

BRIEF

# Who Are America's Poor Children?

*The Official Story*

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**National Center for Children in Poverty**  
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The National Center for Children in Poverty (NCCP) is the nation's leading public policy center dedicated to promoting the economic security, health, and well-being of America's low-income families and children. Using research to inform policy and practice, NCCP seeks to advance family-oriented solutions and the strategic use of public resources at the state and national levels to ensure positive outcomes for the next generation. Founded in 1989 as a division of the Mailman School of Public Health at Columbia University, NCCP is a nonpartisan, public interest research organization.

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Fourteen million American children live in families with incomes below the federal poverty level, which is \$22,050 a year for a family of four.<sup>1</sup> The number of children living in poverty increased by 21 percent between 2000 and 2008. There are 2.5 million more children living in poverty today than in 2000.

Not only are these numbers troubling, the official poverty measure tells only part of the story. Research consistently shows that, on average, families need an income of about *twice the federal poverty level* to make ends meet.<sup>2,3</sup> Children living in families with incomes below this level – for 2009, \$44,100 for a family of four – are referred to as *low income*. Forty-one percent of the nation's children – more than 29 million in 2008 – live in low-income families.<sup>4</sup>

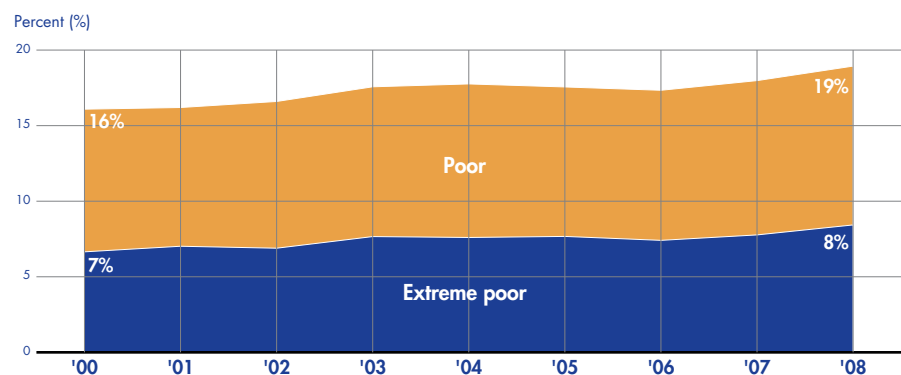
Nonetheless, eligibility for many public benefits is based on the official poverty measure. This fact sheet – the first in a series focusing on economic and material hardship – details some of the characteristics of American children who are considered poor by the official standard.<sup>5</sup>

## How many children in America are officially poor?

The percentage of children living in poverty and extreme poverty (less than 50 percent of the federal poverty level) has increased since 2000.

- ◆ 19 percent of children live in families that are considered officially poor (14.0 million children).
- ◆ Eight percent of children live in extreme poor families (6.2 million).

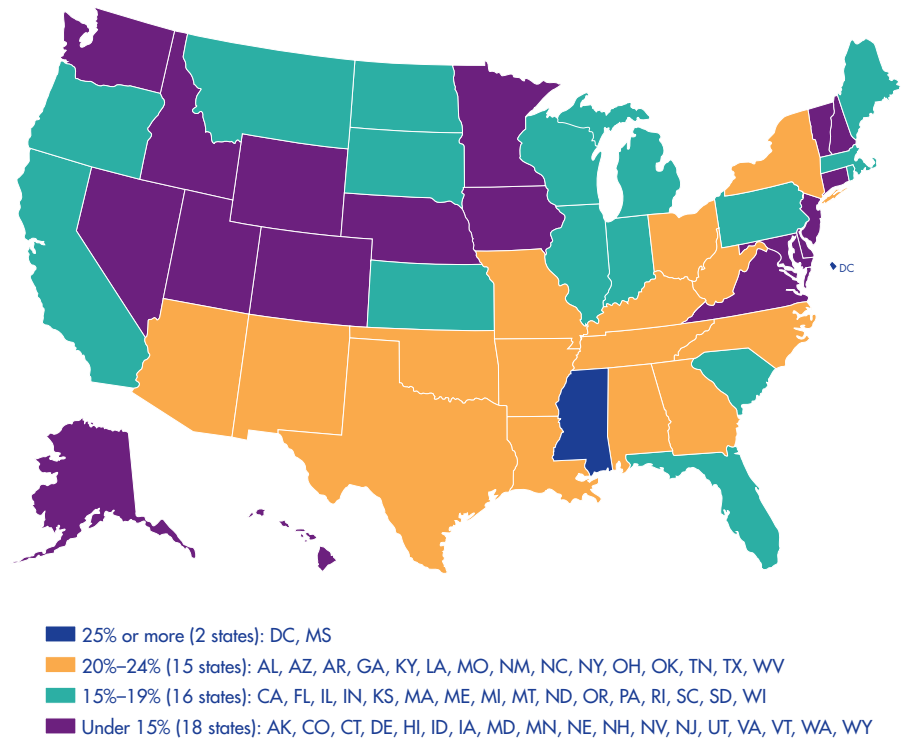
Children living in poor and extreme poor families, 2000–2008



*Rates of official child poverty vary tremendously across the states.*

- ◆ Across the states, child poverty rates range from seven percent in New Hampshire to 28 percent in Mississippi.

Child poverty rates across the states, 2008

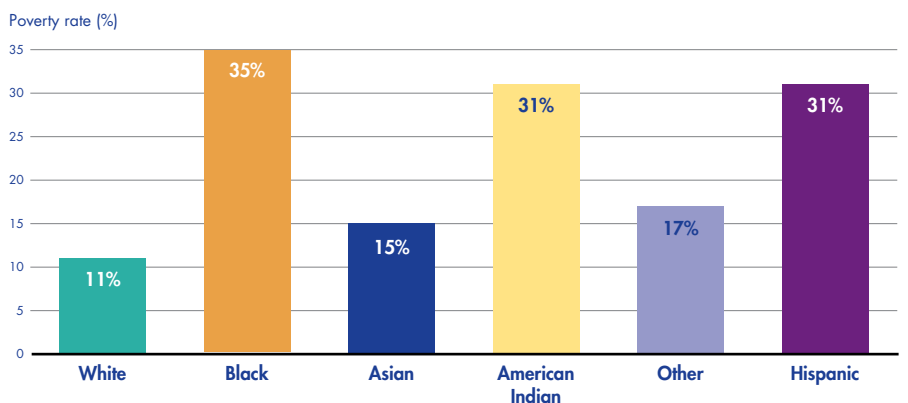


What are some of the characteristics of children who are officially poor in America?

*Black and Hispanic children are disproportionately poor.*

- ◆ 11 percent of white children live in poor families. Across the 10 most populated states,<sup>6</sup> rates of child poverty among white children do not vary dramatically; the range is eight percent in California and Illinois to 11 percent in Georgia and Ohio.
- ◆ 35 percent of black children live in poor families. In the 10 most populated states, rates of child poverty among black children range from 26 percent in California to 51 percent in Ohio.
- ◆ 15 percent of Asian children, 31 percent of American Indian children, and 17 percent of children of some other race live in poor families (comparable state comparisons are not possible due to small sample sizes).<sup>7</sup>
- ◆ 31 percent of Hispanic children live in poor families. In the 10 most populated states, rates of child poverty among Hispanic children range from 19 percent in Florida to 40 percent in North Carolina.

Child poverty rates by race/ethnicity, 2008



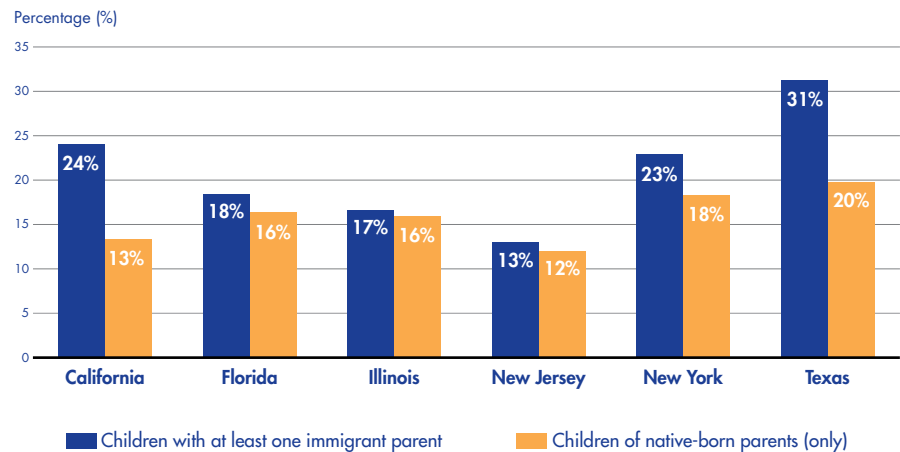
### *Having immigrant parents can increase a child's chances of being poor.*

- ◆ 25 percent of children in immigrant families are poor; 17 percent of children with native-born parents are poor.
- ◆ In the six states with the largest populations of immigrants – California, Florida, Illinois, New Jersey, New York, and Texas – the poverty rate among children in immigrant families ranges from 13 percent to 31 percent.

### *Official poverty rates are highest for young children.*

- ◆ 22 percent of children less than age 6 live in poor families; 18 percent of children age 6 or older live in poor families.

### Poor children by parents' nativity, 2008



- ◆ In about half the states, 20 percent or more of children less than age 6 are poor, whereas 17 states have a poverty rate for all children (less than age 18) that is as high.

## What are some of the hardships faced by children in America?

### *Food insecurity, lack of affordable housing, and other hardships affect millions of American children, not just those who are officially poor.*

- ◆ 21 percent of households with children experience food insecurity.<sup>8</sup>
- ◆ Nearly 50 percent of tenants living in renter-occupied units spend more than 30 percent of their income on rent.<sup>9</sup>
- ◆ Although crowded housing is relatively uncommon, nearly five percent of poor

households and two percent of all households are moderately crowded with 1.01–1.50 persons per room. Severe crowding with 1.51 or more persons per room characterizes about 1.3 percent of poor households and 0.4 percent of all households.<sup>10</sup>

- ◆ Compared to white families with children, black and Latino families with children are more than twice as likely to experience economic hardships.<sup>11</sup>

### *Many poor children lack health insurance.*

- ◆ 17 percent of poor children lack health insurance, whereas 10 percent of all children (poor and non-poor) lack health insurance.
- ◆ In the 10 most populated states, the percentage of poor children who lack health insurance ranges from nine percent in Michigan to 31 percent in Florida.

## Measuring Poverty: Needs and Resources<sup>12</sup>

The official U.S. poverty rate is widely used as one of the nation's primary indicators of economic well-being. The measure of poverty, which was developed in the 1960s, is determined by comparing a family's or person's resources to a set of thresholds that vary by family size and composition and are determined to represent the minimum amount of income it takes to support a family at a basic level.<sup>13</sup> Families or people with resources that fall below the threshold are considered poor.

The current poverty measure is widely acknowledged to be inadequate.<sup>14</sup> The method of calculating the poverty thresholds is outdated. Originally based on data from the 1950s, the poverty threshold was set at three times the cost of food and adjusted for family size. Since then, the measure has been updated only for inflation. Yet food now comprises only about one-seventh of an average family's expenses, while the costs of housing, child care, health care, and transportation have grown disproportionately. The result? Current poverty thresholds are too low, arguably arbitrary, and they do not adjust for differences in the cost of living within and across states.

Further, the definition of resources under the current poverty measure is based solely on cash income. So while the measure takes into account a variety of income sources, including earnings, interest, dividends, and benefits, such as Social Security and cash assistance, it does not include the value of the major benefit programs that assist low-income families, such as the federal Earned Income Tax Credit, food stamps, Medicaid, and housing and child care assistance. Therefore, the way we measure poverty does not tell us whether many of the programs

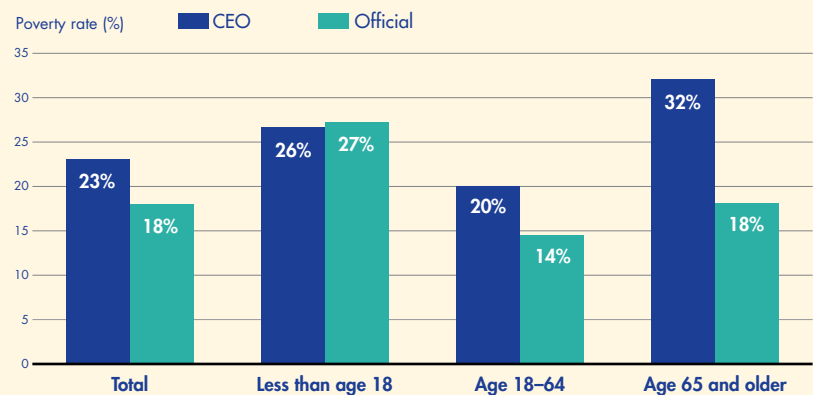
designed to reduce economic hardship are effective because the value of these benefits is ignored.

Considerable research has been done on alternative methods for measuring income poverty. Perhaps most notable is the 1995 National Academy of Sciences (NAS) monograph in which a panel of experts proposed major changes to how poverty is measured.<sup>15</sup> Policymakers at the federal, state, and local levels have begun to explore these alternatives. For example, Mayor Michael Bloomberg and the Center for Economic Opportunity (CEO) recently created a new poverty threshold to better capture economic deprivation in New York City. The first local government in the nation to take on the task of overhauling the poverty measure, the CEO measure provides a more complete measure of resources and uses a set of thresholds that are sensitive to variation in the cost of living across the country and can adjust to the increase in living standards.<sup>16</sup> Using both new thresholds and expanded definitions of resources, the poverty rate in New York City in 2006 was 23.0 percent compared with the of-

ficial rate of 18.0 percent (see figure below). The CEO measure results in different poverty rates for different subgroups of the population – some notably higher than others.

The recently introduced Measuring American Poverty Act in both the House (H.R. 2909) and the Senate (S. 1625) is the first federal poverty measurement legislation since the measure came into existence nearly a generation ago. Inspired by the NAS recommendations, the Act directs the U.S. Census Bureau, in collaboration with the Bureau of Labor Statistics, to calculate modern poverty thresholds and poverty rates for each calendar year. The Act makes clear, however, that a modern measure would not affect the allocation of funds or program eligibility and benefits.<sup>17</sup> Thus, while researchers, policymakers, and the media slowly begin to explore alternative measures of poverty – measures that describe more accurately the state of economic deprivation across the country, the larger issue of how a revised measure should affect federal funding designed to alleviate poverty remains an open question.

### CEO and official poverty rates by age group



Source: NYC Center for Economic Opportunity and Michael Bloomberg. 2008. *The CEO Poverty Measure: A Working Paper by the New York City Center for Economic Opportunity*. New York: Center for Economic Opportunity.

## What should be done about child poverty?

Research suggests that being poor during childhood is associated with being poor as an adult.<sup>18</sup> Yet, child poverty is not intractable. Policies and practices that increase family income and help families maintain their financial footing during hard economic times not only result in short-term economic security, but also have lasting effects by reducing the long-term consequences of poverty on children's lives. NCCP recommends a number of major policy strategies to improve the well-being of children and families living in poverty:

### *Make work pay*

Since research is clear that poverty is the greatest threat to children's well being, strategies that help parents succeed in the labor force help children.<sup>19</sup> Increasing the minimum wage is important for working families with children because it helps them cover the high cost of basic necessities, such as child care and housing.<sup>20</sup> Further, policies aimed at expanding the Earned Income Tax Credit and other tax credits such as the Additional Child Tax Credit and the Making Work Pay Tax Credit are particularly instrumental in putting well-needed dollars back into the hands of low-earning workers. Finally, many low-wage workers need better access to benefits such as health insurance and paid sick days.

### *Reducing the costs of basic needs for low-income families*

Medicaid/SCHIP not only increase access to health care, but also helps

families defray often crippling health care costs by providing free or low-cost health insurance. The health insurance reform bills that passed the House and Senate promise to provide more affordable coverage and to prevent families from bankruptcy or debt because of health care costs. Further, housing is known to be a major expense for families. However, current housing subsidy programs are available for a small percentage of eligible families due to inadequate funding.<sup>21</sup> Housing subsidies have been shown to be positively related to children's educational outcomes.<sup>22</sup> Thus, it is important to increase funding for housing subsidies for families with children.

### *Support parents and their young children in early care and learning*

To thrive, children need nurturing families and high quality early care and learning experiences. Securing child care is particularly important for working parents with young children. Research has found that child care subsidies are positively associated with the long-term employment and financial well-being of parents.<sup>23</sup> Along with providing child care subsidies, policies and practices that ensure high-quality child care are also important. For example, programs that target families with infants and toddlers, such as Early Head Start, have been shown to improve children's social and cognitive development, as well as improve parenting skills.<sup>24</sup> Investments in preschool for 3- and

4-year-olds are just as critical. In short, high-quality early childhood experiences can go a long way toward closing the achievement gap between poor children and their more well-off peers.<sup>25</sup>

### *Support asset accumulation among low-income families*

Many American families with children are asset poor, which means they lack sufficient savings to live above the poverty line for three months or more in the event of parental unemployment or illness when no earnings are available.<sup>26</sup> This type of economic vulnerability is typically masked by conventional poverty measures based on income. Unlike wages, income generated from assets provides a cushion for families. Further, parental saving promotes both positive cognitive development and subsequent college attendance among children.<sup>27</sup> There are two ways to support asset accumulation among low-income families. First, eliminating asset tests from major means-tested programs reduces the risk of running up large amounts of debt and increases the amount of financial resources parents have to invest in children. Second, there are programs that actively promote and encourage the development of saving habits among asset-poor families through matching funds incentives, such as the Individual Development Accounts (IDA) program and the Saving for Education, Entrepreneurship, and Downpayment (SEED) National Initiative programs.

## Endnotes

1. Unless otherwise noted, national data were calculated from the U.S. Current Population Survey, Annual Social and Economic Supplement, March 2009, which represents information from calendar year 2008. State data were calculated by NCCP analysts from the March 2007, 2008, and 2009 supplements, which represents information from calendar years 2006, 2007, and 2008. NCCP averaged three years of data because of small sample sizes in less populated states. Estimates include children living in households with at least one parent and most children living apart from both parents (for example, children being raised by grandparents). Children living independently, living with a spouse, or in group quarters are excluded from these data. Children ages 14 and under living with only unrelated adults were not included because data on their income status were not available. Among children who do not live with at least one parent, parental characteristics are those of the householder and/or the householder's spouse. In the most recent CPS, parents could report children's race as one or more of the following: "White," "Black," "American Indian or Alaskan Native," or "Asian and/or Hawaiian/Pacific Islander." In a separate question, parents could report whether their children were of Hispanic origin. For the data reported, children whose parent reported their race as White, Black, American Indian or Alaskan Native, or Asian and/or Hawaiian/Pacific Islander and their ethnicity as non-Hispanic are assigned their respective race. Children who were reported to be of more than one race were assigned as Other. Children whose parent identified them as Hispanic were categorized as Hispanic, regardless of their reported race.
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