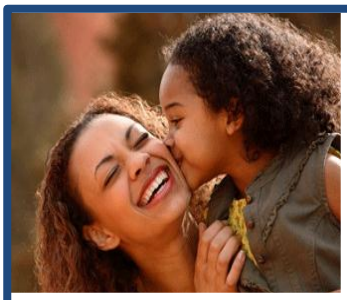
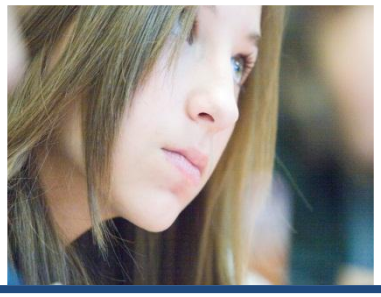



Children in the Recession

Exploring the Impact of the Great Recession on N.C. Children and Youth

Action for Children North Carolina






Children in the Recession

Exploring the Impact of the Great Recession on N.C. Children and Youth

June 2011

About Action for Children

Action for Children North Carolina is a statewide, non-partisan, non-profit child research and advocacy organization dedicated to educating and engaging all people across the state to ensure that our children are healthy, safe, well-educated and have every opportunity for success.

Since 1983, Action for Children has used data and research to promote better outcomes for North Carolina's children and families. Action for Children is the Annie E. Casey Foundation's North Carolina KIDS COUNT partner and the state advocacy partner for the Voices for America's Children network.

North Carolina KIDS COUNT

KIDS COUNT, a project of the Annie E. Casey Foundation, is a national and state-by-state effort to track the status of children in the United States. By providing policymakers and citizens with benchmarks of child well-being, KIDS COUNT seeks to enrich local, state and national discussions of ways to secure better futures for all children.

National, state, and community-level data are available online through the KIDS COUNT Data Center at datacenter.kidscount.org.

Acknowledgements and Permissions

This report was funded by the Annie E. Casey Foundation and IMC, Inc. We thank them for their support but acknowledge that the findings and conclusions presented in this document are those of Action for Children alone and do not necessarily represent the opinions of financial supporters.

Join our network of champions for children! Scan the code into your smartphone's QR reader for more information.

Contents

Executive Summary

As children grow they depend upon a number of supports to help them successfully transition into adulthood: stable homes, economically secure families and access to quality learning environments where they gain the skills they need to become the workers, innovators and entrepreneurs of tomorrow.

For children and young adults who have recently weathered the most severe economic downturn of the postwar period, the recession has weakened those supports and caused many to fail altogether. As a result, our children now face greater economic and household distress, are bolstered by fewer public investments and encounter weaker employment and educational opportunities as they transition into the workforce.

This report examines the impact of the Great Recession on North Carolina's children and young adults. Key findings indicate:

More families face economic insecurity in the wake of the recession. More than one in five children in North Carolina now lives in poverty. As unemployment rose across the state, the number of children living in families where no parent had full-time, regular employment increased 19 percent to 753,000 in 2009.

Increased foreclosures and housing instability threaten children's social and educational support networks. Between 2007 and 2009, as many as 119,000 children were impacted by foreclosure in North Carolina. Foreclosures and housing instability create disruptions in children's lives that can diminish their health and educational outcomes.

Although investments in children's health insurance held, key work supports and early education declined amid budget shortfalls. While American Recovery and Reinvestment Act (ARRA) funds helped bolster some state investments during the economic downturn, critical work supports and educational programs were diminished greatly due to state budget gaps. Funding for subsidies that help secure quality child care for working families, individuals looking for employment and those enrolled in school or a job training program declined 40 percent between the 2007 and 2010 state fiscal years.

The recession has erected educational and employment obstacles that endanger young people's ability to achieve financial independence and assume adult roles as workers, spouses, parents and citizens. Youth ages 16-24 have the hardest time finding work in the current labor market, and have the highest unemployment among North Carolina workers in the aftermath of the recession, 20.5 percent. Persistent, high unemployment delays youths' entry into the labor force and impedes their transition to adulthood.

Our state's current and future prosperity depends on how well we nurture, educate and support the positive development of our children. If left unchecked, the recession will create structural damages that will impair the prospects of North Carolina's children, young adults and economy for future generations.

Introduction

It is easier to build strong children than to repair broken men.

-Frederick Douglass

As children grow they rely on a number of supports to help them successfully transition into adulthood: stable homes, economically secure families and access to quality learning environments where they gain the skills they need to become the workers, innovators and entrepreneurs of tomorrow.

The Great Recession has placed those supports in jeopardy for many North Carolina children. Although the recession officially ended in July 2009, its effects linger throughout the state economy. Since the start of the recession, North Carolina has experienced a 22 percent increase in foreclosure starts, a two percent dip in household income and has shed more than 300,000 jobs.[1] Sluggish wage growth, prolonged unemployment and depressed home prices threaten more than our state's economic vitality; they place more children and families at risk of economic insecurity. When families face economic uncertainty, it is children who are most affected by the experience of hardship. Poverty and material deprivation interrupt children's development and dramatically alter their life trajectories.

When families face economic uncertainty, it is children who are most affected by the experience of hardship.

In the wake of the recession, an alarming number of children have witnessed a decline in housing stability. Forced or unplanned moves, such as those caused by foreclosure, expose children to housing disruptions that fracture their social relationships, threaten peer networks and interrupt their educational progress.[2] Every

subsequent move widens the achievement gap, causing students to lose precious academic ground and fall behind.[3]

Economic insecurity, driven in large part by persistent unemployment and diminishing wages, contributed to an 18 percent increase in the number of North Carolina's children living in poverty during the recession. Poverty creates challenges that follow children well into their adult years.[4] Children growing up in poverty are less likely to access routine and preventive medical care, face greater educational challenges and are more likely to experience unplanned or forced moves than their more advantaged peers.[5] Adults who were poor during childhood are more likely to be poor in early and middle adulthood than their peers who never experienced poverty.[6]

This report examines the impact of the Great Recession on North Carolina's children's economic security, housing stability and opportunity. We begin with a discussion of how the recession has weakened family economic security and made more children vulnerable to the negative effects of poverty. Next, we analyze how the recession has impacted housing stability and reduced state investments in child-serving programs. We conclude by highlighting ways the recession has shifted young people's educational and employment opportunities and profoundly altered their pathways to adulthood.

It is important to note that the full effects of the Great Recession on child well-being may not be captured by the data for many years to come. Our goal is to provide an important first-look at the increased challenges North Carolina children now face as a result of the economic downturn.

Concern about the recession's effect on the well-being of our children and young adults is pragmatic. North Carolina's current and future prosperity depends on a healthy, skilled workforce to drive innovation and meet the needs of an increasingly knowledge-based state economy. To compete and win in the global marketplace, North Carolina must ensure it has the ability to produce, attract and retain skilled labor. This means building strong children to grow into the workforce of tomorrow and promoting solid families—the spark plug of North Carolina's economy.

If left unchecked the recession will inflict lasting damage to individual well-being and our broader state economy. The good news is this does not have to be our future. North Carolina has the power and ingenuity to address the challenges caused by the Great Recession. That work begins with a clear understanding of the challenges facing our children in the wake of the recession, and a thoughtful examination of the data. With proper planning and investments, North Carolina can implement solutions that help mitigate the impact of the recession for our families and restore opportunity for our children.

Family Economic Security

Children living in economically secure families have the best chance to reach their full potential. When children grow up in families struggling to make ends meet, they face environmental and emotional challenges that weaken the architecture of their developing brains and endanger future success. [7]

Children's brains are built from the bottom up; simple skills and circuits forged during early childhood serve as the foundation for more complex skills and circuits created later in life. Whereas brain development was once thought to be predetermined primarily by genetics, researchers now believe early experiences—particularly between birth and age five—play a critical role in shaping how children's brains mature.[8]

Just like growing bodies, growing brains need nutrients to thrive. Children's brains are nourished by more than the foods they eat; they are enriched by active, reciprocal relationships with adults, robust learning opportunities and stable environments that stimulate language acquisition, cognitive reasoning and emotional and social functioning.[9]

Children in poor or low-income families are more likely than more advantaged children to encounter obstacles that reduce access to high-quality learning environments and undermine their development.[10] Economic hardship creates cumulative disadvantages that limit parents' abilities to provide their children with the resources needed to flourish during early childhood.[11]

When parents have insufficient financial means, they are often forced to choose lower-quality child care, less safe housing and poor nutritional options. In many cases, poor and low-income parents are met with the burden of overtime work or multiple jobs that infringe upon interaction time with their children and contribute to increased levels of parental stress.[12] Parents' psychological distress, in turn, is

often associated with more punitive parenting practices that are less nurturing and responsive to children's needs.[13]

Children who experience economic hardship and excessive adversities early in life encounter toxic stress that disrupts circuits, damages the architecture of their developing brains and weakens the foundation for their future learning, health and earnings potential.[14] The consequences of economic deprivation experienced during childhood linger into adulthood, often making it difficult to escape poverty. In fact, research suggests that adult labor market success is correlated with economic experiences during early childhood. Adults who spend their early years living in poverty are more likely to live in poverty, earn less and have lower productivity than adults who never experienced poverty at all.[15]

The erosion of families' financial security that occurred during the recession is especially alarming. As families lost economic footing during the recession, more children fell into poverty, endangering their development and jeopardizing their future outcomes.

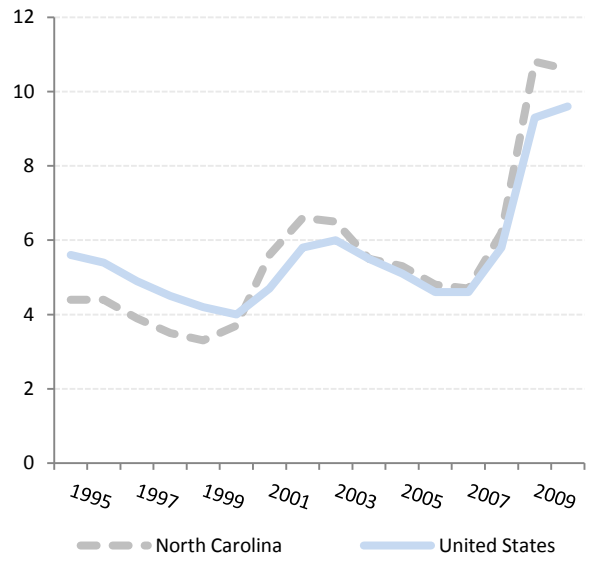
Unemployment

In order for families to succeed and parents to take care of their children, they must have access to work. Employment, the ability to earn a sustainable wage, is the most basic building block of family economic security. When parents are jobless their ability to meet their children's day-to-day needs are limited.

North Carolina lost more than 300,000 jobs during the Great Recession. In 2009, unemployment in North Carolina topped 10 percent for the first of two consecutive years, up from 4.7 percent at the start of the recession (Figure 1).[16] All but 26 counties saw their unemployment rates more than double during the Great Recession (Figure 2), with Lincoln County seeing the largest spike in unemployment followed by Iredell and Clay counties.

High unemployment has led to elevated levels of long-term joblessness (Figure 3). In 2009, 57 percent of unemployed North Carolina workers had been out of work for 6 months or longer, up from 35 percent in 2007. At the start of the recession, the

Figure 1: Unemployment Rate, 1995-2010



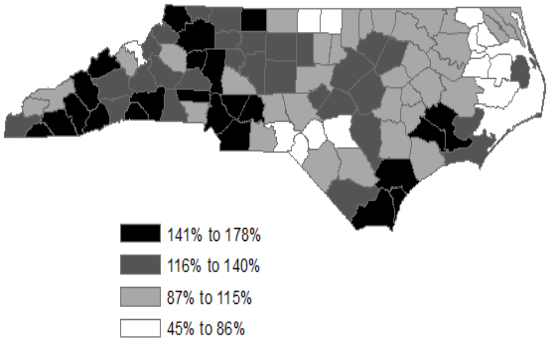
Source: N.C. Employment Security Commission, Labor Market Information.

average unemployed worker had been jobless for roughly 16.3 weeks; by the end of 2009 that number had climbed to 26.3 weeks.[17] The median number of weeks unemployed, which takes into account the modest number of people experiencing particularly long unemployment spells, showed a similar growth, rising 9.3 weeks to 18.5 weeks in 2009.[18]

Although all groups were affected by unemployment, some have been particularly hard hit during the recession. The pain of joblessness has been most severe among communities of color, with African American workers bearing a disproportionate share of the burden. In 2007, the unemployment rate for African American workers in North Carolina was 8.1 percent, 4.5 percentage points higher than their white counterparts (Figure 4).[19]

By 2009, unemployment among African Americans averaged 14.8 percent, roughly six percentage points higher than whites and four percentage points higher than the state average. Among states for which reliable estimates can be generated, North Carolina has the seventh highest unemployment rate among African Americans.[20] Unemployment among Latino workers ranged from a low of 5.7 percent in 2007 to a high of 13.6 percent in 2009.

Figure 2: Change in Unemployment by County, 2007-2010



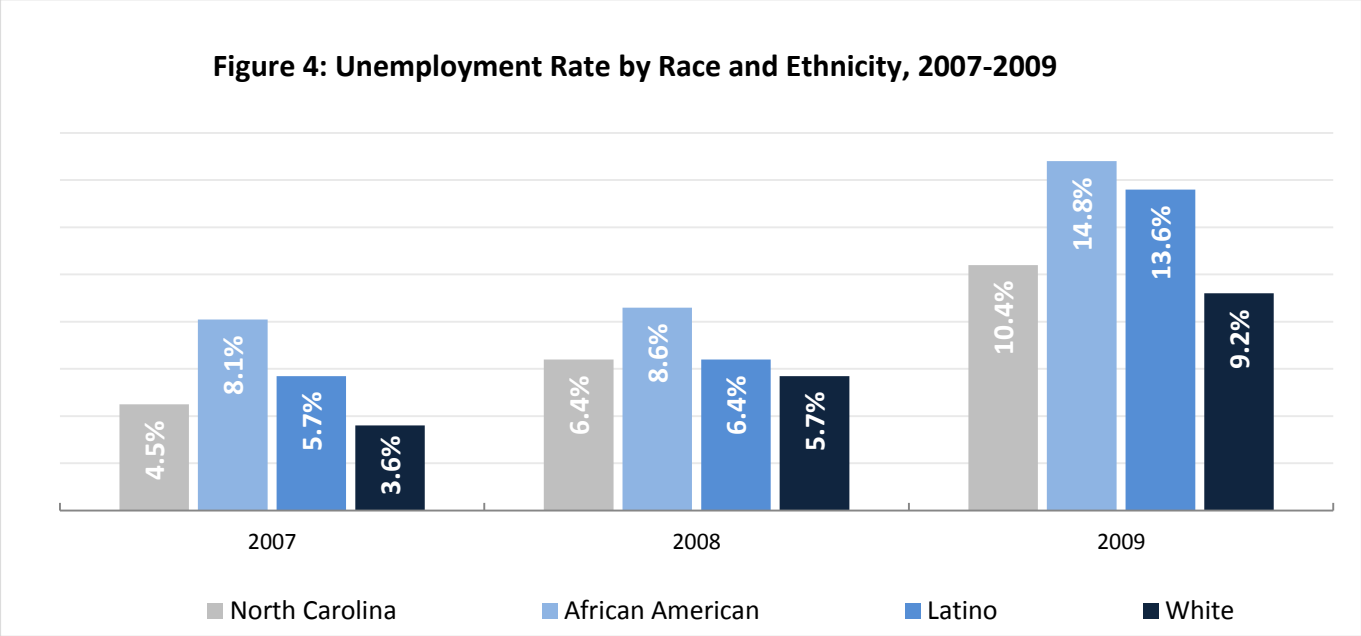
Source: Action for Children North Carolina analysis of N.C. Employment Security Commission data.

Income and Wage Loss

The impact of the Great Recession has not been restricted to the unemployed. Even workers who were able to retain their jobs or who found new employment during the recession saw a decline in family economic security. Between 2007 and 2009, median household income fell two percent from $46,670 to $43,674 (Table 1).[21]

Latino families suffered the largest decline in income during the recession, as median household income dropped $3,955 (11 percent) to $31,449 in 2009.

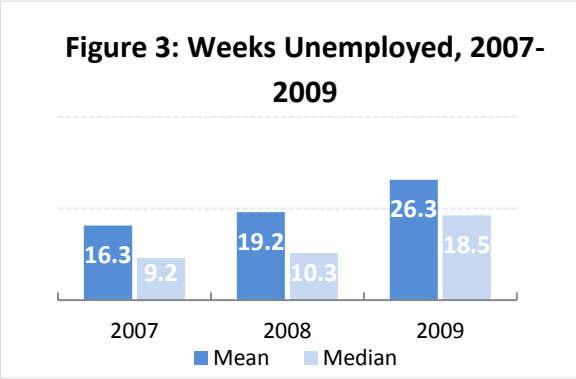
Declines in household income were driven, in part, by wage stagnation throughout the recession.



Source: U.S. Bureau of Labor Statistics, 2007-2009 Geographic Profiles of Employment and Unemployment for North Carolina.

In 2009, the median hourly wage for workers in North Carolina was $14.95 – just 59 cents higher than at the start of the recession.[22] Wages failed to keep pace with inflation, reducing households' buying power and diminishing the standard of living for North Carolina's families.[23]

The impact of wage loss is better understood within the context of what families must earn to make ends meet in North Carolina.



Source: U.S. Bureau of Labor Statistics, 2010 Monthly Labor Review.

A new report published by the North Carolina Budget and Tax Center examines housing costs, health care, child care and other necessities to estimate how much income working families with children need to earn to pay for basic expenses.[24] The *Living Income Standard* offers a conservative estimate of household needs assuming families prepare every meal at home, forgo entertainment and only consume meat once a week. To afford basic expenses, the typical family of four in North Carolina would need to earn an estimated $48,814 per year, more than double the federal poverty level of $22,050. When broken down hourly, the average worker would need to earn an additional 12 percent ($8.52 per hour) to secure the basic necessities for his or her children.

Table 1: Change in Median Household Income by Race, 2007-2009

	2009	Change 07-09	Percent Change
North Carolina	$43,674	-$996	-2.2%
African American	$30,845	$155	0.5%
Latino	$31,449	-$3,955	-11.2%
White	$49,245	-$1,213	-2.4%

Source: U.S. Census Bureau, 2007-2009 American Community Surveys.

As income and wages stalled, the number of children living in families earning less than twice the federal poverty level swelled to 1,035,000 in 2009.[25] Nearly half of all North Carolina children (46 percent) now live in low-income families.[26]

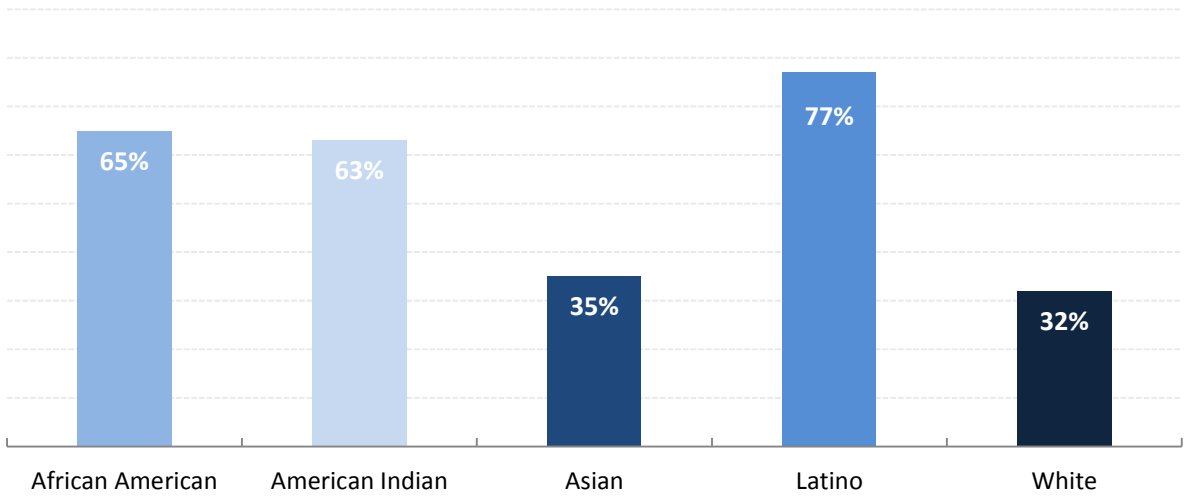
African American, Latino and American Indian children are more likely to live in low-income households in North Carolina than their white peers (Figure 5). Nearly 2 in 3 African American children (65 percent) and 7 in 9 Latino children (77 percent) lived in low-income households in 2009.[27] Sixty-three percent of American Indian children lived in low-income families during that time.

Since wage trends lag behind changes in the labor market, subdued wage growth will likely continue at least as long as elevated unemployment threatens the economic security of North Carolina families.[28]

Child Poverty

In 2009, an estimated 500,000 children in North Carolina lived in families earning less than the federal poverty level ($22,050 for a family of four).[29] The number of children

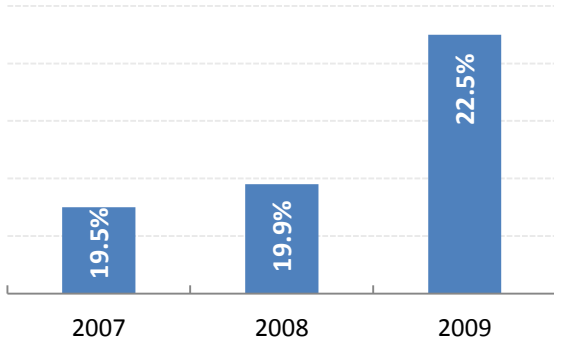
Figure 5: Children in Low-Income Households by Race and Ethnicity, 2009



Source: National Center for Children in Poverty, *Demographics of Low Income Children: North Carolina.*

living in poverty increased 18 percent between 2007 and 2009 (Figure 6).[30] At the close of the recession, more than one in every five North Carolina children (22.5 percent) lived in poverty.

Figure 6: Percent of North Carolina Children in Poverty, 2007-2009



Source: U.S. Census Bureau, 2007-2009 Small Area Income Poverty Estimates.

Half of all North Carolina counties have child poverty rates greater than or equal to the state average. Child poverty varies significantly across the state (Figure 7). In 2009, Wake County had the lowest proportion of children living in poverty, with roughly 1 in 8 Wake children (12.1 percent) living below the poverty level. This number offers stark contrast to the county with the highest proportion of children living in poverty, Vance, where roughly 1 in every 2 children (48 percent) lived in poverty.[31]

It is important to note that the federal poverty measure offers an incomplete picture of the extent to which many North Carolina families struggle to meet their needs. Developed in the 1960s, the poverty threshold is based on the cost of an emergency food diet which is assumed to account for one-third of household expenses. In reality, as housing, child care and health care costs have all risen disproportionately, food now amounts to only about one-seventh of the average household's budget.[32]

This limitation of the official poverty measure carries important implications for the way we conceptualize poverty. Since food now constitutes a smaller share of family budgets, the official poverty threshold has fallen far behind the actual cost of what most families need to get by.[33]

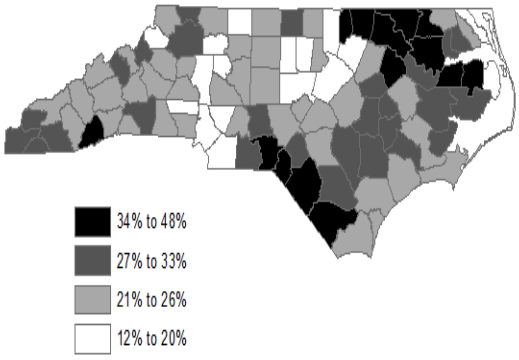
The poverty measure also fails to take into account a number of expenses that are significant today but were not common during the 1960s.[34] At the time the measure was developed, a person living at the federal poverty level earned about 50 percent of the average American's income; today, that proportion has fallen to about 28 percent.[35] As the poverty threshold lags further behind average income, families living in poverty are pushed further outside the mainstream, while the plight of working families earning slightly above the poverty threshold is concealed.

Children of color were more likely to live in poverty than their white peers during the recession, due largely to the unemployment and wage inequities experienced by their parents (Figure 8). In 2007, 31.6 percent of Latino children lived in families earning less than the federal poverty guideline; by 2009

that percentage had increased to 42.3 percent.[36] African American children, who were most likely to live in poverty at the start of the recession, experienced a five percent increase in the proportion of children living in poverty. In 2009, roughly 37 percent of African American children lived in poverty in North Carolina. Poverty among Asian and Pacific Islander children increased 22 percent to 13.3 percent in 2009, up from 10.9 percent in 2007.

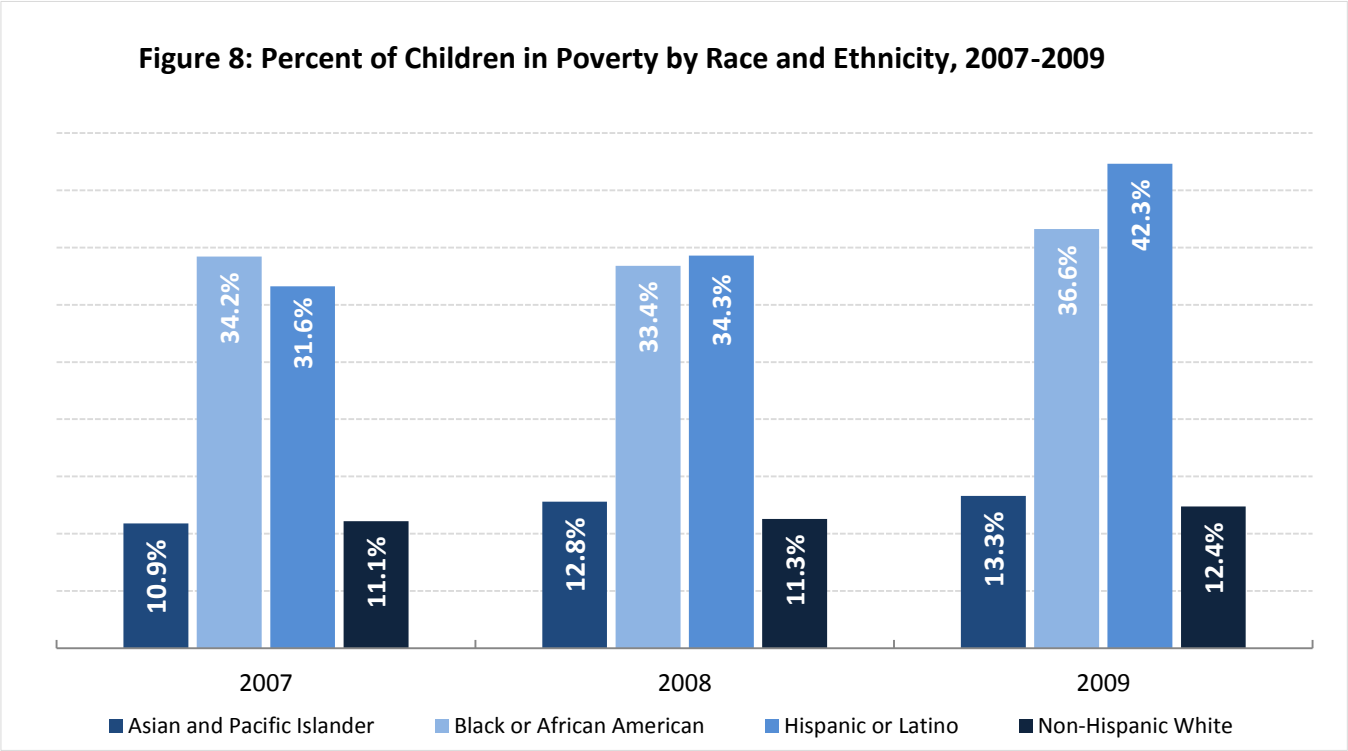
The number of children experiencing poverty during early childhood, a critical period of brain growth and development, increased 21 percent between 2007 and 2009. One in four children under the age of five now lives in poverty in North Carolina. Growth in poverty rates among North Carolina's youngest children outpaced that of the overall child population because their parents, who are more likely to be young, do not earn as much as parents of older children. Additionally, the higher cost of child care for young children further reduces parents' employment opportunities and household income.

Figure 7: Percent of Children in Poverty, 2009



Source: Action for Children North Carolina analysis of U.S. Census Bureau, Small Area Income Poverty Estimates.

Perhaps the most telling example of children's eroding economic security during the recession is the rapid growth in the number of children living in extreme poverty. In 2007, 183,000 children lived in extreme poverty in North Carolina; by 2009 that number had increased 25 percent to 228,000. One in ten North Carolina children now lives in a household surviving on less than half the federally established poverty guideline, or roughly $11,000 annually for a family of four in 2009. National research suggests that children living in extreme poverty during the Great Recession may be worse off than their counterparts during earlier recessions because their families have become less likely to use social programs for which they are eligible, such as food stamps and Medicaid.[37]



Source: KIDS COUNT Data Center, Population Reference Bureau analysis of 2007-2009 American Community Surveys.

While Census data will not become available until fall 2011, experts predict continued increases in the number of children living in poverty for North Carolina during 2010, making more children vulnerable to the detrimental impact of poverty.[38] Research has found that children who are driven into poverty during a recession are three times as likely to live in poverty as adults.[39]

MITIGATING THE RECESSION'S IMPACT:

Saved by the Net

As families faced more economic hardship during the Great Recession, temporary expansions in the federal social safety net helped to blunt the negative impacts of the Great Recession for many North Carolina children and youth.

Women, Infants and Children. At the close of the recession, one in three children in North Carolina under the age of five received WIC benefits. In 2009, 68,440 infants and 139,441 children participated in the Women, Infants and Children (WIC) program.[40] WIC participation increased 14 percent between 2007 and 2009, with the largest jump occurring among children ages one to four years old.

WIC helps nutritionally at-risk pregnant women, postpartum women, infants and children secure nutritious foods, nutrition education and counseling, screening and referrals to other health, welfare and social services. Research has shown WIC to be among the most successful and effective nutrition intervention programs, with WIC participation being associated with improved birth outcomes, including longer pregnancies, fewer infant deaths and a reduced risk of low birth weight.

Nutrition Assistance. In 2009, 1.6 million North Carolinians faced food insecurity.[41]

The Supplemental Nutrition Assistance Program (SNAP—formerly food stamps) is one of the most flexible safety net programs, making it well-positioned to quickly respond to downturns in the state economy.[42] SNAP helps low- and no-income families purchase food. Between 2007 and 2009, SNAP enrollment increased 29 percent to 1.7 million in North Carolina.[43] At the close of the recession, one in three North Carolina children benefited from the program, up 23 percent from the start of the recession.

Free or Reduced Price Lunch. In the 2009 school year, half of all North Carolina students attending public school qualified for free or reduced price school lunch.[44]

Good nutrition is essential to academic achievement. The National School Lunch Program provides low-cost or free lunches to children living in low-income families. While not all eligible children participate, school lunches help improve academic performance, concentration and behavioral outcomes for those students who do participate in the program.

Unemployment Insurance. Since the start of the recession, $5.6 billion in total unemployment insurance payments have been made to workers experiencing joblessness in North Carolina.[45] Unemployment Insurance (UI) benefits serve as a critical support to families affected by job loss, allowing them to pay for food and bills while they search for employment and creating a much-needed financial infusion into local economies.

Energy Assistance. In 2009, 258,360 North Carolina households (1 in 16) received energy assistance, 29 percent of which included children under the age of six.[46] As family resources became more limited during the recession, more families were vulnerable to seasonal spikes in utility expenses. The Low-Income Household Energy Assistance Program (LIHEAP) assisted low-income families with their utility expenses and helped protect young children from the negative impacts of energy insecurity, such as acute medical conditions and growth problems.

Tax Relief. Just six months before the start of the recession, North Carolina enacted a state Earned Income Tax Credit (EITC) to help low-income working families reduce their tax burdens and meet their basic needs. In the credit's first year, more than 800,000 North Carolinians claimed the state EITC, putting $59 million back in the pockets of low-wage workers.[47]

In addition to the EITC, workers across the state benefited from larger paychecks in 2009 and 2010 thanks to the federal Making Work Pay Tax Credit, which provided a refundable credit of up to $400 for single filers and $800 for married taxpayers filing joint returns.[48] Although this credit provided short-term relief to vulnerable families still reeling from the economic downturn, the Making Work Pay Tax Credit expired in 2011.

Housing Stability

Stable homes serve as positive environments in which children grow and develop.[49] The research is clear: when children have access to appropriate nutrition, secure housing and strong parental support, they thrive, achieving better academic, behavioral and health outcomes.[50] This is partly due to the essential function children's homes play in their lives. *Home* is more than a dwelling; it is a child's first classroom and the nexus of the relationships that mold children into the adults they will become.

When workers experience joblessness or depressed wages, many find their ability to provide stable homes for their children compromised. As housing becomes increasingly unaffordable, parents often move their families to neighborhoods with lower rent—uprooting children from their social, educational and peer networks. Forced moves, such as those caused by foreclosure and eviction, rarely result in improved neighborhood supports for children.

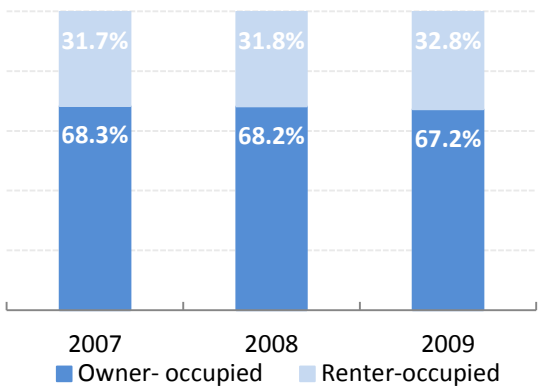
To the contrary, these moves often mean relocating to areas with greater levels of economic isolation, fewer community amenities and higher poverty schools.

Housing Affordability

Financial experts often advise families to spend no more than one-third of their gross income on housing costs. For families living in high-cost housing markets, or those earning low to moderate wages, this goal is unattainable.

Families paying more than half of their income for housing commonly spend less than other households on essential expenses such as food, clothing, and health care. [51] The households most likely to experience material hardships tend to be low-income and renters. One in every three North Carolina households was a renter in 2009, up one percentage point from 2007 (Figure 9).

Figure 9: Housing Tenure, 2007-2009



Source: U.S. Census Bureau, 2007-2009 American Community Surveys.

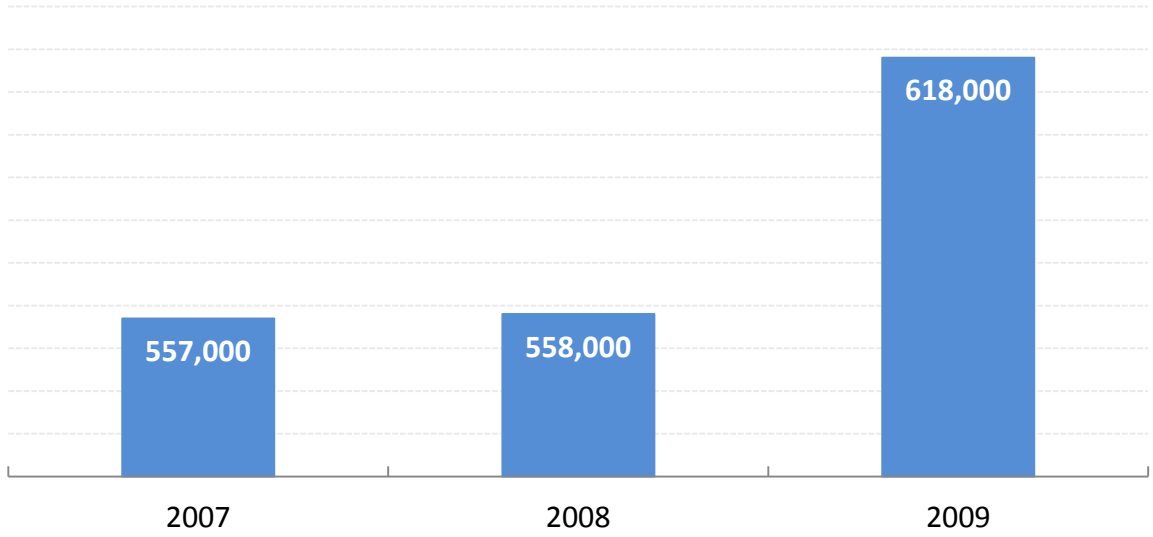
Unemployment or low wages and high housing costs conflate to price many families out of quality rental markets. In 2009, the Fair Market Rent for a two-bedroom apartment in North Carolina was $693, meaning a household needed to earn $2,311 per month or $27,736 annually—1.3 times the federal poverty level—to afford that level of rent and utilities.[52] When considered hourly, workers needed to earn $13.33 to maintain a two-bedroom apartment—twice the minimum wage. Consequently, at the end of the recession, an estimated three in seven North Carolina families (43 percent) were unable to afford a two bedroom fair market rental.[53]

The price of a two bedroom fair market apartment varied from county to county, ranging from a low of $596 to a high of $965 in Currituck County. In six out of every ten North Carolina counties, an estimated half of all rental households were unable to afford a two bedroom fair market rate apartment in 2009.[54] The share of households affected by rental affordability, or the proportion of renters to homeowners, ranged from a low of 16 percent in Davie County to a high of 46 percent in Pitt County.

Three in five (618,000) low income children across the state live in households that spend more than 30 percent of their monthly income on housing costs (Figure 10).[55] This represents an 11 percent increase from the start of the recession. Children living in housing cost burdened families face higher risk of residential instability and overcrowding and may lack supervision while their parents are at work.[56]

Evidence shows that low-income families move much more often than higher income families.[57] Children in vulnerable households face greater risk of *hypermobility*, defined as a series of consecutive moves that occur at a more frequent rate than experienced by the general population.[58]

Figure 10: Low Income Children in Housing Cost Burdened Households, 2007-2009



Source: KIDS COUNT Data Center, Population Reference Bureau analysis of 2007-2009 American Community Surveys.

The effects of hypermobility and overall residential instability on the immediate and long-term well-being of children cannot be overstated. Children who frequently change residences or schools tend to have less desirable educational outcomes, higher incidences of depression and are more likely to encounter transportation barriers as a result of their moves.[59] To be clear, the damage lies not in the simple act of changing residences; families relocate for any number of reasons— not all of which are detrimental to child well-being. In fact, children who move only once within a six year period are able to close the achievement gap and eventually recover lost ground.

The negative effects of mobility are cumulative and, therefore, more difficult to overcome with each subsequent move. A study on residential mobility and student achievement found that for children between the ages of 7 and 12, those who had moved eight or more times were more likely to repeat a grade, receive a suspension or expulsion or perform at or near the bottom of their class.[60] For every additional move, the odds of these children experiencing school problems increased by 85 percent.[61]

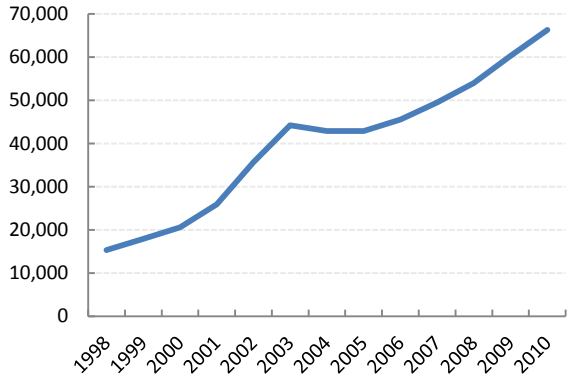
We know that economic downturns contribute to increased mobility among low income households. As vulnerable families relocate to seek work or more affordable rents in the wake of the Great Recession, it is their children who will likely suffer the greatest consequences.

Foreclosures

The Great Recession originated in the bursting of a massive housing bubble inflated by prolonged, debt-financed consumption that left mortgaged households particularly vulnerable. In 2009, there was one foreclosure for every 28 mortgaged homes in North Carolina. Foreclosure starts increased 22 percent over the course of the recession from 49,488 in 2007 to 60,249 in 2009.[62]

When a longer view is taken, the number of foreclosures has increased 222 percent over the past decade, with some communities being harder hit than others (Figure 11). At the close of the recession, Dare County had the highest rate of foreclosures, 174 for every 1,000 mortgaged homes in the county. This means for every six mortgaged homes in Dare, one entered foreclosure (Table 2).

Figure 11: Foreclosure Starts, 1998-2010



Source: Administrative Office of the Courts, N.C. Court System, Foreclosure Start Data. Special data request, June 2011.

Table 2: Foreclosure Rates per 1,000 Mortgaged Homes, 2009

	Foreclosures 2009	Foreclosures per 1k Mortgaged Homes
Dare	1022	174
Brunswick	1642	79
Currituck	324	78
Cherokee	336	75
Clay	121	70
Washington	44	19
Beaufort	142	19
Richmond	126	18
Orange	333	15
Yadkin	106	14

Source: Action for Children North Carolina analysis of N.C. Administrative Office of the Courts data. Special data request, June 2011.

The Population Reference Bureau looked at data available from the North Carolina Administrative Office of the Courts and the 2007, 2008 and 2009 American Community Surveys to generate county-level estimates of the number of children potentially impacted by foreclosure. At the onset of the recession, an estimated 36,653 children in North Carolina lived in homes entering foreclosure; by 2009 that number had grown 17 percent to 42,884 children (Appendix A).[63]

Homelessness

When parents are unable to afford secure housing for themselves and their families, some fall into homelessness. Homeless can refer to people who lack a dwelling, who

reside on the streets or in shelters or who face eviction from a private dwelling or institution and have no subsequent residence or resources to obtain housing.

In rural areas that lack well-developed homeless services infrastructures, homeless children are likely to live with relatives in overcrowded or substandard housing. In 2009, 10 percent of North Carolina children under age 18 lived in crowded housing, up 8 percent from 2007.[64]

A national report ranked North Carolina 44th in the nation in child homelessness.[65] More than 18,500 children experience homelessness across the state each year—42 percent of whom are children under the age of six years old.[66]

Homelessness creates individual and social costs that impact North Carolina's economy. The National Center on Family Homelessness estimates that the 1,946 homeless high school students in North Carolina, as a group, will lose $300 million in earnings during their lifetimes, while the state can expect to lose $185 million in potential contributions from them.[67]

MITIGATING THE RECESSION'S IMPACT:

McKinney-Vento Homeless Assistance Act

The challenge of providing an education for homeless students is growing in North Carolina.[68] In 2009, 18,650 students experienced homelessness across the state, a 10 percent increase over the previous school-year.[69] Transient housing and frequent moves make it difficult for children and youth to gain the stability they need to thrive academically, or even attend school at all.

The McKinney-Vento Act is designed to address the problems that homeless children and youth face in enrolling, attending and succeeding in school. Under the program, states are required to ensure that homeless children and youth have equal access to the same free, appropriate public education, including preschool education, as other students.

Enacted in 1987, the McKinney-Vento Act defines homeless students as those who lack a fixed, regular and adequate nighttime residence, including children and youth who are: migratory children,

awaiting foster care placement, sharing housing due to economic hardship or loss of housing, living in cars, parks, substandard housing or residing in a public or private place not ordinarily designated for sleeping.

The McKinney-Vento Act offers a number of provisions that protect the rights of students experiencing homelessness. Under the Act, local educational agencies (LEAs) must make school placement decisions on the basis of the best interest of the student, provide transportation at the request of a parent or guardian to the student's host school and maintain a local liaison for homeless children and youth.

State Investments in Children

Targeted state investments in child- and family-serving programs can often help blunt the effects of a recession. It is when the economy slows and the unemployment rate rises that children and families most need the programs and services provided by the state, including health insurance, community health services, and a strong and inclusive education system.

Unfortunately, state revenues are directly impacted by the private sector economy. If legislators make the decision to not increase revenues intentionally during a recession by changing the tax structure or increasing tax rates, then state revenues fall as private sector profits fall, and there is less funding available for the crucial services and programs that are suddenly in greater demand by children and families.

Our state policymakers have long recognized the importance of investing in children's health and a strong education system. However, the Great Recession has reduced public investment in child- and family-serving programs in North Carolina. From 2007-2010, the overall state operating budget fell by 8.2 percent in real terms – and those dollars were eroded even further by the pressures of inflation and state population increases, particularly in the health sector.[70] In addition, this drop in overall state investment – and the impact on children and families – would have been *far greater* during this period, if not for federal funds from the American Recovery and Reinvestment Act of 2009 (ARRA). Without critical federal funding for Medicaid, K-12 education, public health and social services, the state budget would have fallen by nearly twice as much (15 percent) from 2007-2010.[71]

From 2007-2010, early childhood care and education and K-12 public education saw big declines in state investments (12 percent and 8 percent, respectively) – declines that affect children directly.

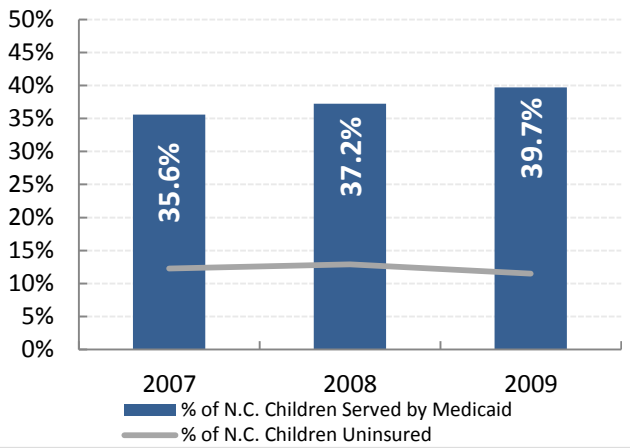
Medicaid and public health also saw a large drop in investments (19 percent), but mostly in adult services. Investments in Health Choice, North Carolina's low-income children's health insurance program, were maintained despite the recession – a critical decision by lawmakers, given the state's high rate of loss of employer-sponsored health insurance.[72]

Medicaid, Health Choice and Public Health

Good health is the foundation for success in life. Research demonstrates that children who are covered by health insurance are more likely to access medical care when they need it and are less likely to use the emergency room regularly. They are more likely to receive regular preventive care and are less likely to live with chronic conditions that can become serious – and costly – when left untreated.[73]

During the recession, as more North Carolina families lost employer-based insurance due to unemployment, expansions to Medicaid and Health Choice rolls ensured that low- and moderate-income children were able to access the coverage they needed.[74] In fact, the slight decline in the number of uninsured children between 2007 and 2009 from 312,372 to 279,547 (down 32,825 children or 11 percent) suggests that the social safety net—Medicaid and Health Choice—absorbed coverage losses for many children.

Figure 12: Medicaid Coverage and Uninsured Children, 2007-2009



Source: North Carolina Institute of Medicine and N.C. Department of Health and Human Services.

In 2009, four in ten North Carolina children (879,646) received coverage under Medicaid, up 14 percent since the start of the recession. Participation in North Carolina Health Choice, which insures children in low-income families up to 200 percent of the federal poverty level, increased from 126,190 in 2007 to 140,683 in 2009. In the face of mounting budget shortfalls, cuts to the Health Choice program were minimal and enrollment was not capped. As children lost private insurance due to family unemployment and under-employment, Medicaid and Health Choice stepped up to fill in the gaps.

It is important to keep perspective on this issue. Although the number of uninsured children decreased slightly between 2007

and 2009, one in nine North Carolina children remains uninsured.

Cuts to Medicaid and public health made throughout the recession are concerning, even though most of them impacted adult services. (Children's services are largely protected from cuts by federal law.) The high rate of inflation in the health sector meant that the impact of the declines in investments in Medicaid and public health were even more dramatic than the budget numbers suggest. Factoring in inflation and other pressures, investments in health in North Carolina continued to fall in the 2011-12 budget, passed in June 2011: Medicaid by an additional 10 percent and public health by an additional three percent.[75]

Impacts of these cuts to adult services in Medicaid and public health are seen in fewer preventive health screenings, fewer low-income parents covered by health insurance, and fewer treatment options for Medicaid patients. Cuts to the Medicaid reimbursement rates paid to providers, and decreases in the number of services eligible for reimbursement, means that more and more providers will be unable to accept Medicaid patients, and many may go out of business. The loss of Medicaid-accepting doctors creates an access issue, particularly in more rural areas of the state. Research informs us that these cuts to health insurance for adults and preventive health services will result in sicker citizens and higher medical costs for the state down the road.

Though the state budget cuts in Medicaid and public health largely fell directly on adults, there will be indirect implications for children. Primary care providers were exempted from the reimbursement rate cuts this go-around, but specialists were not, which may mean longer wait times and less access for sick children. Research also tells us that children are more likely to be covered by health insurance when their parents have coverage, so cuts to Medicaid coverage for low-income parents may, ultimately, rebound on children.[76]

Another concern is that the 2011 budget was balanced on the assumption that the Medicaid program can find hundreds of millions of dollars of savings over the course of the fiscal year. If these savings do not materialize, decisions will have to be made about which additional services to cut. If primary care provider rates are cut, children's access to medical care will suffer.

Early Education

The experiences children have early in life — and the environments in which they have them — shape their brain architecture and strongly affect their future health and productivity.[77] In part because of the extremely high elasticity of young children's brains, high-quality health and education programs targeted to the critical early years of birth through five years old have been shown to have among the highest returns on investment of any social programs.[78] Long-term studies have shown that children who receive high-quality early childhood

education are more likely to graduate from high school, own a home, have savings, and commit fewer crimes than their peers.[79] In fact, studies have demonstrated that every dollar invested in quality early care and education saves taxpayers anywhere from $4 to $13 in future costs.[80]

North Carolina has made wise and consistent investments in early education over the past two decades, building an innovative, first-class early education system and quickly becoming a leader nationwide. Smart Start and More at Four (now North Carolina Pre-K), North Carolina's two nationally-recognized early education and early childhood programs, have helped ensure that thousands of children enter school ready to learn and get the right start in life. A study conducted by Duke University demonstrated that these two programs improve test scores and decrease special education placement rates as children enter public school. [81]

Unfortunately, overall public investments in early education in North Carolina declined by 12 percent during the recession.[82] The decline in early education investments from 2007-2010 included a 40 percent decline in investments in child care subsidies, which help parents get back to work, and a 10 percent decline in state investments in Smart Start, which provides high-quality early education, strengthens families and child health and development, and supplements the child care subsidy program.[83] During the recession, investments *were* made in More at Four, the state's pre-kindergarten program. The program received both increases and cuts, but finished the recession with 14 percent more funding than it had in 2007.[84]

State policymakers chose to reduce investments in early education even further – an additional 17 percent – in the 2011-12 budget, passed in June 2011.[85] The state's pre-kindergarten program (More at Four) and Smart Start in particular saw 20 percent cuts over that one year, erasing any gains made in pre-K during the recession. In addition, statutory changes were made to the state's pre-K program, including shifting it from the Department of Public Instruction (DPI) to the Department of Health and Human Services. Some advocates are concerned that breaking apart the administration of state pre-kindergarten from the recently created Office of Early Learning within DPI may weaken the state's Pre-K through Grade 3 continuum of learning.[86] Coupled with the recent budget cuts, North Carolina may be more challenged to meet the needs of the at-risk four-year-old population than it has been in the past.[87]

Impacts of these programmatic changes and budget cuts to early education will be seen immediately – fewer parents will be able to work because of cuts to child care subsidy dollars, and fewer at-risk children will have access to critical early education, health and development programs. Based on the research demonstrating that North Carolina's early education system was highly effective, the state is also likely to

see a negative impact of these cuts down the road. The K-12 public education system will begin receiving more and more at-risk 5-year-olds who did not have access to these proven programs as infants, toddlers and pre-schoolers, likely resulting in lower test scores, more students with special education needs, more discipline problems and higher drop-out rates.

K-12 Education

The quality of North Carolina's birth-to-high-school-graduation continuum of educational services is a major factor in determining our students' educational and life success. A strong early education system is the first, foundational step, but a high-quality K-12 public education system must pick up where preschool leaves off.

Investments matter. Research has demonstrated that targeted school spending can make a difference in student achievement. While the sheer number of dollars above a certain threshold invested in education does not necessarily correlate with student outcomes, directing investment to key areas of education – such as recruiting and retaining highly effective teachers, and investing in curriculum materials and other classroom inputs – can and does affect outcomes.[88] In fact, researchers agree that teacher quality is the single most important in-school determinant of how much students learn.[89] Narrowing achievement gaps and increasing student performance across the board are critical, both for our children's life outcomes and for our state's future economic viability. Studies have found that achievement by fourth grade often predicts rates of high school graduation and lifetime earnings.[90] In economic terms, the current national achievement gaps between low-income and other students, among black, Latino and white students, and between the lowest-performing states and other states, have each cost the U.S. between 2-5% of GDP in recent years – hundreds of billions of dollars.[91]

Unfortunately, North Carolina's state investments in public education fell 8.2 percent in real terms between 2007 and 2010, without accounting for inflation.[92] Factoring in inflationary and other pressures (state population increases, for example), K-12 education lost another six percent from 2010 to 2011.[93]

The overall impact of these cuts to K-12 education will be seen in larger class sizes, less investment in teacher training, loss of teachers, assistants and other school staff, and less investment in technology and classroom supplies. Research suggests that reductions in these educational inputs will be reflected in declining student achievement going forward.

Educational and Employment Opportunity

Just as children in the earliest stages of their development have been affected by the recession, North Carolina's young adults have experienced tectonic shifts in their life trajectories. At a time when they should be preparing to transition toward greater independence as citizens and workers, many find themselves cut off from the very institutions that have traditionally helped aid that transition—higher education and employment.

Postsecondary education allows young degree holders to bolster their wages—an effect that increases with each degree obtained. According to the U.S. Census Bureau, the average high school graduate can expect to earn $1.2 million over the course of his or her lifetime, compared to $2.1 million for college degree holders and $2.5 million for those with Master's degrees.[94]

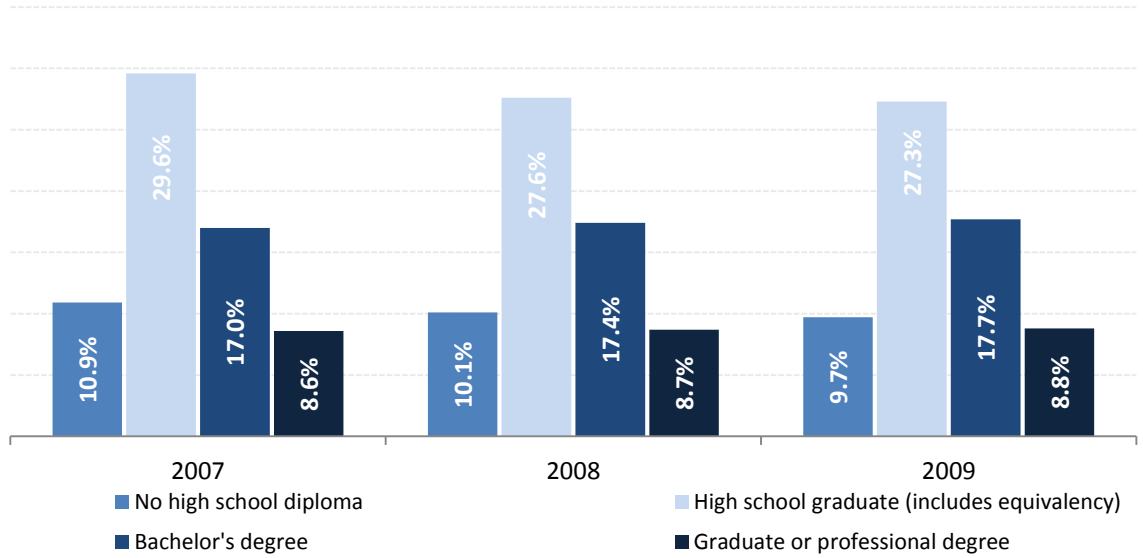
The increasing cost of college tuition, which only accelerated during the recession, has priced many youth out of college degrees. When young people lack access to affordable, quality postsecondary education, they often delay college enrollment, or have difficulty completing their degrees once enrolled. Others assume high levels of interest-bearing debt to finance their education, leaving them cash-strapped before they even start a career.

And therein lies the paradox young adults in North Carolina now face: In the midst of declining incomes and climbing economic uncertainty, the labor market has become increasingly specialized. For young people looking to enter the workforce, postsecondary education has become a prerequisite in an economy that demands advanced training, frequently in Science, Technology, Engineering and Math (STEM) disciplines.

Higher Education

The recession accelerated structural shifts in the state economy from industries

Figure 13: Educational Attainment of North Carolina Residents Ages 25 and Over, 2007- 2009



Source: U.S. Census Bureau, 2007-2009 American Community Surveys.

requiring low-skilled labor—that traditionally offered workers with limited educational experience the opportunity to earn moderate, family sustaining wages – to increasingly knowledge-based industries that rely on skilled labor.[95] Whereas low-skilled, middle-wage jobs once helped to drive the creation of North Carolina's middle class, fewer of those jobs are now available and even more face risk of elimination due to technological change and globalization. Workers displaced from those careers often do not qualify for available positions offering wages similar to what they once earned. As a result, many find themselves competing for one of the growing number of low-wage, low-skilled positions created in other industries that offer little advancement.[96]

In contrast, STEM industries now constitute a growing share of high and medium-wage jobs. The North Carolina Commission on Workforce Development estimates that at least 42 percent of new jobs created in the state will require a minimum of *some* post-secondary education in these fields.[97] Jobs that require STEM skills are often *mission critical* positions—supplying essential skills on which companies build their comparative advantages.

In 2010, there were 400,000 STEM-related jobs in North Carolina, a number that is projected to grow at a rate of 1.6 percent annually over the next decade.[98] As STEM jobs increase, employers look for an increasingly qualified workforce to meet their labor needs.

Although the share of North Carolina residents with less than a high school education has declined, and those earning a high school diploma or its equivalent has increased, some businesses have expressed difficulty finding workers with the skills to fill mission critical positions (Figure 13).[99] In order to meet the workforce demands of the future, North Carolina's young people must adapt to an increasingly competitive labor market – one that requires postsecondary education or training that develops complex problem solving, critical reading, communication and teamwork skills.

One-third of young adults ages 18 to 24 in North Carolina are enrolled in college.[100] In 2008, the most recent year for which these data are available, 66 percent of all first-time freshmen entered college directly out of high school.[101]

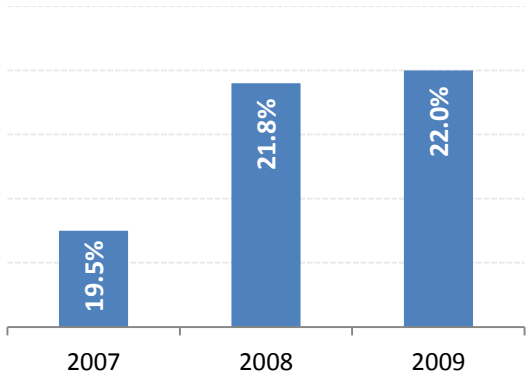
Higher education has become less affordable during the recession. The average cost of attending two- and four-year public and private colleges in North Carolina (including tuition and other education-related expenses) increased at a rate greater than inflation, limiting the educational prospects of many youth. Poor and working-class families must devote 32 percent of their income, even after aid, to pay for costs at two-year colleges.[102]

To cover the rising cost of college, many young people find themselves increasingly reliant on debt to finance their education, adding additional stress to their educational experience. The average North Carolina graduate can expect to leave college with $19,983 in debt.[103]

Financial stress undermines students' efforts to complete their degree programs. Indeed, nearly half of all four-year college students drop out of college within six years of enrolling. The share of North Carolina residents who had some college but no degree increased 2.5 percentage points between 2007 and 2009 (Figure 14).[104]

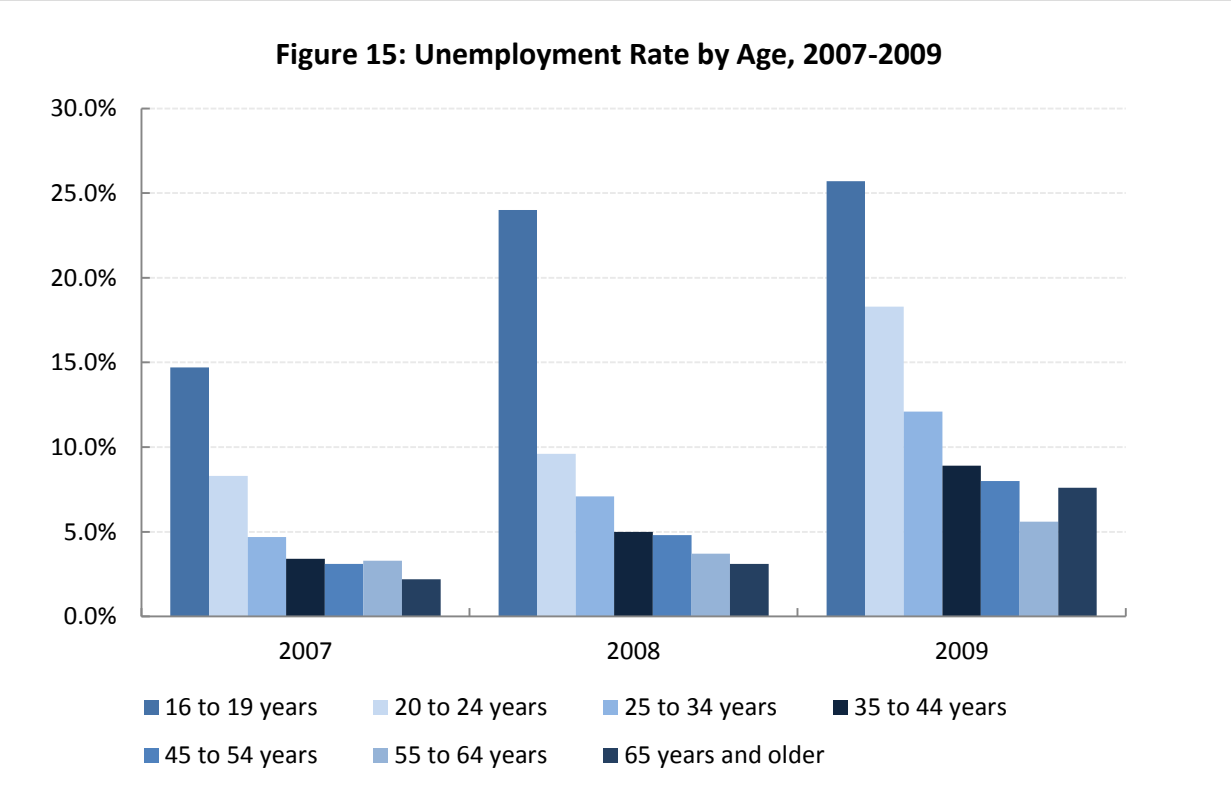
College graduates entering the workforce during the Great Recession will earn less over their lifetimes than those entering the workforce in a stronger economy.

Figure 14: Share of Population with Some College but No Diploma, 2007-2009



Source: U.S. Census Bureau, 2007-2009 American Community Surveys.

Such income loss is not temporary; it dramatically alters young workers earnings potential. Research has found that for every percentage point increase in the unemployment rate, new workforce entrants face a six- to seven-percent wage



Source: U.S. Census Bureau, 2007-2009 American Community Surveys

loss—an effect that persists for decades. [105]

Employment Opportunity

Young workers ages 16-24 have the hardest time finding work in the current economy (Figure 15). In 2009, 20.5 percent of youth ages 16 to 24 were unemployed, up 10 percentage points from the start of the recession.[106]

High youth unemployment is alarming for several reasons: prolonged periods of unemployment early in a young person's life reduce future earnings, productivity and employment opportunity. Additionally, unemployment can lead to deterioration of skills that makes securing future employment far more difficult.[107]

Conclusion

In order for North Carolina to be successful in recovery, the state must harness the energy, intelligence and enthusiasm of the next generation. Today's children are tomorrow's workers, innovators and entrepreneurs. Ensuring that all of our children have the necessary supports and opportunities to succeed will help North Carolina compete in the increasingly global economy. Economically secure families, stable housing, reliable state investments and access to high quality education and employment opportunities are crucial inputs to ensure our children's – and our state's – long-term health and prosperity.

Insuring children also saves the state money in the long term, by improving children's chances for success in life.

The Great Recession has stymied children's progress. As more families experience economic instability, our children are bearing the brunt of the effects. From 2007 to 2010, more children have witnessed their families fall into economic insecurity and lose wages, and faced housing instability, homelessness and a loss of critical state supports. The number of children living in poverty in our state increased dramatically. The recession meant that more of our youth lost access to higher education, fewer of them found jobs as they came of age, and those who did find employment are now making far lower wages than they would have before the recession hit.

Children are works in progress. The developmental trajectory of their growing brains and bodies is highly influenced by their living conditions, including their homes, their level of economic stability, and their parents' daily stress levels. Poverty is detrimental to healthy development and successful life outcomes, particularly when it is experienced for an extended time or by very young children. During this recession,

the poverty rate for young children (under age 5) increased by more than 20 percent. The sluggish recovery and the state's divestment from critical children's programs and supports means that many of our children will remain in poverty for far too long.

Research has demonstrated that children facing poverty are more likely to have worse health outcomes than their peers, struggle in school, and deal with family and housing instability. Poor children are also more likely to become poor adults – the lack of resources and opportunities in childhood set the stage for a lifetime of financial struggle. North Carolina's current and future prosperity depends on a strong, healthy, well-educated and innovative workforce, which grows out of healthy children and strong, stable families.

In difficult economic times fewer resources are available to invest in our children's – and our state's – healthy development. Data show that during these difficult economic times, we as a community must ensure that our children have stable homes, that their families have a basic level of financial security, and that they have access to a high-quality education, starting well before age 5 and extending through high school and beyond. We must continue to place a high priority on child health by reducing the number of children in our state who are living without health insurance and without access to adequate medical care.

North Carolinians have shown time and again that we have the will, ingenuity and resources to protect our children and help them grow into successful, contributing adults, even when times are hard. We are all responsible for ensuring that a generation of children is not lost to the negative effects of child poverty.

Appendix A: Children Impacted by Foreclosure

	Foreclosures 2009	Foreclosures 2007	Children potentially impacted by foreclosures-2007	Children potentially impacted by foreclosures-2008	Children potentially impacted by foreclosures-2009
NORTH CAROLINA	**60,249**	**49,488**	**36,653**	**39,807**	**42,884**
Alamance	932	882	652	627	619
Alexander	157	161	115	103	101
Alleghany	109	31	25	37	89
Anson	79	105	84	80	70
Ashe	136	94	78	54	80
Avery	112	49	41	40	66
Beaufort	142	133	107	73	83
Bertie	63	77	62	33	37
Bladen	121	116	81	58	87
Brunswick	1,642	491	328	578	911
Buncombe	1,160	680	421	555	776
Burke	372	414	295	316	239
Cabarrus	1,472	1,122	857	884	1,305
Caldwell	480	540	385	353	308
Camden	57	32	23	27	33
Carteret	450	205	112	207	215
Caswell	110	141	99	101	76
Catawba	879	833	647	662	746
Chatham	315	189	144	166	229
Cherokee	336	102	70	93	191
Chowan	72	57	41	36	42
Clay	121	32	22	28	69
Cleveland	557	583	365	377	335
Columbus	170	221	155	109	123
Craven	421	333	182	264	201
Cumberland	1,441	1,651	1,254	1,321	968
Currituck	324	141	102	121	188
Dare	1,022	542	391	451	594
Davidson	923	808	707	678	583
Davie	200	200	156	126	148
Duplin	193	175	156	123	137
Durham	1,792	1,698	1,078	1,088	1,072
Edgecombe	275	427	285	241	148
Forsyth	2,253	1,990	1,229	1,423	1,715
Franklin	484	601	483	525	421
Gaston	1,611	1,465	964	1,127	1,068
Gates	53	51	37	33	31
Graham	38	8	5	13	22
Granville	344	323	187	263	173
Greene	62	85	57	52	44
Guilford	3,745	3,445	2,219	2,806	2,793
Halifax	201	169	119	114	119
Harnett	587	549	444	518	544
Haywood	378	304	208	147	215
Henderson	544	263	207	237	350
Hertford	80	79	56	54	47
Hoke	239	195	157	188	170
Hyde	38	16	12	13	22
Iredell	1,195	905	753	852	987
Jackson	415	212	145	124	236
Johnston	1,296	955	767	964	1,127

Appendix A: Children Impacted by Foreclosure

	Foreclosures 2009	Foreclosures 2007	Children potentially impacted by foreclosures-2007	Children potentially impacted by foreclosures-2008	Children potentially impacted by foreclosures-2009
NORTH CAROLINA	**60,249**	**49,488**	**36,653**	**39,807**	**42,884**
Jones	42	50	27	28	20
Lee	254	265	214	201	236
Lenoir	213	204	138	128	151
Lincoln	553	460	303	346	366
McDowell	252	88	55	104	151
Macon	132	62	42	46	75
Madison	80	95	60	51	59
Martin	217	141	113	103	127
Mecklenburg	9,724	7,977	6,086	6,085	7,014
Mitchell	52	50	42	40	31
Montgomery	107	101	81	83	95
Moore	300	196	158	192	213
Nash	471	480	320	399	254
New Hanover	1,483	720	480	653	823
Northampton	64	79	56	51	38
Onslow	738	512	416	672	677
Orange	333	256	195	217	242
Pamlico	56	31	25	35	33
Pasquotank	297	162	117	146	173
Pender	473	239	168	172	341
Perquimans	74	35	25	25	43
Person	225	239	168	172	156
Pitt	722	673	437	421	525
Polk	98	59	37	53	59
Randolph	717	664	564	638	486
Richmond	126	159	128	103	89
Robeson	349	439	421	387	258
Rockingham	521	569	399	474	361
Rowan	814	788	530	593	498
Rutherford	496	353	221	244	298
Sampson	207	271	242	158	147
Scotland	109	158	127	116	77
Stanly	241	224	180	175	215
Stokes	210	226	176	154	156
Surry	254	268	218	198	208
Swain	59	31	21	23	34
Transylvania	139	87	68	74	89
Tyrrell	15	12	9	11	9
Union	1,790	1,085	1,212	1,373	1,715
Vance	207	272	158	185	104
Wake	5,121	4,282	3,500	3,743	4,041
Warren	70	80	46	61	35
Washington	44	45	32	30	26
Watauga	264	131	109	153	155
Wayne	471	491	369	401	385
Wilkes	286	236	192	197	235
Wilson	388	398	269	286	276
Yadkin	106	117	91	105	79
Yancey	87	48	40	41	51

Endnotes

[1] Net job loss since 2007. U.S. Department of Labor, Bureau of Labor Statistics.
[2] Lovell, P. and Isaacs, J. (2008). *The Impact Of The Mortgage Crisis On Children And Their Education.* Washington, DC: First Focus. Retrieved from: http://www.brookings.edu/~/media/Files/rc/papers/2008/04_mortgage_crisis_isaacs/04_mortgage_crisis_isaacs.pdf.
[3] Cohen, R. and Wardrip, K. (2011). *Should I Stay Or Should I Go? Exploring the Effects Of Housing Instability And Mobility On Children.* Washington, DC: Center for Housing Policy. Retrieved from: http://www.nhc.org/media/files/HsgInstablityandMobility.pdf.
[4] Ratcliffe, C. and McKernan, S. (2010). *Childhood Poverty Persistence: Facts and Consequences.* Washington, D.C.: The Urban Institute. Retrieved from: http://www.urban.org/uploadedpdf/412126-child-poverty-persistence.pdf.
[5] Cohen, R. and Wardrip, K. (2011). See note 3.
[6] Wagmiller, R.J. and Adelman, R. (2009). *Childhood And Intergenerational Poverty: The Long-Term Consequences Of Growing Up Poor.* New York, NY: National Center for Children in Poverty. Retrieved from: http://nccp.org/publications/pdf/text_909.pdf
[7] Duncan, G. J. and Magnuson, K. (2011). *The Long Reach of Early Childhood Poverty.* Pathways Magazine. The Stanford Center for the Study of Poverty and Inequality. Retrieved from: http://www.stanford.edu/group/scspi/_media/pdf/pathways/winter_2011/PathwaysWinter11_Duncan.pdf.
[8] Hawley, T. (2000). *Starting Smart: How Early Experiences Affect Brain Development.* Washington, D.C.: Zero to Three. Retrieved from: http://main.zerotothree.org/site/DocServer/startingsmart.pdf?docID=2422.
[9] National Center for Children in Poverty (1999). *Poverty and Brain Development in Early Childhood.* New York, NY. Retrieved from: http://nccp.org/publications/pdf/text_398.pdf.
[10] Ibid.
[11] Ibid.
[12] Ibid.
[13] Pinderhughes, E., et al. (2000). *Discipline Responses: Influences of Parent's Socioeconomic Status, Ethnicity, Beliefs about Parenting, Stress, and Cognitive—Emotional Processes.* National Institutes of Health. Retrieved from: http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2759998/pdf/nihms148601.pdf.
[14] Wagmiller, R., J. and Adelman, R. (2009). See note 6.
[15] Ibid.
[16] North Carolina Employment Security Commission, Labor Market Information: All Areas, by Year.
[17] U.S. Census Bureau, Duration of Unemployment in States 2007-09. Retrieved from: http://www.bls.gov/opub/mlr/2010/12/art3full.pdf.
[18] Ibid.
[19] U.S. Census Bureau, Employment Status of the Civilian Noninstitutional Population by Sex, Race, Hispanic or Latino Ethnicity, and Detailed Age, 2007-2009. Retrieved from: http://www.bls.gov/gps/.
[20] Gable, M. and Austin, A. (2011). *Distressed North Carolina: Unemployment Rate Higher for African Americans in Uneven Jobs Recovery.* Washington, DC: Economic Policy Institute. Retrieved from: http://www.epi.org/page/-/old/Issuebriefs/IB300_NC_FINAL.pdf.
[21] U.S. Census Bureau, 2007-2009 American Community Surveys.
[22] U.S. Department of Labor, Bureau of Labor Statistics. *Occupational Employment and Wage Estimates: State Cross-Industry Estimates.* Retrieved from: http://www.bls.gov/oes/oes_dl.htm.
[23] Lawerence, M. and Shierholz, H. (2010). *Recession Hits Workers' Paychecks: Wage Growth Has Collapsed.* Washington, DC: Economic Policy Institute. Retrieved from: http://www.epi.org/page/-/pdf/bp277.pdf?nocdn=1.
[24] Quinterno, John. Meg Gray and Jack Schofield (2008). *Making Ends Meet on Low Wages: The 2008 North Carolina Living Income Standard.* Raleigh, N.C.: North Carolina Budget and Tax Center. Retrieved from: http://www.ncjustice.org/sites/default/files/2008%20LIS%20report%20(Final%20March%2025).pdf. 2010 data from a special data request, NC Budget and Tax Center, July 2011.
[25] U.S. Census Bureau, 2007-2009 American Community Surveys.
[26] For a family of four.
[27] National Center for Children in Poverty. *Demographics of Low-Income Children: North Carolina.* New York, N.Y. Retrieved from: http://www.nccp.org/profiles/state_profile.php?state=NC&id=6.
[28] Ibid.
[29] U.S. Census Bureau, 2007-2007 American Community Surveys.
[30] U.S. Census Bureau, Small Area Income Poverty Estimates 2007-2009. Retrieved from: http://www.census.gov/did/www/saipe/data/statecounty/index.html.
[31] This comparison of child poverty rates allows us to illustrate the range in *depth* of the child poverty problem in a particular county. For the example given, an estimated 5,360 children lived in poverty in Vance County compared to 28,422 in Wake County—a ratio of 1:6.

[32] Boteach, M., and Kohli, J. (2010). *What Gets Measured Gets Done: How a Supplemental Federal Poverty Measure Will Drive Smarter Policy.* Washington, DC: Center for American Progress Retrieved from: http://www.americanprogress.org/issues/2010/03/poverty_measure.html.
[33] Ibid.
[34] Ibid.
[35] Ibid.
[36] KIDS COUNT Data Center, Annie E. Casey Foundation. Retrieved from: datacenter.kidscount.org.
[37] Moore, K. et al. (2009) *Children in Poverty: Trends, Consequences and Policy Options.* Washington, DC: Child Trends . Retrieved from: http://www.childtrends.org/files/child_trends-2009_04_07_rb_childreninpoverty.pdf.
[38] Issacs, J. (2010). *Child Poverty During The Great Recession: Predicting State Child Poverty Rates For 2010.* Washington, DC: Brookings Institution and First Focus. Retrieved from: http://www.brookings.edu/~/media/Files/rc/papers/2010/1209_child_poverty_isaacs/1209_child_poverty_isaacs.pdf.
[39] Linden, M. (2009). *Turning Point: The Long Term Effects of Recession-Induced Child Poverty.* Washington, DC: First Focus. Retrieved from: www.firstfocus.net/Download/TurningPoint.pdf
[40] N.C. Department of Health and Human Services, Nutrition Services Branch. Special data request, May, 2011.
[41] Feeding America. (2011). *Map the Meal Gap State Overview: North Carolina.* Special data request, April 2011.
[42] Finegold, K. (2009). *SNAP and The Recession.* Washington, DC: The Urban Institute. Retrieved from: http://www.urban.org/UploadedPDF/411810_SNAP_and_the_recession.pdf.
[43] Duncan, D.F., Kum, H.C., Flair, K.A., and Stewart, C.J. (2010). Management Assistance for Child Welfare, Work First, and Food & Nutrition Services in North Carolina. Special data request, June 2011. Data also available online through the University of North Carolina at Chapel Hill Jordan Institute for Families website: http://ssw.unc.edu/ma/.
[44] North Carolina Department of Public Instruction, Division of Financial and Business Services. *Free & Reduced Meal Application Data.* Retrieved from: at:http://www.ncpublicschools.org/fbs/resources/data/.
[45] Sirota, A. (2010). *The Time Is Now: Extending Unemployment Benefits Will Continue To Provide Critical Support.* Raleigh, NC: North Carolina Budget and Tax Center. Retrieved from: http://www.ncjustice.org/?q=node/651.
[46] North Carolina Division of Social Services, Reporting and Evaluation Management Unit, Special data request, July 2011.
[47] Sirota, A. (2010), *State Earned Income Tax Credit in North Carolina: Implemented in the Nick of Time.* Raleigh, N.C.: North Carolina Budget and Tax Center. Retrieved from: http://www.ncjustice.org/?q=node/622.
[48] Internal Revenue Service (2011). *The Making Work Pay Tax Credit.* Available online at: http://www.irs.gov/newsroom/article/0,,id=204447,00.html.
[49] Sell, K. et al (2010). *The Recession and Housing Stability.* Washington, D.C.: First Focus. Retrieved from: http://www.firstfocus.net/library/reports/the-recession-and-housing-stability.
[50] Moore, K. et al. (2009). See note 37.
[51] Lipman, B. (No date).*Something's Gotta Give: Working Families and the Cost of Housing*. Center for Housing Policy: New Century Housing 5(2). Washington, D.C.: Center for Housing Policy. Retrieved from: http://www.nhc.org/media/documents/somethings_gotta_give.pdf.
[52] National Low Income Housing Coalition. (2011). *Out Of Reach: North Carolina Profile.* Retrieved from: http://www.nlihc.org/oor/oor2009/data.cfm?getstate=on&state=NC.
[53] Ibid.
[54] Ibid.
[55] KIDS COUNT Data Center, Annie E. Casey Foundation. Retrieved from: datacenter.kidscount.org.
[56] Ibid.
[57] Cohen, R. and Wardrip, K (2011). See note 3.
[58] Ibid.
[59] Ibid.
[60] Ibid.
[61] Tucker, C. et al (1998). *Moving On: Residential Mobility and Children's School Lives.* Sociology of Education 71(2). Retrieved from: http://www.jstor.org/pss/2673244.
[62] Administrative Office of the Courts, N.C. Court System. Foreclosure Start Data. Special data request, June 2011.
[63] Population Reference Bureau analysis of the 2009 American Community Survey and North Carolina Administrative Office of the Courts foreclosure start data. Foreclosure starts do not distinguish between businesses and residences entering foreclosure.
[64] KIDS COUNT Data Center, Annie E. Casey Foundation. Retrieved from:datacenter.kidscount.org
[65] National Center on Family Homelessness. (No date) *America's Youngest Outcasts: State Report Card on Child Homelessness.* Retrieved from: http://www.homelesschildrenamerica.org/pdf/report_cards/long/nc_long.pdf.
[66] Ibid.
[67] Ibid.

[68] North Carolina Homeless Education Program, Serve Center at the University of North Carolina Greensboro. Special data request, June 2011.
[69] Changes to state data collection methods for McKinney-Vento data prevent comparisons from being made to school years earlier than 2008-2009.
[70] Budget information comes from the 2007 and 2010 N.C*. Joint Conference Committee Reports on the Continuation, Expansion and Capital Budgets*. Available online at: http://www.ncga.state.nc.us/fiscalresearch/budget_legislation/budget_legislation.shtml
[71] NC Fiscal Research Division. (2011) *NC 2010 Legislative Budget and Fiscal Policy Highlights.* Retrieved from: http://www.ncga.state.nc.us/fiscalresearch/highlights/highlights_pdfs/2010_Session_Highlights.pdf and *2010 Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets*, http://www.ncga.state.nc.us/fiscalresearch/budget_legislation/budget_legislation.shtml
[72] N.C. Fiscal Research Division. See note 69.
[73] Kaiser Commission on Medicaid and the Uninsured. (2009). The Impact of Medicaid and SCHIP on Low-Income Children's Health Retrieved from: http://www.kff.org/medicaid/upload/7645-02.pdf
[74] Herberlein, M. et al. (2011) *Holding Steady, Looking Ahead: Annual Findings of A 50-State Survey of Eligibility Rules, Enrollment and Renewal Procedures, And Cost Sharing Practices In Medicaid And CHIP, 2010-20111*. Retrieved from: http://www.kff.org/medicaid/upload/8130.pdf.
[75] *2011 Senate Appropriations Committee Report on the Continuation, Expansion and Capital Budgets, Proposed Senate Committee Substitute for House Bill 22.* Available online at: http://www.ncga.state.nc.us/fiscalresearch/budget_legislation/budget_legislation.shtml
[76] Blumenthall, L. and O'Hara. (2011). *Intra-Family Differences in Health Insurance Coverage*, SEHSD Working Paper Number 2011-3, Social, Economic and Housing Statistics Division, U.S. Census Bureau, Washington, D.C. Retrieved from: http://www.census.gov/hhes/www/hlthins/publications/Intra-Family%20Differences%20in%20Health%20Insurance%20Coverage%20-%20Working%20Paper%202011-3.pdf
[77] National Scientific Council on the Developing Child. (2010). Early Experiences Can Alter Gene Expression and Affect Long-Term Development. Working Paper No. 10, 2010. Available online at: www.developingchild.net
[78] Heckman, J. J. and Masterov, D. (2007) *The Productivity Argument for Investing in Young Children*. Retrieved from: http://jenni.uchicago.edu/human-inequality/papers/Heckman_final_all_wp_2007-03-22c_jsb.pdf. See especially Figure 12.
[79] Schweinhart, L. J. (2009)*The High/Scope Perry Preschool Study Through Age 40: Summary, Conclusions, and Frequently Asked Questions.* Retrieved from: http://www.highscope.org/file/Research/PerryProject/3_specialsummary%20col%2006%2007.pdf
[80] National Institutes of Health study, cited in USA Today, February 2011. Available online at: http://yourlife.usatoday.com/parenting-family/story/2011/02/Early-childhood-education-benefits-both-kids-taxpayers-study-says/43259964/1 AND "Early Childhood Education for All: A Wise Investment," Recommendations arising from The Economic Impacts of Child Care and Early Education: Financing Solutions for the Future, a conference sponsored by Legal Momentum's Family Initiative and the MIT Workplace Center, 2005. Available online at: http://web.mit.edu/workplacecenter/docs/Full%20Report.pdf
[81] Duke University Sanford School of Public Polic. (2011). New Study: Investments in Smart Start and More at Four Generate Broad Education Benefits. Durham, N.C. Retrieved from: http://news.sanford.duke.edu/news-type/news/2011/new-study-investments-smart-start-and-more-four-generate-broad-education-benefit
[82] Budget numbers for early education include More at Four and the Division of Child Development, which includes Smart Start and child care subsidies.
[83] N.C. Fiscal Research Division. See note 69.
[84] Special data request from NC Office of Early Learning, June 2011.
[85] *2011 Senate Appropriations Committee Report on the Continuation, Expansion and Capital Budgets, Proposed Senate Committee Substitute for House Bill 22.* Available online at: http://www.ncga.state.nc.us/fiscalresearch/budget_legislation/budget_legislation.shtml
[86] A recent decision by North Carolina Superior Court Judge Howard E. Manning, Jr., has thrown into question the legality of some of the budget language around the changes to the North Carolina Pre-Kindergarten program. The full impact of the court decision in terms of program administration and budget levels is not yet known. Judge Manning's opinion is available online at: http://www.wral.com/asset/news/education/2011/07/18/9875183/ruling.pdf
[87] *Current Operations and Capital Improvements Appropriations Act of 2011, HB 200, S.L. 2011-145*. Available online at: http://www.ncga.state.nc.us/fiscalresearch/budget_legislation/budget_legislation.shtml
[88] Boser, U. (2011) *Return on Educational Investment: A district-by-district evaluation of U.S. educational productivity*. Washington, D.C.: Center for American Progress. Retrieved from: http://www.americanprogress.org/issues/2011/01/pdf/dwwroi.pdf
[89] Chingos, M. (2011) The False Promise of Class Size Reduction. Washington, D.C: Center for American Progress. Retrieved from: http://www.americanprogress.org/issues/2011/04/pdf/class_size.pdf

[90] Social Sector Office, McKinsey & Company. (2009) The Economic Impact of the Achievement Gap in America's Schools. Retrieved from:
http://www.mckinsey.com/app_media/images/page_images/offices/socialsector/pdf/achievement_gap_report.pdf
[91] McKinsey and Co., "The Economic Impact of the Achievement Gap in America's Schools," April 2009. Available online at:
http://www.mckinsey.com/app_media/images/page_images/offices/socialsector/pdf/achievement_gap_report.pdf
[92] Budget information comes from the 2007 and 2010 N.C*. Joint Conference Committee Reports on the Continuation, Expansion and Capital Budgets.* Available online at:
http://www.ncga.state.nc.us/fiscalresearch/budget_legislation/budget_legislation.shtml
[93] *2011 Senate Appropriations Committee Report on the Continuation, Expansion and Capital Budgets, Proposed Senate Committee Substitute for House Bill 22*. Available online at:
http://www.ncga.state.nc.us/fiscalresearch/budget_legislation/budget_legislation.shtml
[94] U.S. Census Bureau (2002). *The Big Payoff: Educational Attainment and Synthetic Estimates of Work-Life Earnings.* Retrieved from: http://www.census.gov/prod/2002pubs/p23-210.pdf.
[95] The North Carolina Commission on Workforce Development (2011). *State of the North Carolina Workforce 2011-2010.* Retrieved from: http://www.nccommerce.com/wf/about-us/plans-policies-reports-initiatives/reports/2011-state-of-the-workforce-report.
[96] Ibid.
[97] Ibid.
[98] Ibid.
[99] Ibid.
[100] National Center for Public Policy and Higher Education. (2008). *Measuring Up 2008 the State Report Card on Higher Education: North Carolina.* San Jose, C.A. Retrieved from:
http://measuringup2008.highereducation.org/print/state_reports/long/NC.pdf.
[101] National Center for Higher Education Management Systems. (2009). *Student Pipeline: Transition and Completion Rates from 9th Grade to College. Boulder, C.A.* Retrieved from:
http://www.higheredinfo.org/dbrowser/index.php?submeasure=119&year=2008&level=nation&mode=data&state=0
[102] Ibid.
[103] The Project on Student Debt. (2010). *Student Debt And The Class Of 2009.* Oakland, CA: The Institute for College Access & Success. Retrieved from: http://projectonstudentdebt.org/files/pub/classof2009.pdf.
[104] U.S. Census Bureau, 2007-2009 American Community Surveys.
[105] Irons, J. (2009) *Economic Scarring: The Long-Term Impacts of the Recession.* Washington, D.C.: Economic Policy Institute. Retrieved from: http://www.epi.org/publications/entry/bp243/.
[106] U.S. Bureau of Labor Statistics. See note 19.
[107] Stefano S., Anne Sonnet and Thomas Manfredi (2010). *Rising Youth Unemployment During The Crisis: How To Prevent Negative Long-Term Consequences On A Generation?* OECD Social, Employment and Migration Papers, No. 106. Retrieved from: http://www.oecd.org/dataoecd/10/8/44986030.pdf

Action for Children North Carolina

3109 Poplarwood Court, Suite 300

Raleigh, NC 27604

www.ncchild.org