does not even cover the state fair market rent for a two-bedroom apartment (\$777).

**Declining Value of Public Assistance
Payments**

	1989-90	1997-98
Grant Level ¹	\$694	\$ 565
Poverty Level ²	\$824	\$1,046
Gap	\$130	\$ 481

¹ Maximum monthly grant for a family of three in a high-cost county.

² Federal poverty level for a family of three.

Source: California Budget Project.

The latest data show that the number of children receiving welfare assistance declined from 1996 to 1997. The decline is likely due to both the current strength of the state's economy as well as changes to the welfare program. However, economic opportunities for families are still limited: fully 50% of children live in families whose incomes qualify them for subsidized school meals (less than \$25,250 for a family of three).

**3 of 4
children
needing
subsidized
child care
are unable
to enroll.**

California has nearly quadrupled the number of subsidized child care slots since 1986, with 440,000 spaces available in 1997. However, with the increased demand, only about one-quarter of the children who qualify for subsidies are currently served—approximately the same proportion as a decade ago. A recent study found that child care spaces are even more difficult to find in low-income communities. In Los Angeles County, for example, the supply of child care is 40% higher in neighborhoods with incomes above the county median than in areas with incomes below the county median.

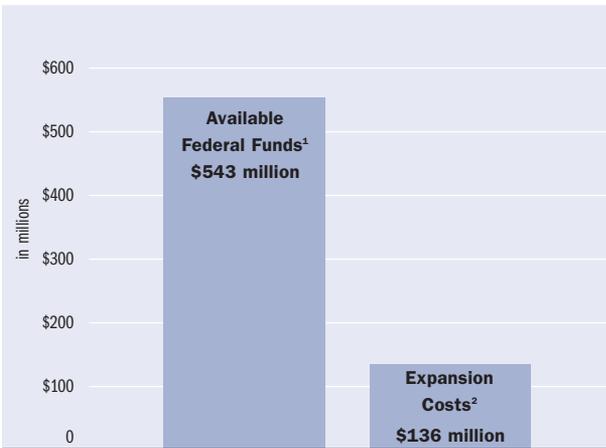




Little progress was made in the last decade in increasing the proportion of children with health insurance. While publicly funded programs cover more kids, fewer children receive coverage through their parents' employers. In 1996, 1.6 million children ages 0-17 (nearly 18%) lacked coverage of any kind compared to 1.2 million (or 16%) in 1987. California is only spending one-fifth of available federal funding for children's health coverage.

California is now spending just 1/5 of available federal funds for children's health coverage.

Healthy Families Program Expansion: 1999 Federal Funds vs. Costs



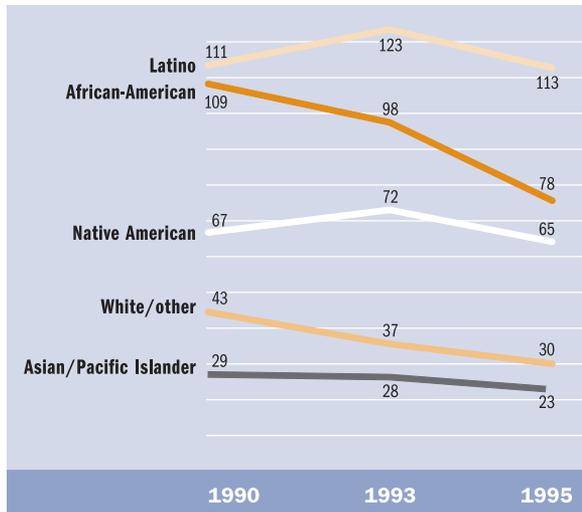
¹ Estimated unspent federal funds if all eligible children enroll in Healthy Families in FY99.

² Estimated federal funds needed to expand Healthy Families to children with incomes up to \$40,950 (for a family of 3); a state match of \$70 million would be required.

While declining, teen birth rates remain high for Latino and African-American youth.

After rising in the late 1980's, birth rates have declined for teenagers of all ethnicities in recent years. However, the teen birth rate for Latinos remains four times that of white teenagers. Teen parenthood poses disadvantages to both the mother and child. While 7 in 10 teen mothers finish high school, they are less likely than women who delay childbearing to go on to college. Infants born to young mothers are more likely to be low birthweight and to have childhood health problems.

Teen Births¹



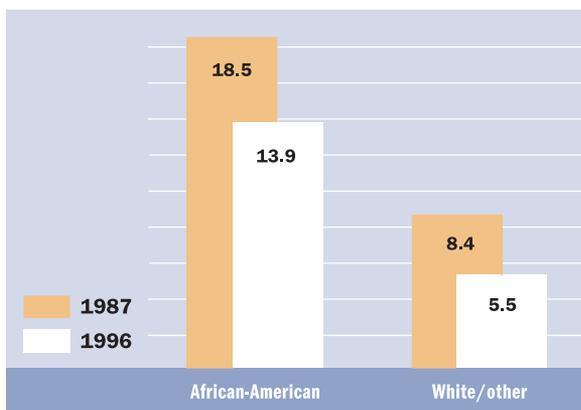
¹Teen Birth Rate = Number of births per 1,000 females ages 15-19.

Source: California Department of Health Services, Center for Health Statistics.

One of the decade's success stories has been the reduction in infant mortality. The rate of infant deaths dropped from 9.0 per 1,000 births in 1987 to 5.9 per 1,000 births in 1996. The infant death rate for African-American babies, which also declined from 18.5 to 13.9 per 1,000 births, remains over twice as high as the rate for white babies.

Disparity remains in infant mortality rates.

Infant Mortality Rate



Source: California Department of Health Services, Center for Health Statistics.

The proportion of infants born at a low birthweight has not improved over the last decade: the rate was 6.0% in 1987 and 6.1% in 1996. Low birthweight is an indicator of a newborn's health and a factor in an infant's chances of survival and future healthy development.

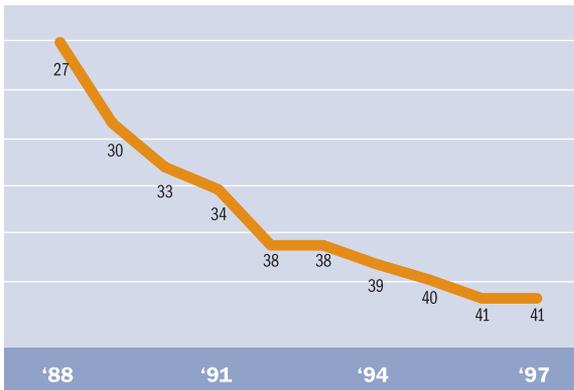
Education



From 1988 to 1997, California's ranking among states in per-pupil expenditures dropped from 27th to 41st. Ten years ago, voters passed Proposition 98 to guarantee schools a certain level of funding. However, until recently, lawmakers tended to view the required amount as the ceiling, not the floor, and spending had not surpassed the minimum until this year.

California's per-pupil spending is not keeping up with other states.

California's Ranking Among States in School Spending



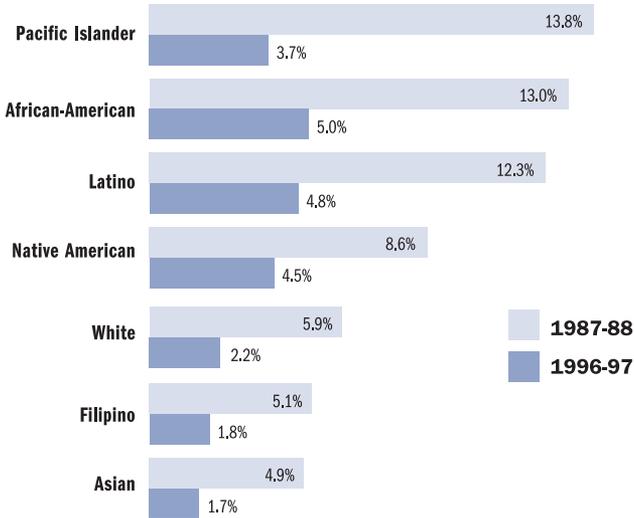
Source: National Education Association

California spent \$33 for every \$1,000 in 1995 personal income in the 1994-95 school year, ranking 48th among states for its school finance effort. In the fall of 1995, California's schools had more students per teacher than any other state and about seven more than the U.S. average.

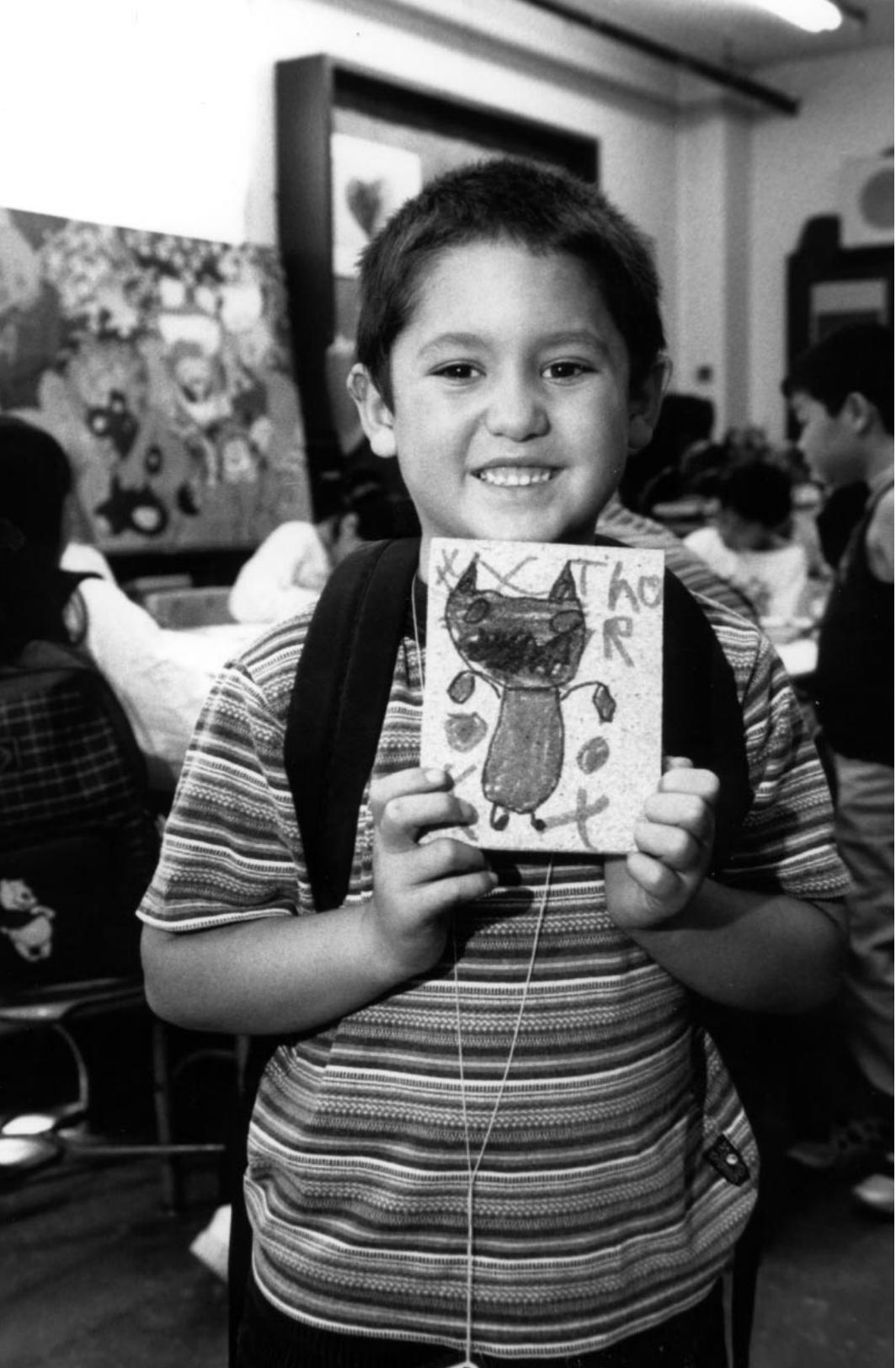
Dropout rates declined for all ethnic groups.

A greater proportion of the student body is finishing high school compared to 1988. The current average high school dropout rate for 9th - 12th graders is 3.3%, less than half the 1987-88 rate of 7.8%. Recent data show that this trend is consistent across all ethnicities.

California's Dropout Rate



Source: California Department of Education, Demographics Department.



Safety

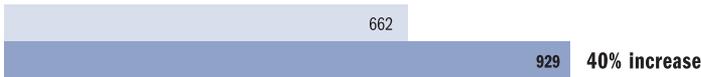


No other state incarcerates juveniles at a higher rate than California; only the District of Columbia has a higher proportion of its juveniles incarcerated. California commits youth at a rate that is 47% higher than the national average (559 per 100,000 youth compared to 381 for the nation). From 1985 to 1995, the incarceration rate for Latino youth surged the most in California, from 157 to 282 per 100,000.

**Guns
account for
a greater
proportion
of youth
homicides.**

Youth Incarceration Rates

African-American



Latino



All



Source: California Department of Justice

Gun violence among youth and youth homicide rates rose significantly in the late 1980's and early 1990's. However, such violence has declined in recent years. The annual incidents of youth homicide declined from 857 homicides in 1993 to 680 in 1996. Guns account for a greater proportion of youth homicides in recent years compared to a decade ago. In 1987, 53% of youth homicides were gun-related. In 1996, 67% were gun-related.

An Agenda



California has made strides in improving some areas of children's lives in the past decade. However, outcomes are mixed. A sustained commitment of public and private sector support for families could substantially improve the lives of generations of children.

Children's health programs must be accessible to families.

1. Health coverage for all kids.

New federal funding for children's coverage presents an excellent opportunity to realize the goal of providing coverage to all children — a goal that requires actions from both the public and private sectors.

- **Expand the Healthy Families program.** New federal dollars help to fund California's Healthy Families program, which makes about 400,000 children newly eligible for coverage. Federal funds are available to cover more children and the state should expand eligibility to kids in families with incomes under \$40,950 for a family of three (300% of the federal poverty level).
- **Simplify enrollment in Medi-Cal and Healthy Families.** The joint Medi-Cal/Healthy Families application form, now 28 pages long, should be simplified and made easy for families to complete. Also, rather than requiring families of children in

**Expansion
of quality
child
care is
urgently
needed.**

Medi-Cal to submit new paperwork every three months, California should provide children in Medi-Cal a full year of continuous coverage (as it already offers to children in Healthy Families).

- **Augment the private sector's coverage of children.** With innovative approaches, the private sector can do more to cover employees' dependents. Just 55% of California children receive job-based coverage compared to 62% nationally.

2. Quality child care for every child.

Additional work requirements for those receiving welfare have highlighted the urgency for additional subsidized child care. Research on the brain development of infants and toddlers has raised awareness about the importance of quality care. State funding for child care subsidies does not meet even half of the estimated need.

- **Continue to expand the analysis of supply and demand** for various types of care—infant, preschool, afterschool, non-traditional hours, etc.—to develop a strategic plan for meeting families' needs.
- **Pool resources to meet the need for subsidized care.** Explore financing

solutions among the private sector, public sector and parents that allow every child who needs a subsidized space in high quality care to have one.

- **Promote quality in all child care settings.** Ensure that training in child development is widely available and reward providers who have undertaken additional training. Set salary levels for providers that attract and retain qualified individuals.

3. An effective child support system.

Time-limited welfare assistance raises the stakes for hundreds of thousands of families who look to the state's child support enforcement system to secure support owed to children. The next governor faces critical decisions about how to operate the enforcement program for maximum effectiveness.

- **Child support automation should be streamlined and centralized.** In 1999, the new administration will be responsible for automating California's child support computer system. Centralization offers the best chance for efficiency. Maximum efficiency must be the standard for children.

The next governor faces critical child support enforcement decisions.

Recent state tax and fee reductions do not benefit struggling working families.

- **Develop state-level strategies for improving county child support collections.** The new administration must begin to reform the state's struggling child support program through top-level leadership. Key reforms include restructuring and streamlining the program.

4. Fair tax policies. Recent state budget actions to reduce taxes and fees have not helped struggling working families.

- **Enact a state Earned Income Credit (EIC) for low-income working families.** The federal EIC is a refundable tax credit designed to help parents with low earnings to provide for their children. Nine other states supplement the federal credit with a state one. California could add a 15% supplement for about half the cost of the 1998-99 vehicle license fee reduction, a reduction which will give the most benefits to those with more expensive cars.

Employer policies have a tremendous impact on working families.

5. Family-friendly businesses.

Employer practices fundamentally affect the time and resources parents have to share with their children. With most children now having both parents or their single parent in the workforce, employer policies have a tremendous impact on families.

- **Pay living wages.** A living wage not only fosters employee loyalty and longevity on the job, it helps parents to provide for their families.
- **Design jobs as flexibly as possible.** Employees who can attend parent-teacher conferences regularly or coach basketball one afternoon a month are likely to be more satisfied and even more productive employees. Permit job sharing and telecommuting when possible.
- **Be a community leader.** Around the state, many tutoring and recreation programs depend on corporate sponsorship. Many more safe places for children are needed, particularly during the afterschool hours, for their well-being and their parents' peace of mind.



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