



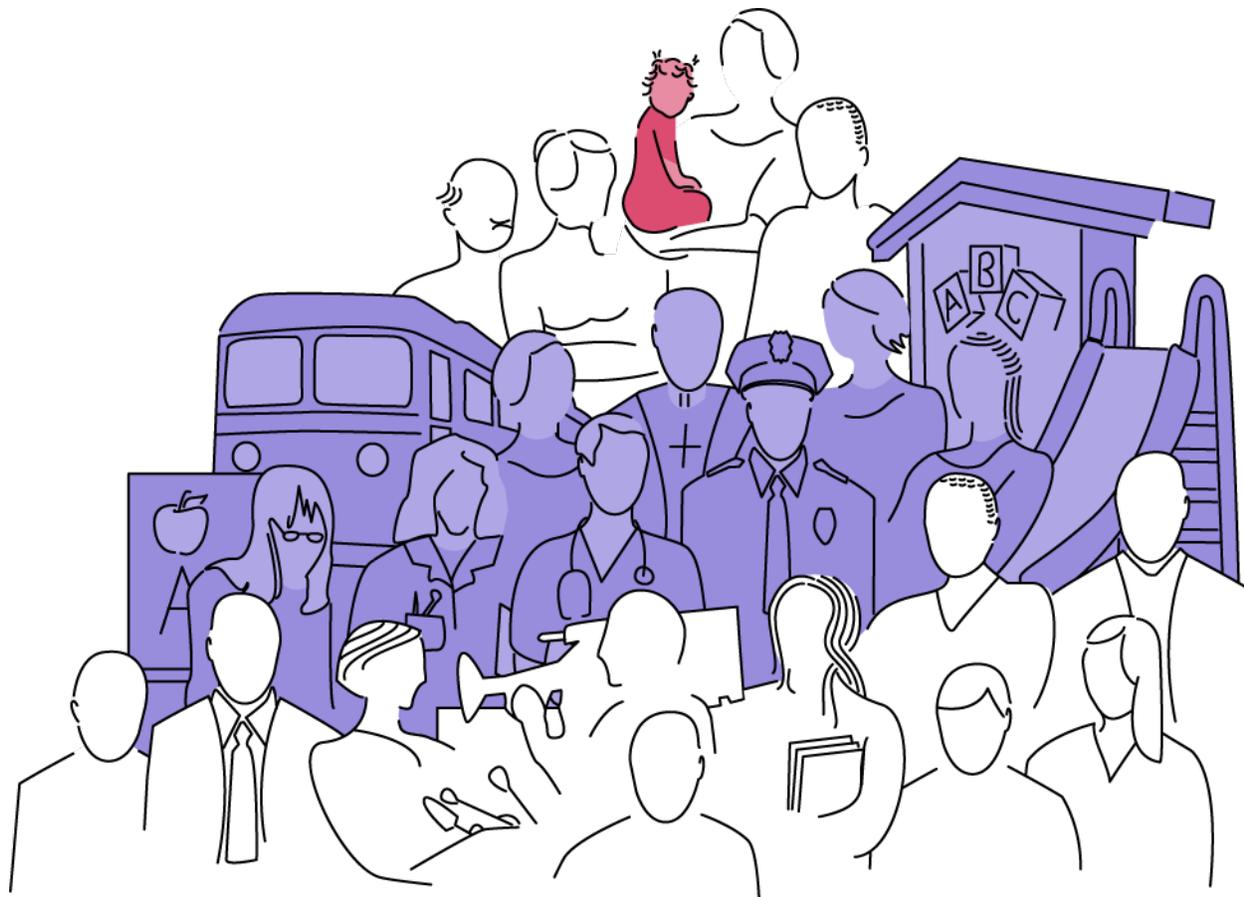
Center for Urban Child Policy

Advancing Public Policy to Improve the Well-Being of Children

CHILDHOOD POVERTY COSTS SHELBY COUNTY NEARLY \$1.5 BILLION A YEAR IN LOST PRODUCTIVITY. THE RECESSION LIKELY WILL DRIVE AN ADDITIONAL 8,388 CHILDREN IN SHELBY COUNTY INTO POVERTY.

While poverty has many negative implications for the well-being of our community, one of the most tangible is a long-term reduction in our economic productivity. New research suggests that childhood poverty in our community will worsen because of the current economic crisis. In this brief, we estimate that the current recession will cause an additional 8,388 children in Shelby County to fall into poverty and will reduce the future GDP of the metro area by nearly \$230 million a year, every year of these children's working lives.

February 11, 2009



First Focus recently published a report entitled, "The Cost of Doing Nothing". Linden, 2008 This report:

- » details the costs to communities and individuals of allowing children to grow up in poverty,
- » estimates the number of additional children expected to grow up in poverty because of the current economic crisis
- » and determines the cost of an increase in the percentage of children raised in poverty. Parrott, 2008

As of 2007, 31% of all children (0-17) in Shelby County were living in poverty. American Community Survey, 2007

- » These children are heavily concentrated in the city of Memphis, where 42% of children live in poverty American Community Survey, 2007
- » These children and their families lack access to critical resources that foster healthy long-term social, emotional and cognitive brain development.
- » Lacking this foundation, children raised in poverty are significantly more likely to drop out of high school, become parents too early, and run afoul of the law. Reduced lifetime earnings are just the tip of the iceberg when nearly a third of our children growing up in poverty.

Currently, childhood poverty in Shelby County costs nearly \$1.48 billion dollars a year in lost GDP. Center for Urban Child Policy, 2009

- » Adults raised in poverty earn 39% less than the median income annually. Holzer et al, 2007
- » The GDP of the Memphis Metro Area was approximately \$56 billion dollars in 2008. Bureau of Economic Analysis, September 2008 and CUCP 2009
- » Earnings comprise about 65% of the Memphis Metro GDP, and 31% of our children will to earn about 60% of current median earnings in adulthood. 60% of lost earnings are attributed to the experience of growing up in poverty, as opposed to heredity.
- » We can therefore expect that allowing these children to grow up in poverty will reduce the local GDP by at least \$1.48 billion a year.

Unemployment rates in Shelby County and across the country are projected to reach a high of 9%. Goldman Sachs quoted in Parrott, 2008 **At this rate, the recession will drive an additional 8,388 children into poverty.** Center for Urban Child Policy, 2009

- » We have utilized the average ratio of rate changes in Unemployment and Child Poverty from the last 3 recessions to create an estimate of the additional number of children who will be in poverty in Shelby County as a result of the current recession. Parrott, 2008
- » The lowest recorded unemployment rate for Shelby County since the recession started in December 2007 was 5.3%. Tennessee Department of Labor, 2008
- » If child poverty rates move with unemployment rates in a pattern similar to that observed in the past three recessions, we project that the child poverty rate in Shelby County will increase by at least 3.24%.
- » This increase will mean an additional 8,388 children will grow up in poverty and the future GDP of the metro area will be reduced by \$229 million a year. Center for Urban Child Policy, 2009



HOW CAN WE, AS A COMMUNITY, BATTLE CHILDHOOD POVERTY?

- » Choose to invest in promising programs that target our youngest children and most vulnerable families in order to maximize the likelihood that these children will thrive in school and in life. Extending the reach of high-quality, state-supported preschool education, for example, makes it more likely that children will reach school ready to learn.
- » Build a comprehensive commitment to child well-being recognizes that children depend on the strength and stability of their families and communities. Where families have access to needed resources - including stable employment, safe housing, nutrition, and health care - children are more likely to succeed.
- » Place at-risk children on a path to high achievement by identifying and implementing protections from risk factors and access to preventative factors. These include access to positive adult role-models and a school and peer environment where achievement is rewarded.
- » Social service providers, educators, policy makers, faith communities and the philanthropic community share a commitment to improving the well-being of children and families. We must identify strengths and weaknesses in both the human and resource networks configured around that child, and the pathways most likely to lead to success for specific cohorts of children in order to build a fund of knowledge about promising practices that are most appropriate for our community.



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