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**One Million More Children in Poverty:
What Are the Reasons?**

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The Census Bureau recently announced that the number of poor children in the United States shot up by nearly a million between 1990 and 1991, from 13.4 million to 14.3 million. The poverty rate for children under 18 climbed from less than 21 percent to almost 22 percent, reaching levels not seen since the severe recession of the early 1980s. Before that, one has to go back nearly 30 years -- to 1964 -- to find child poverty rates as high as last year's was and this year's undoubtedly will be.

Why is child poverty so high and what can be done about it? Many public discussions of this topic turn into debates between analysts who blame the economy or government policy for increasing poverty and those who put the onus on detrimental patterns of family and labor force behavior. One side decries the growth of income inequality and the deteriorating earning power of young workers, while the other points to the skyrocketing number of children born outside marriage, the large fraction of absent fathers who provide no support for their offspring, and the substantial proportion of inner-city men and women who have little visible connection to the conventional labor force.

I believe the time has come for both camps to recognize that there is valid evidence on the other side. The increase in child poverty has multiple causes and we should get on with the task of developing policies that address both the structural and the behavioral roots of economic insufficiency among families with children.

Recent Trends in Poverty Among Children and the Elderly

After declining dramatically during the 1960s, the proportion of U.S. children in poverty increased somewhat during the 1970s and then went up substantially at the end of the 1970s and into the early 1980s. (See page 2 of the exhibits). Despite a sustained period of national economic growth during the mid-1980s, the proportion of poor children declined only slightly, remaining well above the levels of the 1970s (U.S. Bureau of the Census, August 1992).

The recession of the early 1990s has produced an upswing in childhood poverty. An increase in poverty during a recession is not surprising, although the size of this increase is of concern. Perhaps of greater concern, though, is the fact that child poverty stayed so high during the sustained economic growth years of the 1980s. The rising tide did not lift these little boats.

Also of note is an even greater surge in the number of children who are receiving welfare. As of May 1992, there were some 9.3 million children receiving Aid to Families with Dependent Children (AFDC) (U.S. Department of Health and Human Services, unpublished data). This represents about 14 percent of all children under 18. By contrast, in 1987, there were 7.2 million children, or about 11 percent, on welfare (Select Committee on Children, 1989, p. 127).

Now let us look at trends in the poverty rate for the elderly. In contrast to the child rate, the rate for the elderly declined through the 1960s, and continued to decline during the

1970s, though at a slower rate. Despite a slight uptick in the last two years, the elderly rate has basically gone down and stayed down. The poverty rate for persons 65 years and older in 1991, was 12.4 percent, half the rate for children under six years of age. There were 3.8 senior citizens in poverty in 1991, compared to the 5.5 million preschool children who were poor. (See pages 1 and 2 of the exhibits).

How was the reduction in poverty among the elderly achieved? By "throwing money at the problem," by "taxing and spending." Benefits for the elderly have been generous and indexed for inflation, while benefits for families with children have been niggardly and increased only sporadically. It should be noted, however, that increasing benefits for the elderly has produced one effect that conservatives predicted it would have. It has reduced the participation of senior citizens in the paid labor force. Thus, there is more than one message to be learned from a comparison between trends in child poverty and elderly poverty.

To Avoid Poverty, A Child Needs Parents Who Work All Year

Poverty is strongly associated with parental work effort, or rather with the absence of same. (See page 3 of the exhibits). If there are no earners, a family with children is almost certain to be poor. Eighty-six percent of such families were below the poverty line in 1991. The fact that this proportion is so high reflects two realities about the non-wage income of families with children. One is that many absent fathers do not provide support for their offspring, and those that do pay do not pay much. The

other reality is that welfare payments are generally not sufficient to lift a family with children out of poverty.

If there is one earner in the family, the poverty rate is much lower than in no-earner families, but still high. Twenty-six percent of families with a single earner were poor in 1991. Among black and Hispanic families with only one earner, the poverty rate was 45 and 42 percent, respectively.

If the single earner can work full-time all year long, the situation is considerably improved. Overall, seven percent of families with one full-time, full-year earner were below the poverty line in 1991. Among black families in this situation, however, the poverty rate was 13 percent, and among Hispanic families, 20 percent.

Having two earners in the family produces a further improvement in the family's financial security, but the improvement may be marginal if one or both cannot work full-time. It is only when we get to families that have two or more full-time, year-round workers that the threat of poverty is virtually eliminated. Just one percent of these families were below the poverty line in 1991. This small fraction applied for black families with two full-time, year-round workers as well as white families. The poverty fraction was larger for Hispanic families with two full-time workers -- 5 percent -- but still relatively small.

It Is Possible To Work Hard and Still Be Poor

Although more work generally means less chance of poverty, it is clearly possible for a parent to work long and hard in

modern America and still be poor. A simple calculation can demonstrate this. If one parent works 40 hours a week for 52 weeks a year and is paid at the current minimum wage of \$4.25 per hour, he or she would have an annual income of \$8,840. This is well below the 1991 poverty line for a family of four (2 adults and 2 children), which was \$13,812. It is also below the poverty line for a single-parent family of three (one adult and two children), which was \$10,963.

Even if one parent works full-time and the other works half-time throughout the year, if both earned the minimum wage, their combined earnings would amount to \$13,260. This is just below the poverty line for a family of four. If both worked full-time, full-year, though, they would earn \$17,680. This is above the poverty line, though hardly a munificent sum. In order for one parent working full-time to earn enough to keep a family out of poverty, he or she would have to earn at least 56 percent above the minimum wage, or \$6.64 per hour, for a family of four; or at least 24 percent above the minimum wage, or \$5.27 per hour, for a single-parent family of three. And he or she would have to work steadily at that job throughout the year.

Fewer Children Have Two Parents Working To Support Them

One message should be clear: To avoid poverty in the current economy, and given current welfare policies, it is not less important, but more important, for a child to have both parents working to support him or her. The sad fact is, though, that there are fewer children, not more, who have two parents working

to support them. Divorce rates have stabilized, but at very high levels, and the number of children who are born outside of marriage has been growing rapidly. In 1989, the number of babies born outside of marriage in the U.S. was 1.1 million, or 27 percent of all births (National Center for Health Statistics, 1991). Two-thirds of all births to black mothers occurred outside of marriage.

As a result of these trends, large numbers of mothers are raising children on their own, often in poverty and dependent on welfare. In 1991, there were 11.7 million female-headed families in the U.S., and 36 percent of them were poor. Between 1990 and 1991, the number of poor female-headed families jumped from 3.8 to 4.2 million. (See page 4 of the exhibits). The growth in poor female-headed families accounted for 64 percent of the net increase in poor families between 1990 and 1991 (U.S. Bureau of the Census, August 1992, p. xiii). Female-headed families made up 54 percent of all poor families in the country in 1991. By contrast, in 1959, when there were fewer than 2 million female-headed families in poverty, these families constituted only 23 percent of all poor families.

There Are More Children With Single Mothers Who Do Not Work At All Than Who Work Full-Time, Full-Year

Today's divorced, separated, and never married mothers are more likely to be high school graduates than were the single mothers of twenty years ago, especially among African-Americans (Select Committee on Children, 1989). There has also been some

increase since the early 1970s in the proportion of children with non-married parents whose mothers work full-time, full-year (from 27 percent in 1971 to 35 percent in 1990). But there are still slightly more children with non-married mothers who do not work at all during the year (36 percent in 1990) than children with single mothers who work full-time year-round (35 percent in 1990) (Select Committee, 1989, pp. 84-85; U.S. Bureau of the Census, August 1991, Table 19, p. 129). (The remainder of children with single mothers have mothers who work part-time or part-year.)

Moreover, full-time, year-round employment has been growing more rapidly among married mothers than among non-married mothers. This has served to accentuate the income gap between married-couple and single-parent families with children. In 1990, the median income for a child in a two-parent family was \$40,112, whereas the median income for a child in a single-parent, mother-headed family was \$11,574 (U.S. Bureau of the Census, unpublished data, 1992).

Only 14 Percent of Never-Married Mothers Receive Child Support

Another reason why so many of today's children are in poverty is that only a minority of single parents receive child support payments from the absent parent. Repeated surveys by the Census Bureau show that state governments made some progress in establishing and enforcing child support during the 1980s, but there is still a long way to go. In 1989, only 14 percent of never-married mothers received child support from absent fathers, as did 31 percent of separated mothers, 54 percent of divorced

mothers, and 48 percent of remarried mothers (U.S. Bureau of the Census, 1991). Even among mothers who did receive payments, however, the amount collected averaged just about \$3,000 annually (U.S. Bureau of the Census, 1991).

Poverty Rates Are Six Times Higher In Female-Headed Families

As a result of all the factors discussed above, the poverty rate for a single-parent, female-headed family with children in 1991 (47%) was six times higher than the poverty rate for a married-couple family with children (8%). (See page 5 of the exhibits). The poverty rate for female-headed families rose significantly between 1990 and 1991, whereas the rate for married-couple families barely changed at all (U.S. Bureau of the Census, August 1992, p. xiii).

Among African-American families with children, the poverty rate for female-headed families in 1991 (61%) was five times higher than the rate for married-couple families with children (12%). (See page 6 of the exhibits). The poverty rate for black married-couple families actually appeared to decrease between 1990 and 1991 (from 14 to 12 percent), though the change may not be statistically significant. Within each family type, poverty rates are significantly higher among black than among white families. Despite this, the Census findings suggest that most black as well as white families with children can avoid poverty when both parents remain together and work. All of which is not meant to deny the continuing reality of racial discrimination in

the United States and the fact that the employment prospects of many inner-city black males are dismal indeed.

The Situation of Hispanic Families with Children

Among Hispanic families, the gap between female-headed and married-couple families was not as great. Nonetheless, the rate for Hispanic female-headed families in 1991 (60 percent) was two-and-a-half times the rate for Hispanic married-couple families with children (24%). Unlike black married-couple families, the poverty rate for Hispanic married couples appeared to increase between 1990 and 1991 (from 21 to 24 percent). (Again, however, because of small sample sizes, the differences may not be statistically significant).

Interestingly, the overall poverty rate for families with children is lower among Hispanics (34%) than among African-Americans (39%). This is found despite the fact that for each type of family, the Hispanic poverty rates are as high or higher than those for blacks. (See page 6 of the exhibits.) The explanation for this is that a higher proportion of Hispanic than of black families with children are married-couple families. About 27 percent of Hispanic children under age 18 lived in mother-only families in 1991, compared with 51 percent of African-American children (U.S. Bureau of the Census, April 1992).

The case of Hispanic families indicates that differences in rates of single parenthood reflect forces beyond bad economic conditions and the diminishing earning power of minority males alone. As indicated by the poverty rates described above, Hispan-

ic parents face as bad or worse economic conditions as African-American parents do in the U.S. Yet Hispanic parents are significantly more likely than black parents to marry in the first place and to remain together in the face of economic hardship. This is not to say that economic factors play no role in family instability, for clearly they do. However, a strong cultural commitment to marriage can obviously counteract and even override negative economic influences.

At the same time, Hispanic families provide evidence that the rise in child poverty is not solely due to detrimental behavior patterns. In many ways, most Hispanic families are "playing by the rules." They marry, they work in the conventional labor force, they jointly try to raise children. Yet the poverty rate for related Hispanic children under 18 has risen from 28 percent in 1973 to 40 percent in 1991. (See page 9 of the exhibits). A continuing influx of low-education Hispanic immigrants may be playing a role here, but it seems likely that the deteriorating employment prospects and earning power of young workers have played a larger role.

Children Are More Likely To Be Poor If Parents Have Little Education or Are Young

Lack of parental work effort, non-marriage, and differences in family behavior and economic opportunity across racial and ethnic groups are not the only factors that help account for differences and changes in child poverty levels. Families with children are far more likely to be poor if parents have low

education levels or if they are young when they begin their families. (See pages 7 and 8 of the exhibits). In 1991, the poverty rate for families with children in which the householder had not completed high school (41%) was two-and-a-half times higher than the rate for families in which the householder was a high school graduate (17%), four times higher than the rate for families in which the householder had some college education (10%), and more than ten times higher than the rate for families in which the householder was a college graduate (3%). Between 1990 and 1991, poverty rates also rose more markedly for families with lower parent education levels.

The poverty rate in 1991 for families with children in which the householder was under 25 years of age (49%) was over two times higher than the rate for families in which the householder was 25-to-34 years of age (23%), and over four times higher than the rate for families in which the householder was 35-to-44 years old (12%).

The Formation of Families At High Risk of Poverty

Given the relationships between child poverty and low parent education levels, non-marriage, and young parenthood, it is disquieting to observe that a substantial proportion of the families being formed in the U.S. today have one or more of these risk factors working against them. Special tabulations of birth certificate data prepared by Child Trends in cooperation with Stephanie Ventura of the National Center for Health Statistics show that 42 percent of all first births in the U.S. in 1988 were

to a mother who had not finished high school, or to an unmarried mother, or to a woman who was under 20 years of age. Eleven percent of all new families had all three of these risk factors working against them.

Among African-American first births, more than a quarter -- 27 percent -- were handicapped by being to unmarried teenagers with less than 12 years of schooling. Among Hispanics, the proportion was 16 percent, and among white non-Hispanics, 7 percent. If we are to reduce child poverty in the future, it is not only necessary to think about ways to get more parents into stable, remunerative employment, but also ways to reduce the current rates of high-risk family formation.

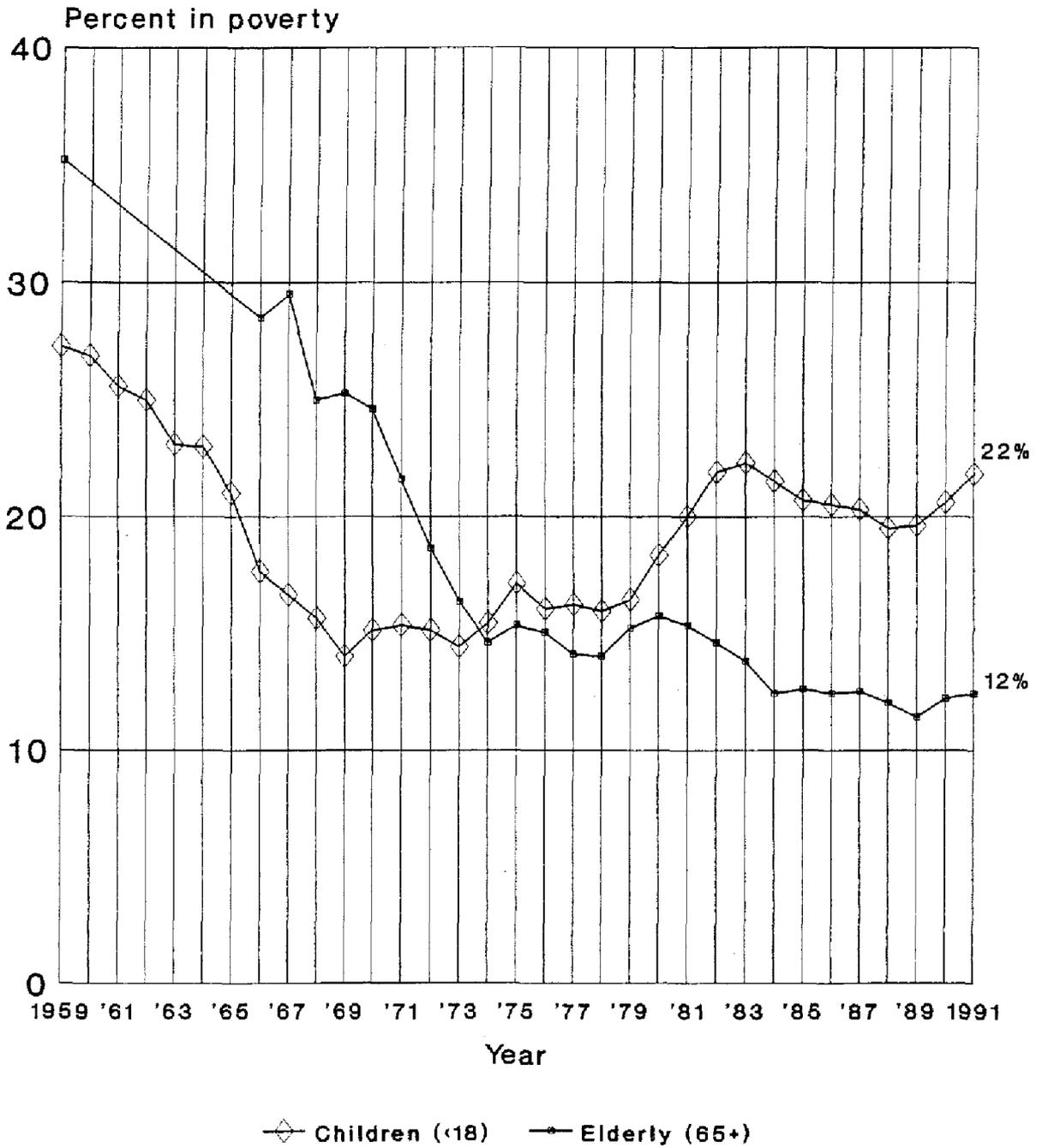
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POVERTY RATES FOR FAMILIES AND PERSONS, U.S., 1991

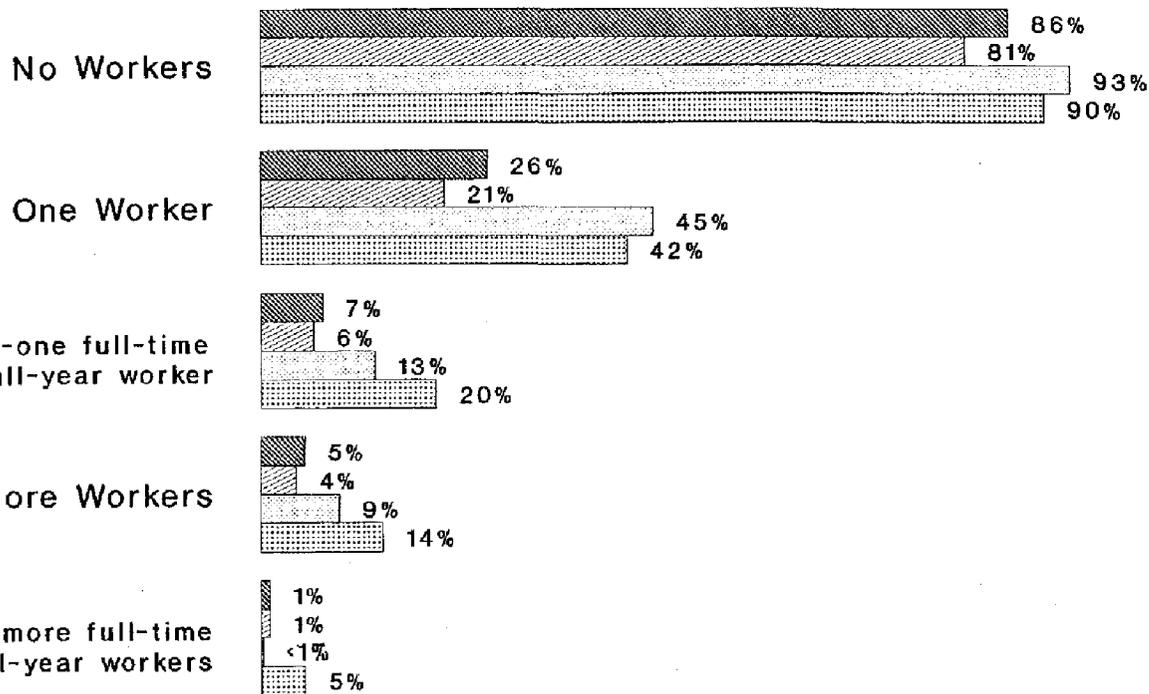
	<u>Number Poor</u>	<u>Poverty Rate</u>
All Families in United States	7.7 million	11.5%
All Families with Children Under 18 Years	6.2 million	17.7%
All Persons in United States	35.7 million	14.2%
Persons in Families	27.1 million	12.8%
Persons in Female-Headed Families, No Husband	13.8 million	39.7%
Unrelated Individuals	7.8 million	21.1%
All Children Under 18 Years	14.3 million	21.8%
Related Children Under 6 Years	5.5 million	24.0%
All Persons 18 to 64 Years	17.6 million	11.4%
All Persons 65 Years and Over	3.8 million	12.4%

Percent of Children and Elderly in Poverty, 1959-1991



Poverty Rates for Families with Children by Number of Workers in Family and Race/Hispanic Origin, United States, 1991

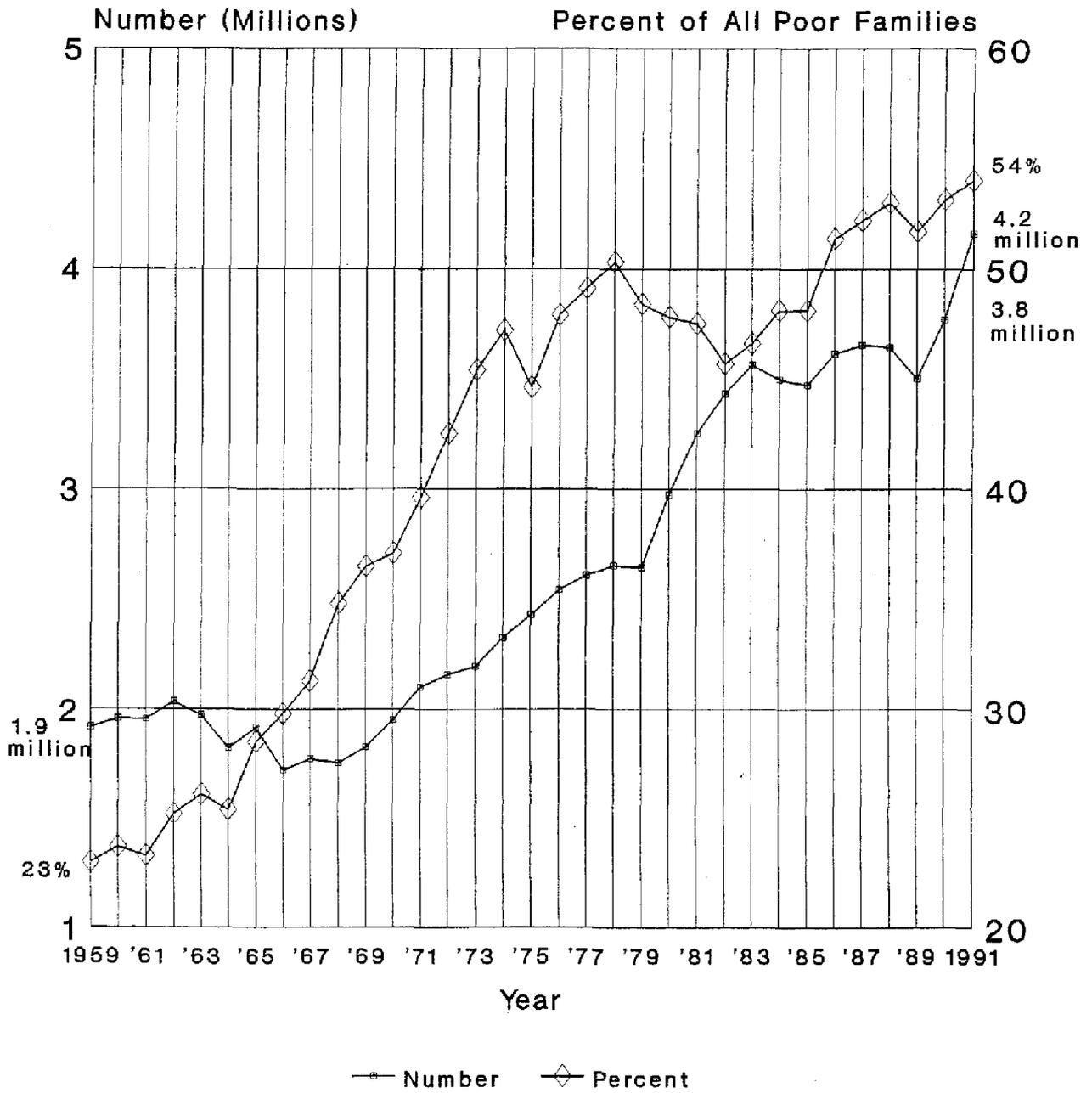
Number of Workers:



3

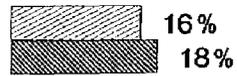
All
 White
 Black
 Hispanic

Female-Headed Families in Poverty -- Number and Percentage of All Poor Families, 1959-1991



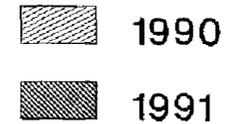
Poverty Rates for Families with Children, by Type of Family, United States, 1990 and 1991

All Families with
Children Under 18

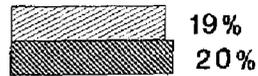


Type of Family:

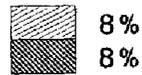
Single-Parent
Female-Headed



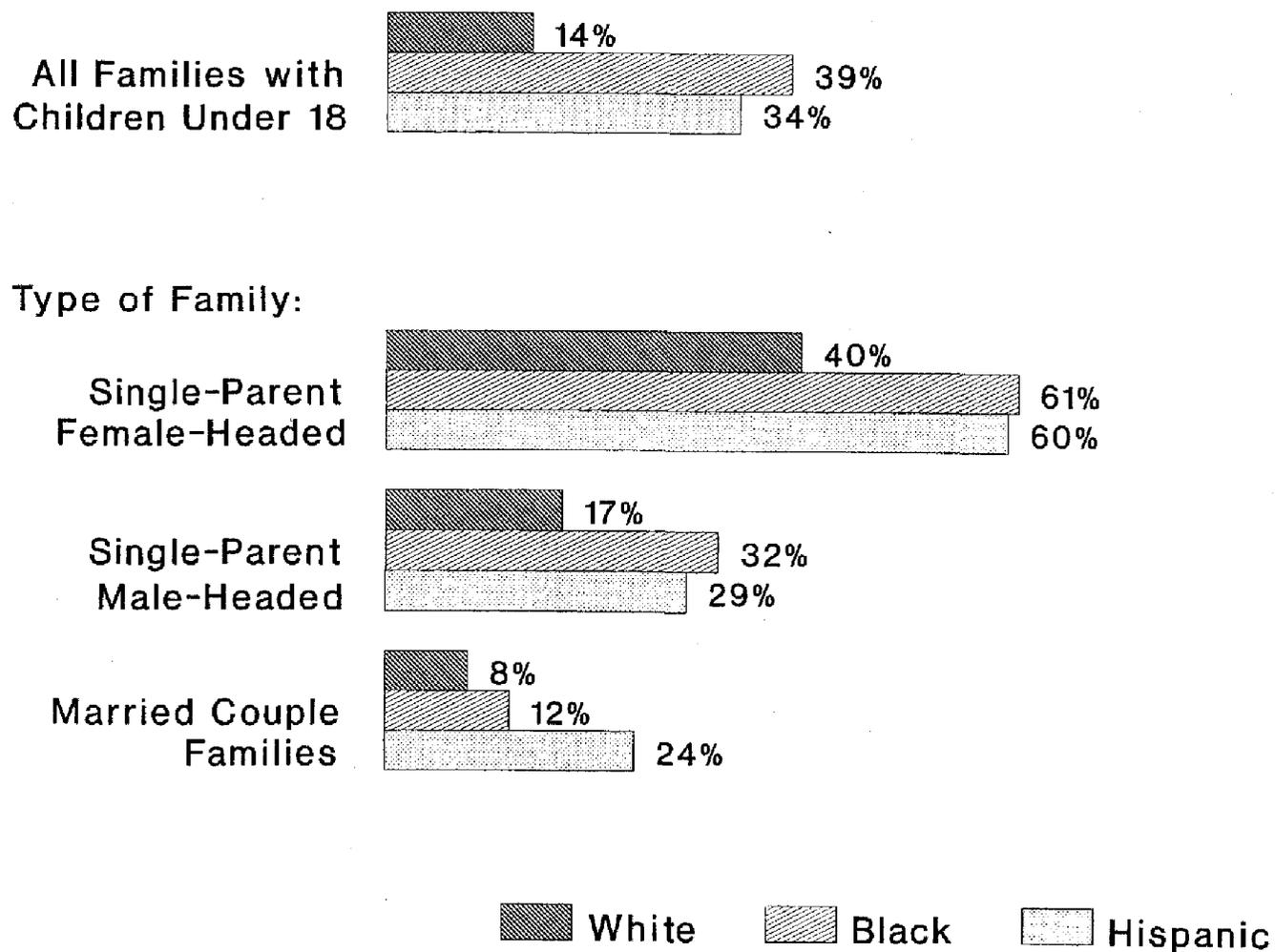
Single-Parent
Male-Headed



Married-Couple
Families



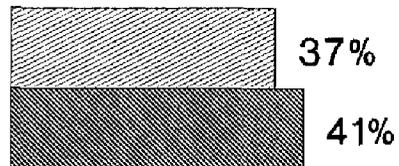
Poverty Rates by Type of Family and Race/Hispanic Origin, United States, 1991



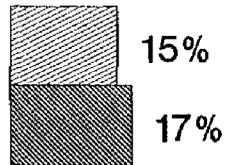
Poverty Rates for Families with Children, by Education of Householder, United States, 1990 and 1991

Education of Householder:

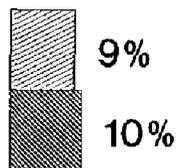
Did Not Complete
High School



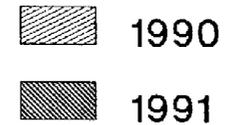
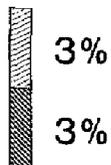
High School Graduate
No College



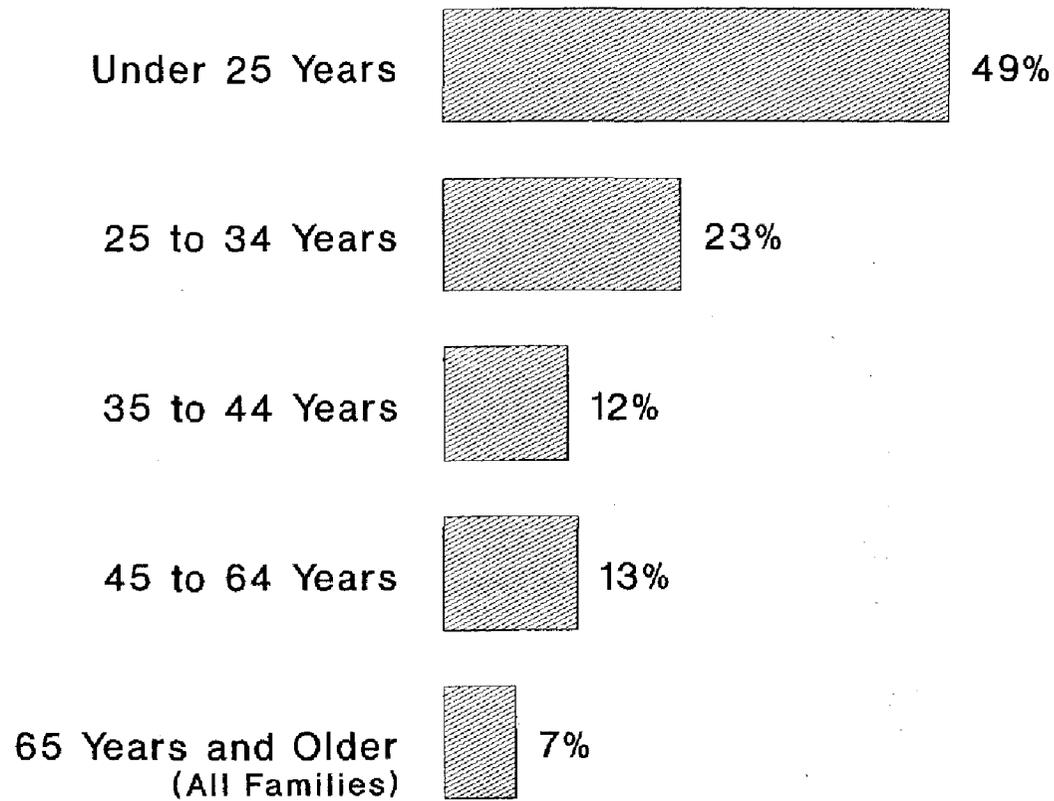
Some College



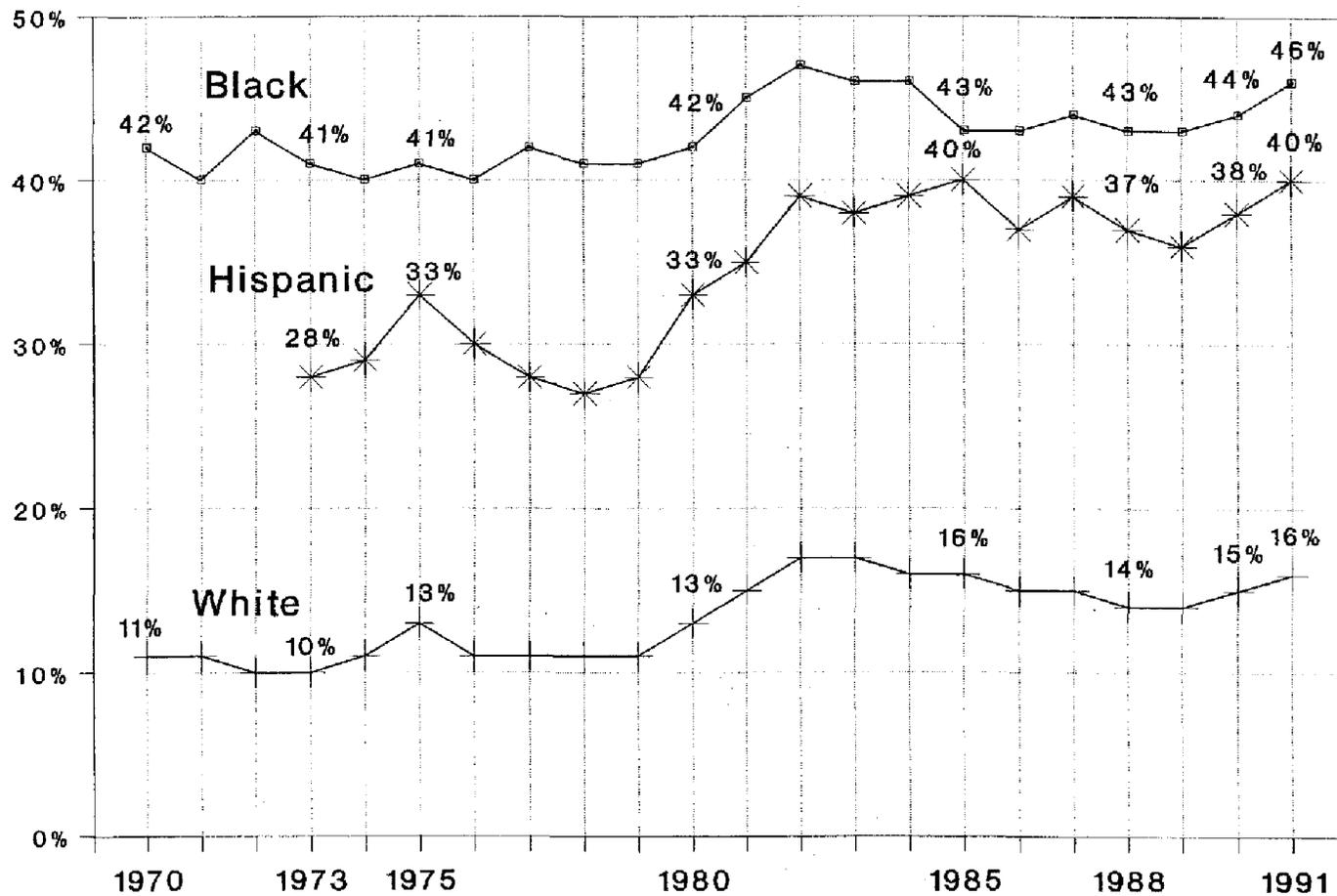
College Graduate



Poverty Rates for Families with Children by Age of Householder, United States, 1991



Related Children Under 18 Living Below the Poverty Line, by Race/Hispanic Origin, 1970-1991



Sources for All Exhibits:

Nicholas Zill and Margaret Daly, Child Trends, Inc., September 1992. Data from:

U.S. Bureau of the Census, Current Population Reports, *Poverty in the United States: 1991*, Series P-60, No. 181.

U.S. Bureau of the Census, Current Population Reports, *Poverty in the United States: 1990*, Series P-60, No. 175.

Page 1: *Poverty in the United States: 1991*, Tables 1-4

Page 2: *Poverty in the United States: 1991*, Table 3

Page 3: *Poverty in the United States: 1991*, Table 19

Page 4: *Poverty in the United States: 1991*, Table C

Pages 5 and 6: *Poverty in the United States: 1990, 1991*, Table 4

Page 7: *Poverty in the United States: 1990, 1991*, Table 11

Page 8: *Poverty in the United States: 1990*, Table 18

Page 9: *Poverty in the United States: 1991*, Table 3