Child Poverty In America: The Worsening Toll It Exacts

By Arloc Sherman

Children are almost twice as likely as other groups of Americans to be poor. Nearly 13 million American children—one in five children (and one in four preschoolers) are poor. Over 3 million of these live in rural America. Those numbers apply to 1989 (the last full growth year in the economic cycle). There is reason to believe that for 1991 (a recession year) they are even worse because child poverty trends follow the ups and downs of the economy. These record breaking levels of child poverty continue even though America has never been more capable of eliminating child poverty. Indeed, the nation can no longer afford to have such widespread child poverty—economically, socially, or morally.

> ➢ **Child poverty in America has reached crisis proportions. And the situation is getting worse. Nearly 13 million children live in poverty. In rural America the poverty rate of children is 22 percent—one out of every five. Both this nation's success in reducing poverty among the elderly and the much lower child poverty rates of our international free market competitors demonstrate that child poverty can be reduced substantially, if there is a will to do so.**

Despite the picture many would sketch of a nation crippled by budget deficits and lacking the resources to tackle its fundamental problems, America's income—as measured by the Gross National Product (GNP)—reached an all-time high in 1990. Between 1979 and 1989, GNP increased more than one fifth even as the number of poor children grew by 21 percent.

The nation's success in lifting older Americans out of poverty shows that the nation has the knowledge and ability to dramatically reduce poverty if it chooses to do so. The poverty rate for persons 65 and older was slashed by nearly two-thirds between 1967 and 1989. During the 1980s, when child poverty soared, the poverty rate for persons 65 and older steadily declined, dropping nearly one-fourth. Poverty is still too high among older Americans, but our success in combating poverty among the elderly is instructive and heartening.

> ***Poverty reduces a person's prospects for long life by increasing the chances of infant death, chronic disease, and traumatic death.***

The Record

For a period in the 1960s, the nation also made dramatic progress in reducing child poverty. Child poverty rates were cut in half in a single decade, falling from 27 percent in 1960 to 14 percent in 1969. Poor children were aided by a combination of robust economic growth and concerted public action. But then progress halted during the 1970s, and child poverty rates moved upwards again in the 1980s.

Moreover, the impact of recessions on children appears to be growing increasingly serious. In earlier eras children fell into poverty during recessions, but larger numbers escaped poverty during recoveries. The recessions of the 1970s were much deeper than the single recession of the 1960s, pushing children into poverty at a rate of more than half a million per recession year. The impact of recessions on children grew even worse in the 1980s, adding an average of 884,000 children annually to the ranks of the poor. In turn, economic recoveries have lost virtually all of their ability to rescue children from poverty. During the 1960s growth periods lifted more than 900,000 children annually out of poverty. But, in the 1970s and 1980s this rate dropped to fewer than 300,000 annually.

In short, child poverty rates now ratchet upwards with each successive cycle. As a result, a higher proportion of American children were poor in the "peak" year of 1989 than in any year between 1966 and 1980, including the worst recession years of that period. If the trend of the 1980s holds true in the 1990s, by 1999 fully 14.8 million U.S. children will live in poverty, at a poverty rate of 22.8 percent.

Stereotypes of Child Poverty are Wrong

Many Americans misunderstand the nature of child poverty and, particularly, are inclined to see it as chiefly the problem of poor urban minority single-parent families on welfare.

The stereotype is in fact the exception—and the extreme stereotype is a rarity. An analysis of Census Bureau Data by Northeastern University's Center for Labor Market Studies shows that in 1989 only one in 7 poor children in America was a poor black or Latino child living in a female-headed family on welfare in a central city. Only one in 34 was in such a family where the mother was a teenager when the child was born. Only one in 43 was in such a family where the mother had not worked during the previous year.

Americans need to understand that poor children are white, black, Latino, Native American and Asian-American; urban, suburban, and rural; from working and unemployed families; born to teen parents and older parents; living with single parents and in married-couple families.

Arloc Sherman is Program Associate in the Family Supports Division of the Children's Defense Fund in Washington, DC.

Poverty in Urban, Suburban and Rural Communities

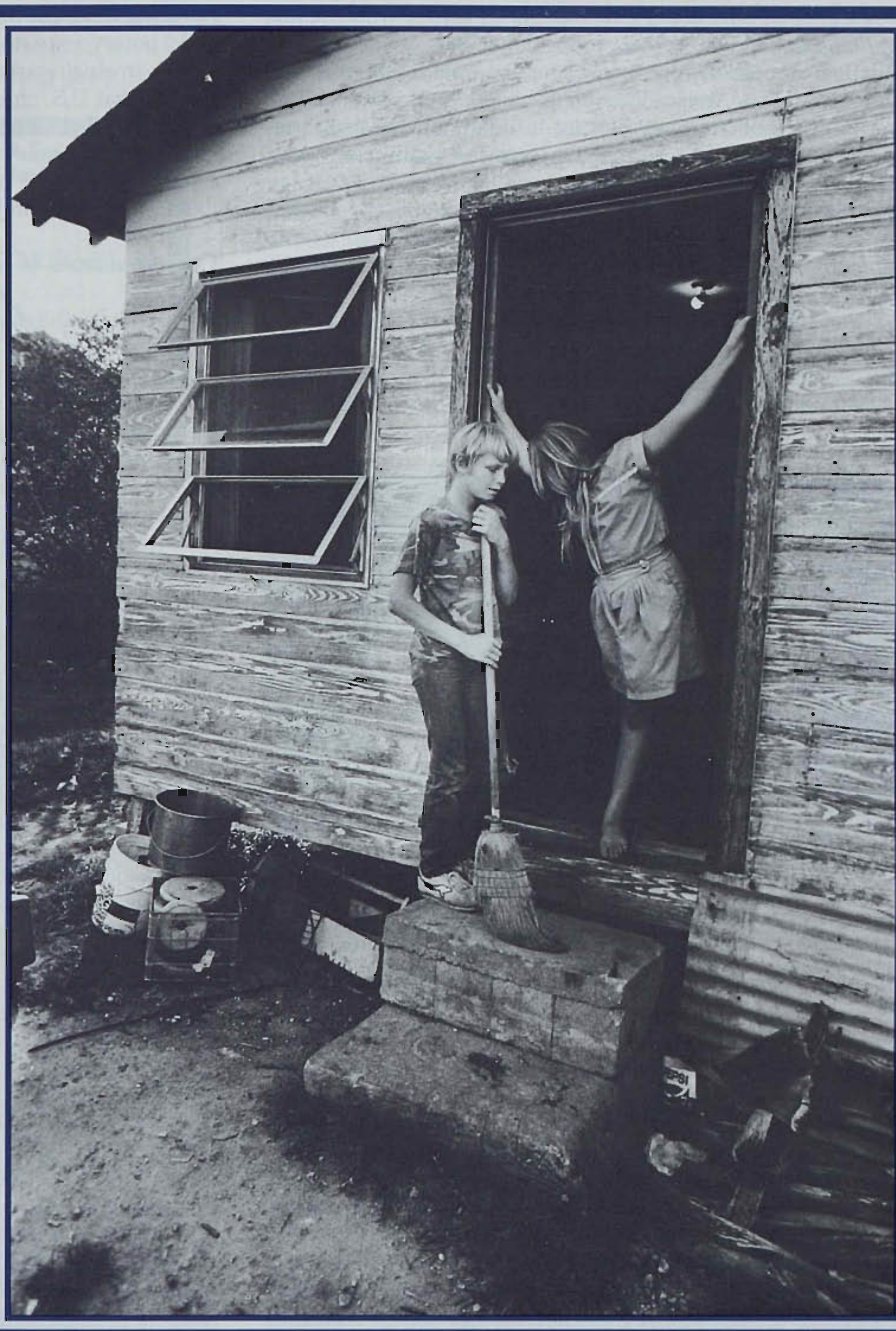
Poverty rates are high—30 percent—for children living in central cities. Yet there are more poor American children living *outside* central cities (6.9 million in 1989) than inside them (5.7 million).

The child poverty rate is actually higher in rural (nonmetropolitan) areas than in the rest of nation (22 percent versus 19 percent for metropolitan areas overall). One of four poor children in the United States lives in rural areas. Rural poor children are even more likely to be white than are nonrural poor children, and are more likely to live with two parents. Because rural parents are particularly likely to be among the working poor, policies aimed at helping the working poor are more likely to help these families.

Poor children in rural areas suffer from a distinctive web of problems. Although most rural poor parents have jobs, the jobs are frequently low-skill, offering limited pay and no health benefits. Further, rural states offer less generous public assistance and Medicaid. Low family income and poor health insurance combine with transportation difficulties to reduce rural children's access to routine medical care. Poorer families and poorer schools mean that rural children have a lower likelihood of completing high school or college, further limiting their ability to find better employment.

Suburban areas are typically more affluent and have much lower child poverty rates than cities or rural areas. Yet a great many suburban children—3.6 million—were nonetheless poor in 1989. More than one-fourth of all poor children in the United States live in the suburbs. The number of poor children living in suburbs soared 63 percent between 1973 and 1989 as the nation grew more suburban, while the number in cities grew 44 percent and the number fell slightly in rural areas due to overall population loss.

Some Don't Have Much To Celebrate...



Photos by Stephen Shame, from Outside the Dream: Child Poverty in America. *Published by Aperture/CDF.*

Though Ricky and Mary's mother works full time as a short order cook, they're still poor.

Forces Fueling the Growth of Child Poverty

The declining effectiveness of government income programs in lifting families out of poverty accounted for between one-third and one-half of the increase in the poverty rate among families with children from 1979 to 1989. Changes in the job market that increased unemployment or lowered earnings and left more workers unable to support their families were responsible for a similar share of the growth in child poverty. Increases in the proportion of children living in single-parent families were the final and relatively smallest major force, contributing less than one-third of the increase in child poverty.

The Government's Diminishing Response. During the 1980s, government income programs became far less effective at pulling families with children above the poverty line. Even at the beginning of the 1980s, the help provided by government programs was far from adequate, failing to reach some children at all and leaving four out of five otherwise poor families trapped in poverty, with average incomes well below what was necessary to purchase basic necessities. Yet during the 1980s federal and state budget cuts opened large new holes in this "safety net," weakening the help provided to children through social security, unemployment insurance, and other social insurance programs as well as AFDC and other means-tested programs.

For example, only about one-third of all jobless workers, and fewer than one in five workers younger than 35, currently receive unemployment benefits—a sharp reduction from levels of receipt in the 1970s. State welfare benefits for a family of three with no other income fell nearly 40 percent in inflation- adjusted terms between 1970 and 1990, and would leave the family well below the poverty line.

America is more generous to many groups than it is to poor children. More than half of all government cash benefits go to nonpoor families and individuals. Only $1 in every $12 of all benefits in 1987 went to families with children that were poor or would have been poor without government help. If poor families with children received government benefits at the same rate as the rest of the low-income population (including the elderly, persons with disabilities, and unemployed individuals), they would have received an additional $69 billion in aid in 1987—nearly four

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times as much as they actually received and more than enough to lift all poor families with children out of poverty.

Declining Earnings in a Changing Economy. A second major force was the massive shift in the American economy. The extraordinary growth and opportunity following World War II created a period during which one parent with limited formal education or training often could earn enough in a job on the factory floor to support a family. That era is all but gone.

The average inflation adjusted annual earnings of recent high school dropouts fell by 27 percent between 1973 and 1987. Even the earnings of high school graduates without college education fell by one-seventh during this period.

Moreover, the minimum wage (even after recent increases) is now worth less than 80 percent of its real 1979 value. Without the wage floor provided by the old minimum wage, the proportion of hourly workers earning too little to support a family of three above the poverty line through full-time, year-round work more than doubled during the 1980s.

Growth in Single-Parent Families. The two-worker strategy does not work at all for single parent families, of course. The number of American children living in female-headed families during the past three decades has increased dramatically. In 1959, 91 percent of all children lived in a family headed by a married couple (or in rare cases a single man, which the Census Bureau formerly lumped in with married couples); in 1979 it was 81 percent; by 1989 only 79 percent did so.

During the 1970s this demographic shift to more single parent families was the dominant force pushing child poverty upwards. However, this shift played a more modest role in increases in the child poverty rate during the 1980s. Some people argue that the growth in single-parent families in the United States accounts for the fact that U.S. children poverty rates are so much higher than other advanced countries. Even if our competitors had the same proportion of single-parent families as we do, U.S. child poverty rates still would be one and one-half to three times higher than those in Western Europe and Canada.

Consequences of Child Poverty

For some children, the consequences of poverty can be deadly. Several years ago the Maine Health Bureau found that poor children were more than three times as likely as other children to die during childhood and estimated that 10,000 children die from poverty in the United States each year.

The vast majority of poor children do not die from poverty, but their health and development and eventual capabilities and productivity as workers, parents, and citizens often are damaged by the deprivations of growing up poor. As stated by the U.S. Public Health Service:

"Poverty reduces a person's prospects for long life by increasing the chances of infant death, chronic disease, and traumatic death; poverty is also often associated with significant developmental limitations....Growth retardation affects 16 percent of low income children younger than six. In the mid-1980s, an estimated 3 million children, virtually all of them from low income families, had blood lead levels... sufficient to place them at risk for impaired mental and physical development....Poor children experience more sickness from infection and other debilitating conditions than the total population."

From the earliest years of life to the verge of adulthood, poverty places its child victims at higher risk of a host of problems which follow them throughout their lives. Poor children are less likely to receive key building blocks of early development—adequate nutrition, decent medical care, a safe and secure environment, and access to early childhood development programs to supplement learning opportunities in the home. They are far more likely to be hungry and those who are hungry are more likely to suffer fatigue, dizziness, irritability, headaches, ear infections, frequent colds, unwanted weight loss, inability to concentrate, and increased school absenteeism.

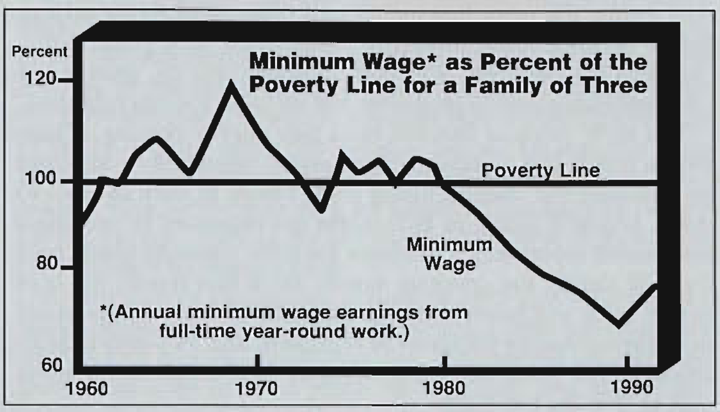
Poor children are far more likely to have below-average basic academic skills and to fall behind in school, to repeat grades, and to drop out of school. Girls who are poor and who have below-average basic academic skills, regardless of their race, are five and one-half times more likely to have children while teenagers than nonpoor teenagers with average or better basic skills.

U.S. Child Poverty Rates and Those of Our Competitors

Our high child poverty rates bring with them tragic costs to the society. Aside from being a moral abomination, they have made it far more difficult to solve a host of related social problems afflicting children, their families, and the nation.

By many measures of children's well-being, America's performance compared with that of its allies and competitors is dismal. Our nation's rank in combating infant mortality has dropped to only 19th in the world. We are 28th in avoiding lowbirthweight babies. And once in school, our students fare very poorly on tests of educational achievement compared with their peers in other nations. High child poverty rates play a key role in all of these lags. The nation's failure to keep pace with our economic competitors in these and other key areas represents a growing threat to our future strength and economic competitiveness.

Our industrialized allies and competitors seem to have better recognized that child poverty is not a necessary price for a free market democracy, a byproduct of economic growth, or an essential spur for parental productivity. They have achieved lower (and usually far lower) child poverty rates than the United States.



In the most recent available study of western democracies, the United States had a child poverty rate two or three times higher than most of the other seven countries studied. This is not because the other nations are richer (by and large they are not) or because their demographics make reducing child poverty easier (even if their family structure matched ours or the poverty rates of U.S. minorities were as low as white Americans, the United States would still have the highest rate of child poverty). It is because other countries try harder than does the United States to avoid and reduce child poverty. Children's allowances, child tax credits, minimum wage laws, paid parental leave and housing allowances are among the ways other countries reduce child poverty.

Recommendations

It is time for this nation to attack child poverty. Expanding proven programs that focus on preventive services (such as Head Start, immunization, Job Corps and WIC) continues to be essential. But the nation also should ensure directly that families have incomes adequate to meet their most basic needs. The gains to our society—from improved productivity, cost savings in areas such as neonatal intensive care and remedial education, and greater social unity—would be great.

A Children's Tax Credit. Every Western industrialized democracy except the United States has some version of a children's allowance. In the United States, this might best take the form of a child tax credit—a modest benefit available through the tax system to every family with children, either to reduce taxes or to be paid as a refund if the family owes no taxes. In this country both liberals and conservatives have come to agree that such a credit is a necessary foundation for pro-child, pro family public policy. In June 1991, the National Commission on Children unanimously recommended that the nation institute a universal, refundable, $1,000 per child tax credit.

Such a credit will recognize society's interests in supporting all of its families who have children and in meeting the basic needs of its future parents, citizens, and workers. By being refundable (payable to families even if they owe no taxes) the credit would reach poor as well as middle-class and affluent families.

Child Support Insurance. As a second essential step, the federal government should ensure that all children who are not living with both parents receive a minimally adequate child support payment from the absent parent. More vigorous federal and state child support enforcement efforts—to establish paternity, obtain support orders, and collect payments from absent parents—are essential to guarantee that those absent parents who have the ability to contribute to the support of their children do so.

Further, the government should establish a system of child support insurance that would make up the difference when absent parents are unable to make adequate payments and would guarantee that children do not lose basic income support if the child support enforcement system fails to collect on their behalf.

Taken together, the children's tax credit and insured child support benefit would provide a stable economic floor for all families. Unlike the present welfare system, which perversely discourages work by taking away most of each additional dollar a family earns, the children's tax credit and insured child support would encourage and reward work effort, giving even the lowest paid parents a base from which they would have a good shot at climbing and staying out of poverty.

Minimum Wage. Parents who work should not have to see their children suffer in poverty. The national government should ensure that the economic rewards of work are restored by moving to make up the ground the minimum wage has lost to inflation.

Earned Income Credit. As a complement to a higher minimum wage, the federal Earned Income Credit for low-income workers with children also should be expanded, particularly for larger families who typically suffer the most severe poverty.

Poverty

The government defines a family as poor if its cash income is less than a poverty level that varies by family size and is adjusted annually for inflation. In 1989, the last year for which poverty data are available, that amount was $9,885 for a family of three and $12,675 for a family of four. The government first established poverty thresholds in 1965 to provide a measure of the minimum incomes necessary to survive and maintain a nutritionally adequate diet. In many respects these poverty thresholds are outdated because they are not adjusted for rising living standards or the appearance of major new expenses like child care.

Family Leave. Parents must be able to balance their work and family responsibilities, and know they can return to their jobs after brief absences that are essential to child-rearing. Enactment of the Family and Medical Leave Act before Congress would help reconcile the dual roles of parents and workers.

Food Stamps, Housing Assistance, and AFDC. As an emergency measure, Congress should pass the Mickey Leland Childhood Hunger Relief Act, which would assist poor families by improving the federal food stamp program. Congress should also take steps to ensure adequate housing for poor families, and should create financial incentives for states to restore benefit levels under the Aid to Families with Dependent Children program to their early-1970s levels. C

For More Information

For a copy of the report *Child Poverty in America* write to Publications, Children's Defense Fund, 122 C Street, NW, Washington, DC 20001. The cost is $4.50.