



CHILD POVERTY IN AMERICA

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More than thirteen million children in America live in poverty. Poverty casts long shadows throughout their lives in many different areas – among them health, nutrition, early development and education. Multiple barriers associated with poverty build upon one another and unjustly deprive children of the opportunity to reach their full potential. Poverty affects the entire nation through its drag on the economy, loss of productivity and earnings, greater crime and public health demands. However, child poverty is not inevitable. Many factors and programs can reduce a child's chances of growing up poor or reduce poverty's impact on them.

DEFINING POVERTY

Many would consider a family “poor” if that family cannot afford to meet its basic necessities such as housing, food, childcare, healthcare, and education. Officially, a family is considered poor if it has an income below the official poverty threshold, which is established annually by the U.S. Census Bureau, and is based on the number of family members and children. In 2007, the most recent year for which poverty data are available, a four-person family including two children was classified as poor if their income was less than \$21,027 and as extremely poor if their income was less than half the poverty line, or \$10,514.¹ These amounts are generally considered well below what is actually needed to cover a family's basic expenses; consequently the number of children whose families are unable to meet their basic needs is underestimated by the official poverty measure.

BASIC FACTS ABOUT CHILD POVERTY²

Note: Facts in this section refer to 2007, the most recent year of available data, unless otherwise noted.

- **A total of 13.3 million children, or 1 in 6 of all children in America, live in poverty.** Of these children, almost half – 5.8 million – live in extreme poverty.
- **Child poverty has increased since 2000.** Between 2000 and 2007, the number of poor children increased by 1.7 million.
- **Most poor children have working parents.** Seven out of 10 poor children are in working families where someone works full- or part-time for at least part of the year.
- **Children of color suffer disproportionately from poverty.** Black and Latino children are more likely to be poor than White children. In fact, approximately 1 in 3 Black children and more than 1 in 4 Latino children are poor, compared to 1 in 10 White children.

- **Young children are somewhat more likely to be poor than older children.** 4.4 million children under the age of 5, or 1 in 5, are poor, compared to 1 in 6 of those between 5 and 17 years of age.
- **Children with a parent holding a high-school diploma are nearly half as likely to be poor (25 percent) as children whose parents have not completed high school (48 percent),** while slightly over 3 percent of children with either parent holding a bachelor, professional, or graduate degree are poor.³
- **Children who live in single-parent families are at higher risk of poverty.** A child living with only his or her mother is five times as likely to be poor as one living with both parents, and a child living with his or her father is two and a half times as likely to be poor as one living with both parents.
- **Poverty rates are very high among children who live with non-parental caregivers such as grandparents or other relatives.** Of the nearly 2.6 million children living with neither parent, 42 percent are poor, compared to 17 percent of those living with at least one parent.⁴
- **Poverty has become more suburban.** A study of the nation's 100 largest metropolitan areas shows that in 1999 the number of poor living in cities nearly equaled those living in their suburbs, but by 2005 the number of poor living in suburbs became larger than those living in cities by at least 1 million.⁵

HOW DOES POVERTY AFFECT CHILDREN?

Poverty is not simply about lack of income security. It affects a family's ability to provide for their children in many areas. Poor children lag behind their peers in ways beyond material well-being. The challenges they face accumulate and interact, giving poor children an unfair start in life.

- **Health:** Poor children are less likely to have access to health care and to be in good health. About 1 in 5 poor children lacks health insurance, compared with only 1 in 10 non-poor children.⁶ Additionally, children in poor families are 3 times as likely to be in fair or poor health as children in non-poor families.⁷ Not only do poor children have more severe health problems than higher-income children, but they fare worse than higher-income children with the same problems in terms of the impact and severity of their condition. For example, a low-income child with asthma is more likely to be reported in poor health, to spend more days in bed, and to have more hospital episodes than a high-income child with the same condition.⁸
- **Food Security:** In 2006, poor children were 6 times as likely to live in homes with low food security, where not everyone had enough food all of the time, as non-poor children.⁹
- **Early Development:** Much research has found income-related disparities in cognitive skills in children as young as 3 or 4 years old. Large differences in average math and reading scores by socioeconomic status have been documented in children beginning kindergarten.¹⁰ Young poor children are 3 times as likely not to have a parent read to them as non-poor children and are considerably less likely to recognize all letters, count to 20 or higher or be able to write their first name.¹¹ Also, the development of noncognitive skills such as those relating to behavior show differences by income group at an early age. Large differences between children in poor and non-poor families in indicators such as physical aggression have been documented at ages as young as 17 months.¹²

These early gaps in cognitive and noncognitive skills tend to persist later in life. Children with low test scores before entering kindergarten are likely to do less well in school, to engage in crime, to become adolescent parents, and to be unemployed as adults.¹³ Additionally, behavioral problems such as physical aggression in the early years appears to be highly predictive of criminal behavior later in life.¹⁴

- **Home and Family Environment:** Stress and conflict related to low income can undermine the strength of a family. Lower income parents report feeling more economic pressure, argue more about money, and use more harsh and inconsistent discipline with their children.¹⁵ Additionally, low-income women are twice as likely to report depression, which is linked to infants' limited language ability and poor performance on cognitive and behavioral tasks.¹⁶

Home and family activities differ by income as well. One study showed that, compared with kindergarteners from families in the bottom fifth of the socioeconomic distribution, children from the top fifth of all families have three times as many books at home, are read to more often, watch far less television, are four times more likely to have a computer in the home, and are more likely to visit museums or libraries.¹⁷

- **Education:** Poor children do worse in school and are less likely to graduate from high school. In 2007, only 15 percent of low-income eighth-grade students were proficient in reading, compared with 39 percent of their higher-income classmates.¹⁸ Similarly, only 15 percent of low-income eighth-grade students were proficient in math compared with 42 percent of higher-income students.¹⁹ Additionally, low-income youth and young adults age 16 to 24 drop out of high school at more than 4 times the rate of their high-income peers.²⁰
- **Crime:** Income has a significant effect on youth participation in serious criminal activity (such as stealing with a weapon or use of force, stealing a car, assault or selling hard drugs). Youth from low-income households have an increased likelihood of participating in serious crimes compared to those from higher-income households.²¹

THE ECONOMIC AND SOCIAL COSTS OF CHILD POVERTY

In addition to affecting children themselves and the adults they become, child poverty takes a heavy toll on the United States as a whole. The most recent estimates indicate that the social and economic cost of child poverty totals *half a trillion dollars each year* - or the equivalent of nearly 4 percent of GDP - in loss of productivity, higher crime, and poorer health.²²

Taxpayers ultimately pay for higher expenditures on social services, medical care, and criminal justice or in the diversion of government attention and resources from other pressing needs. Taxpayers also pay when a poor child needs special education or must repeat a grade and when a poor child suffers mental and physical disabilities that require costly care. Businesses pay when poor children grow up with less education and become less productive workers –workers who require more training, cannot work as fast or learn new machinery and techniques, cannot understand an instruction manual, or make costly mistakes with customer orders or valuable equipment. Everyone pays when a child grows up in poverty.²³

SELECTED PUBLIC PROGRAMS THAT COMBAT CHILD POVERTY

Programs that reduce child poverty by providing cash or near-cash assistance include the Food Stamp Program, the Temporary Assistance for Needy Families Program (TANF), and the Earned Income Tax

Credit (EITC). There also are other programs, such as Medicaid, the State Children's Health Insurance Program (SCHIP), Head Start, and Early Head Start that provide important support to low-income children such as health care and early childhood care and education.

Government benefits – both federal and state – have made great strides in easing child poverty, lifting almost 1 of every 3 otherwise-poor children above the poverty line in 2003. Furthermore, poverty was made less severe for millions of other poor children than they would have otherwise been.²⁴

Yet more than 13 million children remain poor, and millions of children who are eligible for programs such as Head Start, Early Head Start, Medicaid, and SCHIP are not enrolled. Much work remains to be done to ensure that all children have access to the health care, child care, early education, and income support they need.

Earned Income Tax Credit (EITC): This federal tax benefit for low- and modest-income workers has been particularly effective at combating poverty; in fact, the EITC lifts more children out of poverty than any other program.²⁵ In 2003, the EITC lifted 2.4 million children out of poverty. Without it, the child poverty rate would have been almost one-fourth higher. In addition, there is agreement that expansion of the EITC was responsible for large increases in employment of single parents over the last two decades.²⁶

Child Tax Credit: A tax credit designed to offset some of the costs of raising children, the Child Tax Credit benefits millions of families. However, the credit is only “partially refundable,” meaning that many low-income families have earnings too low to qualify for the full benefit of the credit, if they qualify at all. Even full-time minimum wage workers with children do not qualify for the full credit amount. As a result, its ability to reduce child poverty and supplement low-income families' income is greatly reduced. In fact, the credit lifts 2.6 million fewer children and adults out of poverty than if it were fully refundable.²⁷

Minimum Wage: The minimum wage plays an important role in strengthening a worker's ability to protect his or her family from poverty. After not having been increased in ten years, it was raised in 2007 from \$5.15 to \$7.25 (to be fully implemented in 2009.) Combined with food stamps and the EITC, a family of four with at least one parent working full time at the new minimum wage when in full effect will not have to raise its children in poverty.²⁸ This was not the case in the years immediately preceding the raise.

Temporary Assistance for Needy Families (TANF): TANF is the program intended to provide direct cash assistance to poor families in their transition to work, based on eligibility criteria set by states with strict work requirements and time limits that also vary by state. It replaced Aid to Families with Dependent Children (AFDC) as part of the effort to “end welfare as we know it.” TANF restrictions have resulted in weaker protections for the poorest families. Only about half of families with children that are poor enough to qualify for TANF assistance now receive it due to various barriers to enrollment and assistance. Additionally, many poor families have been left deeper in poverty due to the reduction in income assistance provided through TANF.²⁹

Child Care Assistance: Child Care assistance provides important support to low-income working families and an opportunity to enhance their children's development. In 2007, an estimated 2.7 million children received child care assistance from the Child Care and Development Block Grant (CCDBG), TANF, and the Social Services Block Grant (SSBG). However, with current funding, that number is expected to drop to 2.5 million in 2009 and later years.³⁰ According to the most recently available data, only 1 in 7 federally eligible children receives child care assistance, indicating that substantial increases in funding are necessary to meet the needs of low-income working families.³¹

Job Training and Employment Assistance: Programs funded by the Workforce Investment Act have, on average, shown significant success in increasing participants' earnings. However, the federal government's investments in workforce development programs over the past two decades have not kept pace with the increasing demand for skilled workers. The range of workforce training programs – particularly those targeting low-income adults and youth – that have seen significant cuts in recent years have resulted in significant lost opportunities for both workers and the businesses that want to hire them.³²

Medicaid and State Children's Health Insurance Program (SCHIP): Well over 30 million low-income children currently have health coverage through Medicaid or SCHIP. Like other entitlement programs, Medicaid provides a degree of counter-cyclical protection during economic downturns that assists vulnerable families. If Medicaid and SCHIP enrollment had not grown in response to widespread job loss and the resulting loss of employer coverage in the 2000 to 2003 period, the number of uninsured children would have grown more rapidly. Medicaid and SCHIP have resulted in a decrease in the percentage of uninsured low-income children, despite the erosion of employer-sponsored insurance.³³

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