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How Children Could Suffer From a Weaker Safety Net

By Dwyer Gunn

A look at how fiscal cliff compromises could affect young people—and by extension, the country's economic future



Jessica Rinaldi/Reuters

As negotiations to avert the "fiscal cliff" grind on, one thing seems clear: Deal or no deal, the social safety net is going to look very different in the years to come. The specifics of a deal remain murky, but everything from [Medicaid](#) to [Medicare](#) to Social Security to [food stamps](#) to [education spending](#) is reported to be vulnerable.

In an article here a few weeks ago, Helaine Olen [explained](#) why women, who are [disproportionately likely to be poor and reliant on government programs](#), are particularly vulnerable to social safety net cuts. A [new paper](#) suggests one more reason, and also offers evidence on how cuts to programs that target early childhood will impact those children for decades to come. Researchers Hilary W. Hoynes, Diane Whitmore Schanzenbach, and Douglas Almond analyzed the long-term effects of the introduction of the U.S. Food Stamp program in the 1960s and early 1970s. They found that women who had access to food stamps in early childhood scored better on measures of economic self-

sufficiency decades later. Children of both genders, meanwhile, were less likely to battle metabolic syndrome—the group of risk factors that increase a person's chances of getting heart disease and diabetes—later in life.

"It speaks to the intergenerational transfer of welfare idea—sometimes people claim that one of the downsides of welfare is when you see your parents on it, then you're more likely to go on it," explains Schanzenbach. "We find the opposite—I think it's the best evidence I've seen on it. There's more resources for you and your kid—you're better able to invest in health and nutrition."

While the paper is one of the first to focus on the long-term effects of early childhood exposure to the social safety net (in this case, food stamps), a number of other studies have found that the effects of early childhood interventions differ by gender—and are larger for girls. For example, a [2008 analysis](#) of early education programs implemented in the 1960's and 1970's found that girls in the programs enjoyed short- and long-term benefits, while boys experienced no such gains.

"For females, the thing that's really striking is that there were large effects on educational attainment—whether or not they graduated high school and, to a lesser extent, whether or not they had gone to college," says Michael Anderson, the study's author. "There were also weakly positive effects on economic measures—like whether or not you were unemployed or received welfare transfers, and so forth." Anderson found no such effects for the boys in the programs.

A 2007 [paper](#) analyzing the effects of a housing voucher program in the 1990s found that moving to better neighborhoods had positive effects on education, risky behavior, and physical health for girls, but adverse affects for boys. Meanwhile, [research in Indonesia](#) on the effect of positive agricultural shocks in early childhood also found greater effects on economic, education, and health outcomes for girls than boys.

"I think the balance of the evidence is that the effects are bigger for girls," says Janet Currie, one of the leading researchers on early childhood interventions. But she cautioned that the research is still mixed and controversial—a [few studies](#) have found early childhood interventions to be more beneficial for boys.

The researchers I spoke to aren't sure why boys and girls respond differently to these early childhood interventions. Janet Currie wonders if the interventions, particularly those focused on early education, just aren't as boy-friendly, a theory Michael Anderson also mentioned to me. "If you think about all that literature about boys not doing well in school and schools being female-centric, with female teachers," says Currie. "I can imagine that maybe the interventions are not as well-tailored."

Diane Schanzenbach offered another possible explanation for the gender differences across studies: Interventions most affect whoever is at the margin. In the 1960s and 1970s, when food stamps were being rolled out across the country, that was women. "My sense about this is these girls were growing up at times when women were entering the labor market in different ways, going to college more," she says. "So it makes sense that when we increased resources in the 1960s and 1970s, it disproportionately

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impacted girls. I think what might be going on is that the marginal group is different in each of these studies."

Schanzenbach's theory raises the question: who is the marginal group today? "It's hard to know—I think that boys are more likely to be on the margin now," she says. "But I think the difference might be pretty narrow."

So what will happen to all the babies, toddlers, and preschoolers—of both genders—relying on the social safety net today? On this, all the economists I spoke to agree. Early childhood interventions have significant long-term effects on education, health, and economic outcomes. Cutting programs that focus on early childhood will affect children for years to come.

"We need to think about it in a multi-generational context," says Lance Lochner, whose [research](#) on the Earned Income Tax Credit (EITC), a refundable tax credit available to qualified working families, found bigger effects for boys. "You can give money away to build bridges and roads. Or you can give money to invest in kids. I think our research suggests that at least the way EITC does it - targeting families with kids, families that are working but low-income—that is a fairly effective way of investing in children. When times are tight, you worry about spending, but it's not a good time to stop making investments."

"People are asking: do we reduce spending on education or do we reduce spending on pensions?" points out Schanzenbach. "And everyone says, 'Oh, we can't cut pensions'—and that might be the choice we want to make—but you gotta note that not only are we going to harm kids today, but it's going to harm our economic productivity in 20 years or 40 years."

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