The Recession Generation

Preventing Long-term Damage from
Child Poverty and Young Adult Joblessness

July 2010

Coalition on Human Needs

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About the Coalition on Human Needs

The Coalition on Human Needs (CHN) is an alliance of national organizations working together to promote public policies which address the needs of low-income and other vulnerable populations. The Coalition conducts analyses of federal budget proposals and policies to determine their impact on people in need. The Coalition's members include civil rights, religious, labor and professional organizations and those concerned with the well being of children, women, the elderly and people with disabilities. CHN is located at 1120 Connecticut Ave. NW Suite 312, Washington, D.C. 20036. Visit us at www.chn.org.

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Executive Summary

There is growing evidence that without immediate action the effects of the Great Recession will linger for years, causing lasting damage to children and young adults. Past recessions, which were significantly less severe than the current economic downturn, underscore this disturbing trend. Long term lower earnings, fewer jobs and reduced educational choices are a likely reality for millions of young people. The losses will be particularly stark for those living in low-income households.

The problems faced by children and young adults have severe consequences for our nation. The high poverty and joblessness caused by the recession throw up multiple roadblocks to productive careers. Young workers will have lower incomes and contribute less to economic growth. Larger numbers of their children will also be poor, stunting the next generation's economic prospects. Even before the recession the costs to the United States associated with childhood poverty were calculated to total $500 billion per year—the equivalent of nearly 4 percent of GDP. These costs include lower earnings as adults, which in turn reflect lower workforce productivity, increased criminal activity and poor health later in life.

It is time for Congress to take bold action to change this course. There is compelling evidence that federal investments in effective policies and programs can make an enormous difference. The American Recovery and Reinvestment Act (ARRA) has both lessened hardships faced by children and families and spurred economic growth and jobs. But many of those investments will soon expire. Some in Congress are using concerns about the deficit to justify reduced investments. They fail to see the continued need to create jobs and to prepare our future labor force for productive employment. With the recovery slowing, economists agree that taking such action is vital to spurring economic growth.

Congress Must Act Now

To address continuing need and help the Recession Generation and our country as a whole achieve a more prosperous future, Congress should focus on the following areas:

Jobs. The loss of jobs since the recession began at the end of 2007 continues to make life dangerously precarious for parents and children, pushing economic security further out of reach. This is particularly true for the lowest-income groups. Although the jobless rate for the nation was 9.5 percent in June, for African Americans it was 15.4 percent, among Latinos, 12.4 percent and for women who head families, 12.1 percent. The legislative priorities for confronting continuing job loss are:

- Extension of the **TANF Emergency Fund** for at least another year. ARRA created the fund, providing 80 percent reimbursement to states for increases in TANF-related expenditures in three areas, including subsidized employment. It is estimated that 240,000 jobs will be created by the end of September 2010 through the fund.

- Approval of additional **State Aid** to cover rising Medicaid and education costs at a time when states project budget gaps of $140 billion for FY 2011.

- Reauthorization of the **Workforce Investment Act (WIA)**, with improved access to skills training a top priority.

- Expansion of **On-the-Job Training** programs, including passage of the Senate's bipartisan **On-Job-Training Act of 2010 (S.3459)**, which authorizes grants to states to extend these programs within WIA.

- Passage of the **Local Jobs for America Act (H.R. 4812)**, which would target $100 billion over two years to create or save 750,000 local service jobs and save 250,000 education jobs.

- Continuation of **federal unemployment benefits**. Now extended through the end of November 2010, it is clear the need to help the long-term unemployed will not be over then.

Child Care. While the lack of quality child care can harm children and seriously impede their parent's work, access to good child care can improve their opportunities throughout life. ARRA funding helped states increase access to child care subsidies, boost reimbursement levels, keep child care available while parents job hunt, and make a wide range of improvements to the quality of available child care. To continue this course of action, Congress should:

- Increase **Child Care** and **Head Start** funding levels to those proposed by President Obama.

- Take up action on the **Children's First Act of 2010**, which is about to be introduced by Senator John Kerry (D-MA). The bill would increase mandatory funding for child care by $800 million in FY 2011, with adjustments for inflation over the following three years.

Nutrition Assistance. In 2008, 49.1 million people lived in food-insecure households up from 36.2 million in 2007, according the most recent data from the U.S. Department of Agriculture. Growing unemployment in 2009 and 2010 means those numbers have almost certainly increased. In the past two years, the number of Americans receiving benefits from SNAP (Supplemental Nutrition Assistance Program, formerly food stamps) increased by more than 12 million or 44 percent. To ensure that children do not suffer short and long-term consequences from lack of nutritional food, Congress should:

- Provide adequate funding for feeding programs covered during this year's reauthorization of Child Nutrition Programs. Critical improvements are laid out in the House's **Improving Nutrition for America's Children's Act (H.R. 5504)** and the **Healthy, Hunger-Free Kids Act in the Senate (S. 3304)**.

- Maintain increased **SNAP** benefits enacted in ARRA.

Tax Credits. ARRA made significant improvement to three federal tax credits in 2009, providing more disposable income for low-income working families with children. These include the Child Tax Credit, the Earned Income Tax Credit and the American Opportunity Tax Credit. All three are scheduled to expire at the end of 2010 and should be extended.

Youth Employment. The recession has dealt a brutal blow to employment opportunities for youth. Nationwide, youth and young adults ages 16-24 account for nearly one-third of those who are currently unemployed. For teen workers, unemployment is approaching Depression levels. The unemployment rate for 16 to 19 year olds has grown from 12.7 percent in January 2000 to 25.7 percent today. The unemployment rate for African American youth was just below 40 percent in June and nearly 36 percent for Hispanic/Latino youth. To immediately halt this devastating trend Congress should:

- Target $1 billion for youth activities, such as **summer and year-round employment** through September 30, 2011.

- Enact the **RAISE UP Act (S. 1608 and H.R. 3982)**, which seeks to unite education, workforce, and youth support services to strengthen dropout recovery systems for students once they are back in the classroom.

- Enact the **Employing Youth for the American Dream Act (H.R.4920)**, sponsored by Rep. Bobby Rush (D-IL), which would provide tax incentives for businesses to hire youth, expanding resources under WIA.

- Reauthorize **WIA**. Specifically the **workforce development system** authorized under **WIA Title I** should refocus on the provision of high-quality education, training and related services.

Without smart, focused investments, millions of young people coming of age during this recession will face grim prospects. For them and our nation as a whole Congress must take action now. ■

Lost Opportunities; Uncertain Futures

Like the oil spill that has coated beach waters along the Gulf of Mexico this summer, there is a disaster spreading across the nation that will be felt by all of us for years to come. Evidence is mounting that damage from the Great Recession that has punished the nation for nearly three years will be long-lasting – especially for its youngest victims. Research tracking young people through previous recessions shows a loss in earnings that continues for years. Similarly long-term studies of young children show that growing up in poverty, especially if that poverty is persistent, reduces the likelihood of finishing high school and increases the chance of being poor in adulthood. Lost jobs, damaged educational opportunities, reduced family resources and a decrease in family economic stability are drastically limiting the opportunities available to those growing up and coming of age during this recession. The impact is so widespread that it threatens our country's future prosperity.

In the recession of the early 1980s, even white male college graduates suffered substantial earnings losses that persisted for years. An increase of one percentage point in the unemployment rate resulted in average wages that were 4 percent lower each year after college graduation during a 17-year period, compared with young graduates who entered the workforce in better times.[1] With the decline in employment far greater than in past recessions, and joblessness disproportionately higher among low-income and minority young adults, young workers face an increasingly constrained future. That is not just their problem. If these young workers earn less and consume less, our economy will grow less. Greater proportions of their children will be poor, and their children's poverty will stunt the next generation's economic prospects.

We face a very important choice. There is compelling evidence of the harm to young workers facing recession conditions far milder than today's. There is similarly powerful evidence of the harm caused by child poverty. Right now, Congress seems poised to ignore that evidence. But there are far more responsible alternatives.

We know that federal investments are reducing the difficulties faced by hard-working Americans and protecting children from some of the worst effects of these challenging times. However, many of those investments, specifically those made through the American Recovery and Reinvestment Act (ARRA), are due to expire soon, even though the consequences of the recession will likely continue for years to come. Economists like Nobel Prize-winning Paul Krugman, who worried that those investments didn't go far enough, are now being joined by the Federal Reserve in voicing concern that the recovery is sputtering and that more must be done to spur the economy.

The help the economy needs can take many forms. Extending Unemployment Insurance is a powerful anti-recession tool favored by many economists. But even though every dollar spent on Unemployment Insurance returns $1.61 in expanded economic activity, the intransigence of a minority in Congress denied ben-

1 Lisa B. Kahn, The Long-Term Labor Market Consequences of Graduating from College in a Bad Economy, current draft, August 13, 2009, at http://mba.yale.edu/faculty/pdf/kahn_longtermlabor.pdf

efits to 2.5 million jobless workers for more than a month this summer before final passage. Federal aid to states is similarly effective, with every dollar of state aid boosting the economy by $1.41.[2] But attempts by leaders in Congress to provide more aid to states have so far been stalled by Members who fail to see that the loss of hundreds of thousands of public and private jobs is both a short- and long-term threat to the economy.

Nationwide, poor children are more likely to be over-weight because their fami-lies cannot afford more nu-tritious food and instead resort to emptier – and cheaper – calories.

Despite what we know about the long-term harm to children from poverty and poor nutrition, the Senate floated a proposal to cut future food stamp benefits to pay for other anti-recession measures. Those who support such actions need to take a close look at places like Tulare Country in California, which has a child poverty rate of more than 31 percent — the highest of any county in the state. Areas like Tulare County provide important warnings about the long-term consequences or poverty. Nearly 15 percent of Tulare County children are overweight for their age, above the state average of 11.2 percent.[3] Nationwide, poor children are more likely to be overweight because their families cannot afford more nutritious food and instead resort to emptier – and cheaper – calories. Overweight children are more likely to suffer bad health outcomes, including Type II diabetes, which is increasing at an alarming rate among children and young adults. Low birth weight is in general also more prevalent in counties with high child poverty, another factor associated with health problems. Communities where child poverty is high are also likely to have lower rates of high school graduation than their state's average. In Tulare County, for example, only 67 percent of the population has finished high school or beyond, compared with 80 percent statewide.

Evidence of the long-term costs of poverty is all around us. From past experience, we know what needs to be done to minimize the recession's damage to children and families and prepare them for successful, productive futures. The question remains whether we have the will and commitment to prevent widespread harm. ■

2 Mark Zandi, Chief Economist, Moody's Analytics, Testimony before the Senate Finance Committee: "Using Unemployment Insurance to Help Americans Get Back to Work," April 14, 2010, at http://www.economy.com/mark-zandi/documents/Senate-Finance-Committee-Unemployment%20Insurance-041410.pdf

3 California Food Policy Advocates, 2010 Fresno County Nutrition and Food Insecurity Profile

The Recession Threatens Permanent Damage to our Children and our Economy

In 2008, the first year of the recession, 14.1 million children in America, or one in five, were poor — an increase of 800,000 from 2007. All indications are that when the 2009 poverty data are released in September 2010, we will see another significant jump in poverty. Analysts at the Economic Policy Institute have estimated that because of the severity of this recession, about one in four children are now poor. Minority children have been hardest hit: one in three African American children and three in 10 Latino children were poor compared with one in 10 white children.[4] Some 6.3 million of these poor children live in extreme poverty, which means an annual income below $11,025 for a family of four, or less than half the poverty level. These children are poor despite their parents' efforts to provide for them. More than half of all poor children have a parent who works full time year round.

What does living in poverty mean? For most, it means income insufficient to meet even basic health and nutrition needs. If we look at housing alone, there is not a single county in the United States in which a full-time minimum wage worker – earning $7.25 an hour – can afford even a one-bedroom apartment at the fair market rent for that county[5]. More than 16 million children live in households in which their families' limited budgets force them to change the quality or the quantity of their food.

The short-term implications for children and youth are troubling enough. The long-term implications are sobering. Families struggling with unemployment and reduced income have a harder time providing adequate nutrition, health care and stable housing. All of these result in children doing worse in school. For example, medical research shows that "children who go hungry in kindergarten are noticeably behind their peers in reading and math by third grade. Hungry children suffer from hyperactivity, absenteeism, and generally do worse both socially and academically in school. They are more likely to need special assistance or repeat a grade. And some of them may never catch up."[6] Poor families are more likely to struggle with rent payments or foreclosure and move frequently. Children who change schools often as a result experience drops in academic achievement and are more likely to become dropouts.[7] When families struggle financially older children may face a delay in college and other post-secondary education plans. Others may abandon those plans altogether.[8] A recent study shows that the more time children are poor in childhood, the more likely they are to fail to graduate from high school or to have a teen non-marital birth.[9] The same

Relatively modest increases in incomes for poor families with young children can make a measurable difference in their children's earnings in adulthood.

4 http://www.census.gov/prod/2009pubs/p60-236.pdf

5 http://www.nlihc.org/oor/oor2010/oor2010pub.pdf

6 http://www.childrenshealthwatch.org/page.php?id=50

7 http://www.nap.edu/catalog.php?record_id=12853#description

8 Economic Scarring: the Long-Term Impacts of the Recession, by John Irons, http://www.epi.org/publications/entry/bp243

9 http://www.urban.org/uploadedpdf/412126-child-poverty-persistence.pdf

study shows that children who are persistently poor are much less likely as adults to be consistently employed.

These consequences apply not only to children who are poor during economic good times but also those whose families fall into poverty during a recession. This latter group earns less, achieves lower levels of education, and is less likely to be gainfully employed over their lifetimes than those who never experience poverty. In addition, these children are more likely to be in poor health as adults.[10] Children unlucky enough to be poor are more likely to suffer these bad outcomes than children who grow up in economically secure homes, regardless of the general economic conditions. But during recessions the number of poor children increases, and the bad outcomes can approach epidemic proportions. Across the country, increased caseloads for food stamps and other benefits provide stark evidence of this growing poverty. In Rhode Island, state food stamp workers a few years ago considered a caseload of more than 800 unacceptably high. Today, the average number of cases per worker ranges from 1,300 to 1,600 at a time when state budget shortfalls have prevented additional hiring to handle the skyrocketing demand. Children, who were never touched by poverty in the past, are suddenly immersed in a new world of need. At the Department of Job and Family Services in Lawrence County, Ohio one unemployed young mom came in seeking nutrition assistance for the first time. While they were waiting for help, her young daughter asked: “Mommy, what’s a food bank?”

We looked at the two counties with the highest rates of child poverty in each of 10 states. While nationwide just under one in five children was poor in 2008, in these counties the child poverty rate ranged from slightly under 30 percent in Cheboygan, Mich. to more than 55 percent in Bolivar, Miss. Although there is considerable variation among these counties, in most, birth weights are lower, fewer adults have finished high school, and more adults identify themselves as being in fair or poor health than the statewide averages. All these poor counties had much higher use of food stamp benefits than the average for their state, an indicator of food hardship that would not have been entirely alleviated by the receipt of food stamps alone since the benefit levels were too low in 2008 to provide a nutritionally sound diet. Starting in 2009, ARRA temporarily increased food stamp benefits (now known as the Supplemental Nutrition Assistance Program, or SNAP), although even this very helpful increase would not be enough to assure an adequate diet if the rest of the family’s income sources were collapsing.

None of the problems associated with childhood poverty can be addressed in the long-term without connecting low-income workers with good jobs and the training they need to maintain employment. Our country’s economic health depends on a better trained workforce. By 2012 more than 40 percent of manufacturing jobs will require some college or post-secondary education. Even now in the middle of a recession, employers are struggling to find skilled workers in fields such as nursing and the electrical and welding trades.[11] Between now and 2018,

10 These conclusions are based on a First Focus study that looks at the adult lives of children who lived through recessions using the Panel Study of Income Dynamics. They found that while children who were in poverty before recessions suffered the worst consequences, even children who fell into poverty during a recession fared far worse than children who avoided poverty even during a recession. http://www.firstfocus.net/Download/TurningPoint.pdf/

11 http://www.nationalskillscoalition.org/assets/reports-/the-bridge-to-a-new-economy.pdf

Risk Factors in Counties with High Child Poverty in Selected States

STATE & COUNTIES	CHILD POVERTY	ADULTS OVER 25 WITH AT LEAST HS DEGREE	LOW BIRTHWEIGHT	POOR OR FAIR HEALTH	RECEIVED FOOD STAMP BENEFITS IN PAST 12 MONTHS
Arkansas	25.2%	81.2%	8.9%	19%	12.2%
Phillips	50.3%	67.8%	12.7%	21%	31.0%
St. Francis	47.2%	73.7%	12.4%	19%	27.0%
California	17.9%	80.3%	6.6%	18%	4.6%
Tulare	31.2%	67.4%	6.0%	24%	13.4%
Del Norte	31.1%	79.8%	5.2%	NA	15.3%
Florida	17.6%	84.9%	8.4%	16%	6.8%
Gadsden	38.6%	77.2%	11.5%	21%	16.3%
Taylor	46.6%	76.9%	8.4%	22%	10.7%
Kentucky	23.5%	80.4%	8.7%	22%	13.0%
Floyd	46.5%	66.2%	10.0%	39%	28.1%
Knox	49.3%	63.7%	9.1%	32%	29.7%
Michigan	19.0%	87.6%	8.1%	14%	10.8%
Cheboygan	29.8%	88.9%	6.9%	17%	16.1%
Roscommon	40.6%	84.5%	5.6%	19%	21.7%
Mississippi	29.7%	78.8%	11.4%	22%	14.4%
Bolivar	55.5%	69.5%	12.8%	21%	26.3%
Leflore	59.1%	69.1%	13.0%	26%	20.9%
Missouri	18.3%	85.6%	8.0%	16%	10.5%
St. Louis City	34.9%	78.9%	11.8%	20%	19.3%
Vernon	35.4%	82.2%	6.2%	22%	17.5%
New York	19.5%	84.1%	8.0%	16%	9.9%
Bronx	39.6%	68.6%	9.6%	27%	24.7%
Kings	31.6%	77.0%	8.6%	22%	16.9%
Ohio	18.5%	87.0%	8.4%	14%	9.5%
Gallia	35.0%	81.2%	11.0%	21%	15.3%
Pike	35.6%	78.8%	8.2%	NA	23.0%
Texas	23.1%	79.2%	7.9%	20%	9.4%
Cameron	46.4%	62.5%	7.2%	28%	24.4%
Willacy	53.8%	53.0%	7.1%	NA	33.9%

SOURCES:

Child Poverty: ACS, 2006-2008; High School: ACS, 2006-2008; low birth-weight, fair or poor health:

Snapshot 2010 County Health Rankings; a collaboration of the MATCH Project of Robert Wood Johnson Foundation and University of

Wisconsin Population Health Institute. Available online at http://www.countyhealthrankings.org occupations requiring some post-secondary education are predicted to show the fastest growth.[12] Our nation's future economic health will be threatened unless we protect today's children and youth from the worst consequences of the recession and give them the opportunity to obtain these needed skills.

We also know that relatively modest increases in incomes for poor families with young children can make a measurable difference in their children's earnings in adulthood. Increasing family income by $3,000 a year when children are younger than five is associated with a 17 percent increase in the child's later earnings, and an increase in 152 hours of work per year, according to a study that tracked young children over decades to see what their earnings were at age 25.[13]

Right now, the availability of Unemployment Insurance to a jobless parent could provide that additional $3,000. A subsidized jobs program could result in even greater benefit for a family with young children, giving the parents the income to meet their family's needs now and their child the healthy start they need for a promising future. In the process their community receives a much-needed jolt of economic activity and our country as a whole benefits.

We simply cannot allow current trends to continue unchecked. It is wrong to place our children at heightened risk and to deny them the opportunity to learn and thrive as adults. It is wrong to do nothing to improve the prospects of low-income young workers entering the labor force. It is also the wrong choice for our country. Even before the recession the costs to the United States associated with childhood poverty were calculated to total $500 billion per year—the equivalent of nearly 4 percent of GDP. These costs include lower earnings as adults, which in turn reflect lower workforce productivity, increased criminal activity and poor health later in life.[14] If we fail to take steps now to give our future labor force the help it needs to be competitive, our nation as a whole will suffer reduced economic growth and a less prosperous future. ■

12 http://www.bls.gov/emp/ep_education_training.htm

13 Greg Duncan, "The Long Reach of Childhood Poverty," Presentation at Population Association of America Congressional Briefing, July 12, 2010

14 http://www.americanprogress.org/issues/2007/01/pdf/poverty_report.pdf . "More specifically, we estimate that childhood poverty each year:

- Reduces productivity and economic output by about 1.3 percent of GDP
- Raises the costs of crime by 1.3 percent of GDP
- Raises health expenditures and reduces the value of health by 1.2 percent of GDP."

Jobs: More Federal Investments Will Help Parents & Young Workers Secure Stable Employment

The loss of jobs since the recession began at the end of 2007 continues to make life dangerously precarious for parents and children, pushing economic security further out of reach. The economy has shed more than 8 million jobs, including many that provided critical services in communities across the country. June's unemployment report revealed an overall jobless rate of 9.5 percent, a slight dip from the 9.7 percent rate the month before as 650,000 people gave up on their job searches and left the labor force. For individual groups the picture remained bleak: Among African Americans, the jobless rate was 15.4 percent, among Latinos, 12.4 percent, and among women who head families, 12.1 percent.[15]

These stubbornly high unemployment rates are just a snapshot in time, however. A Pew Research Center survey found that since the Great Recession began, 55 percent of all adults in the labor force have either been unemployed at some point, had a reduction in pay or hours, or forced into part-time work.[16]

Projections of a slow recovery in the labor market underscore the need to create jobs now. In fact, from a jobs standpoint — the economic variable that most concerns Americans— we are still right in the middle of the recession. Cumulative wage and salary losses in 2008 and 2009 constitute less than one-third of the total expected missed earnings through the close of 2012.

The challenge of reversing these job losses is compounded by a very weak employment recovery in the last recession. Research shows that between 2001 and 2008 the ratio of employment to population actually dropped 1.5 percent.[17] Since this was during an economic expansion, the normal expectation would have been for the ratio to grow. Since the employment market was so weak for years before the current recession began, we can expect this recovery to be especially slow. The most recent projections show that if economic growth is equal to the fastest four years of the expansion in the early 2000's, without further action it will take until 2021 to match the employment levels prior to the current recession. The projection takes population growth into account.[18]

An analysis of the National Longitudinal Survey of Adolescent Health shows the hardships the recession is inflicting on young adults. It tracked the employment history of youth starting in 1995, until they were 24-32 years old in 2008, the beginning of the recession. Nearly one in five was not working (either unemployed under the formal definition or a discouraged worker) in 2008. More than one in 10 experienced two or more job losses in the previous five years. Not surprisingly, those facing job instability suffered considerable hardships. About 40 percent had no health insurance — more than twice the proportion of uninsured among those with stable jobs. At the same time, more than 14 percent reported they were in poor physical health compared with 8.5 percent of people with stable jobs. More than 11 percent had their utilities shut off compared with 4.7 percent of those in stable employment.

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15 http://www.bls.gov/news.release/empsit.t10.htm

16 Pew Research Center, *The Great Recession at 30 Months*, June 30, 2010, at http://pewresearch.org/pubs/1643/recession-reactions-at-30-months-extensive-job-loss-ne...

17 http://www.epi.org/publications/entry/bp214/

18 John Schmitt and Tessa Conroy, *The Urgent Need for Job Creation*, Center for Economic and Policy Research, July 2010, at http://www.cepr.net/index.php/publications/reports/the-urgent-need-for-job-creation.

The TANF Emergency Fund is Helping Communities Create Jobs

- Los Angeles is using TANF emergency funds to reach its goal of creating 10,000 new jobs through its Transitional Subsidized Employment program. The program, which had created some 8,500 jobs as of June, provides up to 12 months of subsidized employment at $10 per hour with nonprofits, public agencies and private businesses. The TANF funds cover the full cost of wages for the jobs, which are primarily clerical, administrative and maintenance positions.

- Put Illinois to Work (PIW) – an anti-poverty program aimed at creating more than 15,000 jobs – was launched in April with funds provided through the TANF Emergency Fund. The program seeks to put unemployed and underemployed residents into subsidized work positions for up to six months. As of June, more than 10,600 jobs had been created through PIW.

Job creation must take precedence over short-term deficit reduction if we are to create a strong economy, a solid tax base and a rapid recovery. Congress took important steps last year in passing the Recovery Act. ARRA infused much needed dollars into the economy by providing critical income supports such as SNAP benefits, unemployment insurance and expanded tax credits for low-income working families. It also provided essential employment training and work supports such as child care subsidies, ensuring that even as state budgets shrank, these services remained available to help people find and keep jobs. ARRA also saved or created jobs through aid to states and investments in weatherization, renewable energy enterprises and rebuilding infrastructure. The latest estimate by the Council of Economic Advisors shows that the Recovery Act resulted in 2.5 — 3.6 million more jobs than the economy would have produced without the legislation through the second quarter of 2010.[19]

These funds have had a significant impact on communities. For example, the Temporary Assistance for Needy Families (TANF) Emergency Fund, which was created by ARRA, is allowing states throughout the country to provide temporary subsidized jobs that are helping parents earn wages and increase their work experience, making them more competitive for permanent employment. Current estimates are that 240,000 jobs will be created by the end of September 2010 through the TANF Emergency Fund.[20]

Unfortunately, much of this federal assistance is temporary. The TANF Emergency Fund, for example, is slated to end on September 30 of this year. And increased aid to states to help them cope with rising Medicaid costs will expire at the end of December. When the Recovery Act was enacted, many did not predict the extent of the recession's severity. But now that we know, the only responsible action is to continue and expand the steps that are working to save and create jobs.

There is popular support for making these job investments, even at the risk of temporarily increasing the deficit. A recent poll by Lake Research Partners, on behalf of the Ms. Foundation for Women and the Center for Community Change, shows that a

19 Council of Economic Advisors, *The Economic Impact of the American Recovery and Reinvestment Act of 2009, Fourth Quarterly Report*, July 14, 2010, available at http://www.whitehouse.gov/files/documents/cea_4th_arra_report.pdf

20 Chad Stone, Statement, *As the Senate Nears Approval of Unemployment Insurance*, Center on Budget and Policy Priorities, July 20, 2010, at http://www.cbpp.org/cms/index.cfm?fa=view&id=3237

Targeted Job Training: A "Helping Hand" for California Mother

Stephanie Williams' effort to get the training necessary to become an ultrasound technician was going nowhere. She was struggling on public assistance to make ends meet for herself and her two-year-old son and knew something had to change.

That "something" came in the form of Priscilla's Helping Hands – a nonprofit community outreach and assistance program in San Bernardino County, Calif. Williams found out about the program through an outreach coordinator at her church.

Williams is one of the first participants in a job training program launched by Priscilla's in December and funded by a $60,000 ARRA Community Services Block Grant. The program allocates roughly $6,000 for each student to support education and job training in pharmaceutical and internet technology.

All 10 students in the program – half of whom are parents – successfully completed their first semesters of college this spring, and five have paid internships this summer. Williams, who has a paid summer internship at San Bernardino Community College, said the program helped her pay tuition at the college, buy books, and even provided day care during night class.

"The program has really helped. I was struggling, but there's no reason why you can't succeed when you don't have to worry about finances and have people helping you," She said.

Marche Haynes, the program's project manager, said the graduates in pharmaceutical technology – a field that is projected to be in high demand for the next decade – can earn a starting annual salary of up to $50,000. While the technology students will take tests for their initial professional certification this summer to qualify for jobs starting around $36,000 a year, all plan to continue their studies in the fall even if they land jobs. "The demand for this program is increasing exponentially," said Marche. "Every time we talk about this someone else wants to get involved."

majority of Americans believe it is time for the government to take a larger, stronger role in making the economy work. The poll also found that most people are less concerned about the deficit than they are about rising health care costs, the lack of jobs with family-sustaining wages, and the affordability of every day expenses like food and gas.

Legislative Priorities:

- The **TANF Emergency Fund** should be continued for at least another year. ARRA created the fund, providing 80 percent reimbursement to states for increases in TANF-related expenditures in three areas, including subsidized employment. As of July 15, 2010, the U.S. Department of Health and Human Services reported that only three states had not used the Emergency Fund, and 34 states plus the District of Columbia had Emergency Fund applications approved that included more than $1 billion targeted to subsidized employment. If Congress extends the Emergency Fund, it is likely that states would continue to expand their subsidized jobs programs.

- Additional **State Aid** is badly needed, with states projecting budget gaps of $140 billion in FY 2011. It is dangerously premature to end federal aid to states that helps cover rising Medicaid costs, the result of people losing their jobs and health insurance. Terminating the increased funding provided to states through ARRA will result in hundreds of thousands of jobs lost, both in the public and private sectors. Medicaid services or eligibility for care will suffer, and, to the extent that states spare these vital services, other state spending will be cut even further. Congress was initially supportive of $24 billion in funding to extend the Medicaid aid another six months. Deficit fever has now reduced the aid proposal to $16 billion, all paid for. But roadblocks to passage remain. Similarly, a proposal for $10 billion to save 140,000 local education jobs is attached to a House supplemental war appropriations bill, but inability to get 60 votes in the Senate means it will likely be dropped from this legislation, even though other cuts have been identified to cover the cost. Without these funds, children and young workers will be hurt both by the loss in services and by the worsening of the job market.

› **The Workforce Investment Act (WIA)** should be reauthorized and include improved access to skills training as a top priority. The National Skills Coalition has pointed out that even in the recession there is a shortage of workers for certain "middle skills jobs" – those requiring some post-secondary education but not a four-year degree. For example, between 2008 and 2018, there will be one million job openings for registered nurses and another million jobs available for nursing, psychiatric and home health aides.[21] As the economy begins to grow, this shortage is likely to worsen, and inability to fill these jobs will hold the economy back. WIA should allow easier access to community college and adult basic education programs. In addition, the legislation should encourage localities to form collaborative approaches among business sectors, community colleges and other government services. Communities that have tried such a sectoral approach have had good success in matching skills training to areas of job growth. One report published in 2009 found that participants in sector-based programs earned approximately 18 percent more than comparable workers who did not participate, and earned $4,500 more during a two-year period.[22]

› **On-the-Job Training** should be expanded. Just as the TANF subsidized jobs have proven effective in employing low-income parents, on-the-job training can be an excellent method for encouraging employers to hire workers who need some training in order to be job ready. On-the-job training typically provides a 50 percent subsidy for the employer to help defray the costs of the initial increased supervision. In a rare example of bipartisanship in this Congress, Senators Jeanne Shaheen (D-NH) and Thad Cochran (R-MS) have co-sponsored the **On-the-Job Training Act of 2010 (S. 3459)**. The bill would authorize grants to states to expand these programs within WIA. According to the Department of Labor, 80 percent of on-the-job training participants in 2008 were still employed nine months after their training period had ended.

› **The Local Jobs for America Act (H.R. 4812)** would target $100 billion over two years to create or save 750,000 jobs providing local services and save 250,000 education jobs. The funding would also keep 5,500 law enforcement officers on the beat, allow localities to hire additional firefighters, and provide temporary job slots to help local businesses, nonprofits and local governments create employment opportunities. The bill is backed by more than 300 organizations from 43 states, including labor unions, faith institutions, civil rights organizations, service providers and the U.S. Conference of Mayors. ■

21 Armand Biroonak and Kermit Kaleba, *The Bridge to a New Economy: Working Training Fills the Gap*, Institute for America's Future, National Skills Coalition, January 28, 2010

22 Sheila Maguire, Joshua Freely, Carol Clymer and Maureen Conway, *Job Training that Works: Findings from the Sectoral Employment Impact Study*, Public/Private Ventures in Brief, Issue 7, May 2009, at http://www.ppv.org/ppv/publications/assets/294_publication.pdf

Child Care:
Helping Parents Work and Children Thrive

Lost jobs often mean a loss of work supports, such as child care subsidies. Without child care parents face enormous obstacles to finding jobs and staying employed, enrolling in job training programs or continuing their educations. Without child care, adults who can work and want to work are often forced out of the workforce, pushing them deeper into poverty. ARRA funding has helped states increase access to child care subsidies, boost reimbursement levels, keep child care available while parents job hunt, and make a wide range of improvements to the quality of available child care. Nevertheless, because of deep budget gaps, at least nine states cut funding for the child care assistance programs, resulting in either a reduction in parents' access to the program or the level of their child care reimbursements.[23]

When parents can't afford quality child care and don't receive help in paying for it, they may be unable to retain or accept employment. In some cases, families may have no option but to turn to care that is unsafe or unreliable and that does not adequately support their children's learning.

Just as the lack of quality child care can harm the child or seriously impede their parent's work, access to good child care can improve their opportunities throughout life. For example, low-income children who attended high quality early education programs are more likely to attend college than their peers.

Legislative Priorities:

- **Child Care** and **Head Start** funding levels need to be increased. Under the Recovery Act, child care funding went up $2 billion for fiscal years 2009-2010. President Obama proposed a $1.6 billion increase in the Child Care and Development Block Grant, of which half was to be funded through appropriations and half through an increase in mandatory spending. The President also increased Head Start by $990 million. Under great pressure to reduce spending, the House Appropriations Subcommittee on Labor, Health and Human Services, and Education still identified these programs as high priorities, providing $700 million in increased child care appropriations (down $100 million from the President's request), and an additional $866 million for Head Start ($124 million less than the President's budget). These funding levels are increases from the regular appropriations for FY 2010, but since the ARRA funding for child care and Head Start is running out, states will have less federal support for these programs in FY 2011, not more.

  With state budget gaps still large, it is likely that fewer families will receive child care help, or that they will have to pay more for it. Allowing parents to work and children to benefit from good quality child care are worthwhile investments. Funding that falls short of the President's request will be a significant setback for working families with young children.

- **The Children's First Act of 2010** is about to be introduced by Senator John Kerry (D-MA). Separate and in addition to the increases in annual appropriations described above, this bill would increase mandatory funding for child care by $800 million in FY 2011, with adjustments for inflation over the following three years. ■

23 http://www.nwlc.org/pdf/supportingstatechildcareeffortswitharra.pdf

Child Care Subsidies:
Invaluable Support for Low-Income Working Parents

Early this summer, Community Services for Children, Inc., in Allentown, Penn., had more than 300 children on the waiting list for subsidized child care. Within weeks of the state approving its fiscal 2011 budget and passing through federal stimulus funding, the list disappeared. By late June, however, it had climbed back up to 51 children.

"When we don't get more funding, our waiting list grows," said Rhonda Johnson, director of subsidy services for the community service organization. "We don't like that to happen, but it's a reality for us."

To qualify for a child care subsidy, parents must be in a job training program, in school, or working. The subsidies are provided on a sliding scale based on need, though all parents must pay at least a portion of their child care.

"It allows parents to go to work or to school — otherwise they would be receiving cash assistance. It's much better from a tax perspective to pay child care subsidies," said Jane Ervin, the chief executive officer of Community Services for Children.

Nicole Gerhart-Floran has seen the tangible pay offs of child care assistance first hand, beginning as a child and watching her mother try to manage a family, hold a job and move her family into a better living situation.

"Eventually she was able to afford to buy her own house and move us to a better neighborhood where we would receive a better education. All the while she was receiving a subsidy from the state for daycare," Gerhart-Floran says.

For the past five years, Gerhart-Floran and her husband relied on a child care subsidy while she worked part time and completed college. She credits the subsidy with allowing her to get the education she needed to triple the amount of income she was making five years ago. "Ultimately, [the] child care subsidy has changed our life," she says.

Nutrition Assistance:
Helping Families Put Food on the Table

Federal data show that the recession is making it increasingly difficult for families to meet basic nutrition needs. In 2008, 49.1 million people lived in food-insecure households up from 36.2 million in 2007, according to the most recent data from the U.S. Department of Agriculture. With the increase in unemployment in 2009 and 2010 it is likely those numbers have increased further and that more families live in households where getting enough to eat is a struggle.

The clearest indication of this growing need is the skyrocketing demand for food assistance. April 2010 marked the 17th consecutive month in which more people received SNAP benefits than at any time previously in the history of the program. More than 40.4 million people received the benefits in April, an increase of approximately 320,000 in just one month. In the past two years, the number of Americans receiving SNAP benefits has grown by more than 12 million – a 44 percent jump.

Communities have been able to keep up with the demand thanks to a $20 billion funding infusion through ARRA, which temporarily increased SNAP benefits by 13.6 percent. ARRA also lifted restrictions limiting how long unemployed individuals without children can receive SNAP benefits and provided $500 million for the Women, Infant, and Children (WIC) nutrition program, $150 million for The Emergency Food Assistance Program (TEFAP), and $100 million for equipment grants for the school lunch program.

Increased SNAP Allotments:
Higher Quality Food and Healthier Kids

When Crystal Sears received an additional SNAP allotment last year, she called the local assistance office in Philadelphia to ask if it was a mistake. "No, it wasn't a mistake," the public assistance officer told her. The roughly $80 a month increase was made possible by increased funding through ARRA.

The increased benefit meant Sears was able to buy fresh fruit instead of canned food and better quality foods for her children, who all have health problems. "This has helped my household a great deal. I have children with medical problems and I have to watch their sodium and sugar intake," she said. "With the additional allotment, I can make better food choices for my children, and that helps a lot."

Sears doesn't work since all three of her children have health issues that need to be monitored. Her nine-year-old son had a stroke at birth, and suffers from cerebral palsy. Her 13-year-old daughter has severe scoliosis, and her youngest daughter, age four, has congenital heart disease.

Crystal, who participates in the Philadelphia-based Witness to Hunger program, monitors what is served at her children's schools and advocates for the healthiest choices possible. She does the same for her children, saying that her vigilance lowers family medical costs.

She's not the only one in her family who understands the benefit that an additional $80 a month for food can provide. Crystal says her children love fresh fruit and adds that when they eat better, "they are like Eveready Bunnies."

The money had an immediate impact, giving millions who struggled to put food on the table the help they needed to provide regular meals for their families. President Obama has supported these efforts in a variety of ways, including setting a goal to end childhood hunger in this country by 2015. Although hunger in children cannot be eliminated without a comprehensive commitment to raising family incomes, improving school meals and other child nutrition programs is a key part of meeting such a goal. A recent report commissioned by USDA confirmed that children in food-insecure and marginally secure households get more of their food and nutrition from school meals than do children in food secure households. It also found that 20 percent of food-insecure and marginally secure children did not eat breakfast (even if their schools offered a breakfast program), far more than the 11 percent of food secure children who skipped breakfast.[24]

Legislative Priorities:

- We can take a big step forward by providing adequate funding for feeding programs that will be covered during this year's reauthorization of Child Nutrition Programs. Reauthorization language is laid out in the House's **Improving Nutrition for America's Children's Act (H.R. 5504)** and the **Healthy, Hunger-Free Kids Act (S. 3304)** in the Senate. The bills incorporate many critical improvements, such as a performance-based, 6-cent increase in the federal reimbursement rate for school lunches and expanded access to school meals, including school breakfasts, afterschool meals and the Summer Food Service Program. The House legislation, however, includes more of the improvements needed. To accomplish these important goals, Congress must pass robust child nutrition reauthorization legislation with the funding necessary to cover the House bill's level of improvements by the end of this legislative session.

- Congress should keep in place the increase in **SNAP/food stamp benefits** enacted in ARRA. Proposals to cut off the increase in future years should be rejected. ■

24 Elizabeth Potamites and Anne Gordon, *Children's Food Security and Intakes from School Meals*, Mathematica Policy Research, Inc. May 2010.

Tax Credits:
Extra Support for Low-income Working Families

ARRA made significant improvements to three federal tax credits in 2009, providing more disposable income for low-income working families with children. These include the Child Tax Credit, the Earned Income Tax Credit and the American Opportunity Tax Credit.

The expanded credits immediately put much-needed cash into the pockets of families whose paychecks are not big enough to meet basic needs. The President has proposed making the ARRA improvements permanent. Congress earlier this session signaled support for making at least most of the ARRA provisions permanent by exempting the current level of the Child Tax Credit and the marriage penalty-reducing provisions of the EITC from having to be paid for through other revenue increases or spending cuts. But intensifying concerns about the deficit makes the future of these important tax credits uncertain. Here's a rundown:

Child Tax Credit (CTC) This was modified under ARRA to allow low-income families to count more of their wages toward the credit. ARRA allows families to count all but the first $3,000 of their earnings in calculating the credit, whereas reversion to prior law would prevent them from counting the first $12,550 in earnings. The change resulted in an estimated 2.7 million more families receiving the credit who otherwise would not have qualified because their wages were too low. A family with two children working full-time at minimum wage currently receives a CTC of about $1,750. If Congress does not act to extend the current levels, the same family will receive only $248. If today's level expires, 7.6 million children will lose the benefit completely and another 10.5 million will receive a smaller credit. Such a drastic reduction in the CTC would push 600,000 children into poverty and deepen the poverty of another 4 million children, according to the Center on Budget and Policy Priorities (CBPP).

Earned Income Tax Credit (EITC) The 2009 changes through ARRA increased the amount of credit available to families with three or more children and reduced the "marriage penalty." These changes increased the maximum EITC for a family with three or more children to $5,666 or $630 over the amount available to families with two children. The increase acknowledges the higher cost of raising more children and the greater likelihood of poverty in larger families. These two EITC changes prevented 3 million people from falling into poverty in 2009, according to an analysis by CBPP, and resulted in 7 million more people receiving the credit.

American Opportunity Tax Credit (AOTC) Formerly known as the Hope Credit, the AOTC provides a tax subsidy for college tuition costs. Under ARRA this college tax credit was made partially refundable, reaching 3.8 million prospective college students who previously could not use the Hope Credit because their families' incomes were too low to qualify. The 2009 changes increased the maximum credit from $1,800 to $2,500, and allowed the credit to be claimed for four years (up from the two years). If a family earns too little to owe federal income tax, a student can qualify for a credit worth up to $1,000.

Legislative Priorities:

› All three are scheduled to expire at the end of 2010 and should be extended. Preserving the tax credit levels set in 2009 will promote work, put badly needed resources into the economy to accelerate the recovery, and give families the extra cash they need to ensure their children are getting the best start possible. ■

Youth Employment: A Crisis that Demands Immediate Action

The recession has dealt a brutal blow to employment opportunities for youth, depriving them of invaluable learning experiences, destabilizing already fragile lives and reducing fiscal resources that families have relied upon to meet basic needs. It's no exaggeration to say that youth in the United States are facing an unprecedented crisis in employment.

Nationwide, youth and young adults ages 16-24 account for nearly one-third of those who are currently unemployed.[25] Among those in this age group who have not finished high school, just 38 percent are employed. There has been a dramatic drop in the number of teenagers with jobs. In 2000, 45 percent of 16-19 year olds were working. In 2009, that was down to 29 percent.

For teen workers, unemployment is approaching Depression levels. Before the recession began, the youth unemployment rate (16 to 19 year olds) grew from 12.7 percent in January 2000 to 16.9 percent in December 2007. By June 2010 it stood at 25.7 percent[26] and 15.3 percent for 20-24 year olds. For African American youth, Depression level joblessness has been a reality for some time. Their unemployment rate was just below 40 percent in June, a little down from the peak of 42 percent in February of 2009. Hispanic/Latino youth had rates almost as high at 36 percent in June.

This joblessness has long-term consequences: Young people who fail to find jobs early on are more likely to be unemployed or underemployed into their 20s and permanently trapped at the margins of the economy. Simply waiting for the economic recovery to come their way will not help these young people. Instead, we need programs and policies that will intentionally connect them with training and jobs.

The country has learned a great deal over the past decades about what it takes to help get young people into the labor force. Programs like Youthbuild, which combines on-the-job training in construction jobs with education, have a good track record of helping low-income young people find employment and improve their education. Since the program's founding in 1994, 92,000 participants have built 19,000 units of affordable housing and about two-thirds of participants have completed the program. Of those, 69 percent got jobs or increased their education. On-the-job training programs like Youthbuild that include GED and post-secondary education are much more effective than traditional classroom GED courses. But we have not built upon this knowledge with adequate funding.

Congress and President Obama have included expansion of youth employment programs as part of efforts to address the economic crisis. The most significant effort was $1.2 billion in ARRA funding for WIA programs, including the Summer Youth Employment Initiative (SYEI). As with other federal investments in youth employment, the results were positive. An evaluation released in February 2010 by Mathematica Policy Research Inc. and commissioned by the Department of Labor found that more than 82 percent of the 355,000 youth who participated

25 http://www.clasp.org/admin/site/publications/files/CFY.BudgetCommitteeLetter.FY2011.pdf

26 http://www.bls.gov/news.release/pdf/empsit.pdf

Support for Youth Workers:
Federal/State Investments Pay Off in Connecticut

The troubling decline in employment rates among young adults is adding new challenges to already disadvantaged populations. In Connecticut, teen employment rates have plummeted during the recession, dropping to 36 percent in 2009 compared to 49 percent in 2000. That rate hovers around 15 percent today for African-American males.

Connecticut is an example of one state that is fighting back. By combining $10 million in federal stimulus aid with $3 million in state assistance, the state is creating new training and employment opportunities for hard-working young people like 21-year-old Suez Vallanilla of Hartford.

Vallanilla credits the support from one of those programs – Our Piece of the Pie (OPP), a local employment service for 16 to 24 years olds – with helping her secure an $8.50 an hour position with the Girl Scouts. Vallanilla, once shy and withdrawn, drives around the state giving presentations to young girls as part of her outreach for the Girl Scouts.

"I teach girls about the Girl Scouts, but I also talk about the importance of working hard, and working together," she says. "I started out really shy, but once I went through training and the more I worked, the easier it has been for me."

Vallanilla is one of 400 young adults participating in training or in jobs through OPP, which provides support in developing job-search skills, getting into and staying in college, and finding jobs.

Vallanilla, who lives with her mother, says she saves as much money as she can for her future, which includes paying for college this fall, where she plans to study nursing.

Jim Boucher, the director of the future workforce division at Capital Workforce Partners in Hartford, says investments in programs like OPP are critical to the state's long-term economic health. "If you know that a small investment of maybe $1,500 to $2,000 is likely to help a young person graduate from high school and achieve success – bringing back tens of thousands of dollars into the community – why wouldn't you make that investment now?"

Without additional funding, however, many young adults will miss out on the type of support that helped Vallanilla. Boucher says that while 2,500 young adults will receive job services in the Central Connecticut region his organization serves, another 2,000 are currently on the waiting list.

in SYEI completed their work experiences, and nearly 75 percent achieved measurable increases in work readiness during the summer. Employers were overwhelmingly pleased and almost unanimously agreed they would participate again.

The Administration recently announced a new collaboration among the departments of Labor, Agriculture and Interior, for a competitive grant program to hire 18-24 year old ex-offenders to work in outdoor conservation jobs. A pilot program is operating this summer in New York City, in part through the Youth Conservation Corps, with other awardees getting started in the fall.

In this time of Depression-level youth joblessness, those in Congress who have stalled extended funding for youth jobs have acted irresponsibly. Few other strategies do more to remove barriers to employment, reduce dropout rates and support youth who are disconnected from school and work. When youth are employed, they are more likely to stay in school, stay out of trouble and improve their families' standard of living. Because the funds can be used throughout the year, it is not too late to do some good – but Congress must act quickly.

Legislative Priorities:

- Congress should target $1 billion for **youth activities**, such as **summer and year-round employment** through September 30, 2011. This funding has been included in several different pieces of legislation and is now part of the House supplemental funding bill that includes war funding. It would create an estimated 300,000 – 350,000 jobs, increasing the age eligibility from 21 to 24. Some in Congress oppose the presence of domestic items in this supplemental appropriation, even though they are paid for. Enactment of this funding is shamefully overdue.

- Congress should enact the **RAISE UP Act (S. 1608 and H.R. 3982)**, which seeks to unite education, workforce, and youth support services to strengthen dropout recovery systems that support students once they are back in the classroom. The bill authorizes $1 billion and gives priority to communities with disproportionately high numbers of young people who have left school without obtaining a diploma, communities with high concentrations of young people from low-income families and communities with high rates of unemployment among young people. It is co-sponsored by Senators Debbie Stabenow (D-MI), Sherrod Brown (D-OH), Al Franken (D-MN), and Kristen Gillibrand (D-NY), and by Representatives Dale Kildee (D-MI) and Vern Ehlers (R-MI).

- Congress should enact the **Employing Youth for the American Dream Act (H.R.4920)**, sponsored by Rep. Bobby Rush (D-IL), which would provide tax incentives for businesses to hire youth, expanding resources under WIA.

- Congress should reauthorize the **Workforce Investment Act**. The **workforce development system authorized under WIA Title I** should refocus on the provision of high-quality education, training and related services that provide individuals with the necessary skills and experience to access jobs that pay family-supporting wages and have advancement potential. To further help low-skilled youth and adults gain workforce skills, Title I and II should be better aligned within a career pathways framework both to provide more intensive and integrated workforce development and adult education services linked to income, work and academic supports and to better connect these systems with employers and postsecondary education. ■

Conclusion:
We Can and Must Do Better

Using federal data and economic projections, the Center for Economic and Policy Research found that the drop in employment from 2007 levels will cost U.S. workers slightly more than $1 trillion in lost wages and salaries during the five-year period from 2008 through 2012. For African-American workers, the total five-year cost in lost wages and salaries is $142 billion and for Latino workers, that figure is $138 billion.[27]

We cannot pretend numbers like these will correct themselves on their own. History and the day-to-day reality faced by struggling families tell us otherwise. Fortunately we have the tools at our disposal to boost the economy while helping a generation of children and young adults escape the worst consequences of the recession. This fact continues to be reinforced with data. For example, the Council of Economic Advisors (CEA) estimated that through the second quarter of calendar year 2010, compared with what would have happened with no federal action, ARRA's policies:

- Raised the level of real (inflation-adjusted) gross domestic product (GDP) from a decline of 6.4 percent in the first quarter of 2009 to growth of 5.6 percent in the fourth quarter. That 12 percent shift is the largest over any three quarters since 1981.

- Increased the number of people employed by between 2.5 million and 3.6 million.

At current spending levels, the effects of ARRA on output and employment are expected to increase further during calendar year 2010 but then diminish in 2011 and fade away by the end of 2012, according to the CEA.[28]

We have the tools at our disposal to boost the economy while helping a generation of children and young adults escape the worst consequences of the recession.

Without immediate intervention, millions of young people coming of age during this recession will face grim prospects. For them and our nation as a whole we must take action now. Smart, focused investments can ensure that parents and their children have the education and training they need to land good jobs and create a better future.

As the Great Recession took hold, fear of its severity impelled Congress to make investments even though they deepened the deficit. This was the course recommended by most economists. Now, fear of deficits is stalling needed action to prevent danger-

27 http://www.cepr.net/index.php/publications/reports/wage-deficit/

28 Council of Economic Advisors, The Economic Impact of the American Recovery and Reinvestment Act of 2009, Fourth Quarterly Report, July 14, 2010

ous levels of joblessness. But this fear is misplaced. David Walker, president of the Peter G. Peterson Foundation and a well-known deficit hawk, supports short-term deficit spending to fight the recession. He told the National Commission on Fiscal Responsibility and Reform, "In our view, to ease the economic pain of unemployment and underemployed Americans, and avoid a double-dip recession, we can and should pursue targeted and short-term initiatives that are temporary, properly designed, appropriately conditioned and effectively implemented."[29]

This is no time to cut back on essential jobs programs, state aid, nutrition and child care benefits, or to shrink tax credits that are making a difference for so many low-income working families. Without these investments, we will consign the low-income children and youth of this Recession Generation to a future of diminished prospects. With so many falling behind, the nation's economy will suffer further and true recovery will remain elusive. ■

29 David M. Walker, Statement to the National Commission on Fiscal Responsibility and Reform, July 1, 2010, available at http://www.pgpf.org/newsroom/press/DW_National_Comission/