

IX. CHILD POVERTY AND TANF

Annual Federal poverty measures are generated from Census Bureau surveys of household income, looking at the amount of cash income received by the individual or family. Non-cash transfers (e.g., food stamps and housing subsidies) are not included in the income definition, nor are subtractions or additions to income made through the tax system. An individual's or family's poverty status is assessed by comparing total cash income to a standard of basic needs (the poverty threshold) which varies by the size of the family. In 2001, the Federal poverty threshold for a family of four (two adults plus two children) was \$17,960.

The Census Bureau also produces a series of poverty statistics using alternative definitions of income that incorporate other additions and reductions to income, such as capital gains and losses, near-cash transfers, and Federal and State taxes, including the payroll tax and the Earned Income Tax Credit (EITC). Using this expanded definition of income, the child poverty rate decreases to 13.1 percent from the 1996 level of 16.2 percent based on the official definition. Inclusion of the EITC alone removed more than 2.4 million poor children from poverty. (See Table 9.3)

While the poverty rate indicates the proportion of the population that is poor, the poverty gap indicates the income deficit for those in poverty, that is, the amount of money that would be required to raise all poor families to the poverty line. Table 9.3 displays the poverty gap for families with children from 1991 to 2001 using a pre-transfer measure of the poverty gap, the official measure of poverty, and an alternative measure of poverty that includes near-cash transfers and Federal and State taxes, including the EITC.

Between 1996 and 2001, the national child poverty rate fell by 20 percent (from 20.5 percent to 16.3 percent). See Tables 9:1 and 9:2. The decline is even more marked for specific groups: the African American child poverty rate dropped from 39.9 percent to 30.2 percent, the lowest rate on record; the Hispanic child poverty rate dropped from 40.3 percent to 28.0 percent, the largest five year drop on record.

There are also significant differences in the child poverty rate by marital status. In married, two parent families¹, about one child in 12 is poor (8.0 percent), while about 39 percent of the children living in a female-headed, single parent family are poor.

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¹ Two-parent family is defined as married couple families with related children under 18 years.

Income Tax Credit (EITC). Using this expanded definition of income, the 2000 child poverty rate decreases to 12.7 percent from 16.2 percent based on the official definition. Inclusion of the EITC alone removed more than 2.4 million poor children from poverty. (See Table 9:3.)

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While overall child poverty levels are affected by various factors, employment is central to assisting families to escape poverty, and States have made remarkable progress since the enactment of the TANF program in moving families into work. However, many families who have moved to work have not yet escaped poverty. Many States are now focusing more on helping families move beyond taking a job to successfully retaining and advancing in employment. Some measure of how well States are doing in this regard is reflected in the data from the States competing for the TANF High Performance Bonus awards. (Job entry, job retention, and job advancement are the three work measures used in the High Performance Bonus system. See Chapter V. High Performance Bonus.)

In addition, a number of innovative States are using the resources and flexibility under TANF to not only increase employment and reduce dependence but also to directly or indirectly make more income available to aided families. Such strategies include:

Improving child support collections, including increasing the amount of child support collected from non-custodial parents that is passed through to children;

Enacting State refundable tax credits;

Helping families receive food stamps, the Earned Income Tax Credit, other earnings supplements, and wage subsidies and offering more generous earnings disregards;

Helping families during periods between jobs with subsidies to aid quick re-employment efforts;

Providing employment assistance for other family members, such as child-only families where a caretaker relative is not receiving TANF assistance but is seeking employment; and

Increasing the stability of work through employer partnerships that focus on the first job, on job advancement after the first job, and on combinations of work, training, and education.

The TANF Child Poverty Regulation

Congressional concern regarding the effect of the TANF program on the well-being of children led to the enactment, in 1996, of section 413(i) of the Social Security Act. This provision requires the Department to monitor changes in the child poverty rate relative to TANF. If the State experiences an increase in its child poverty rate of five percent or more as a result of the

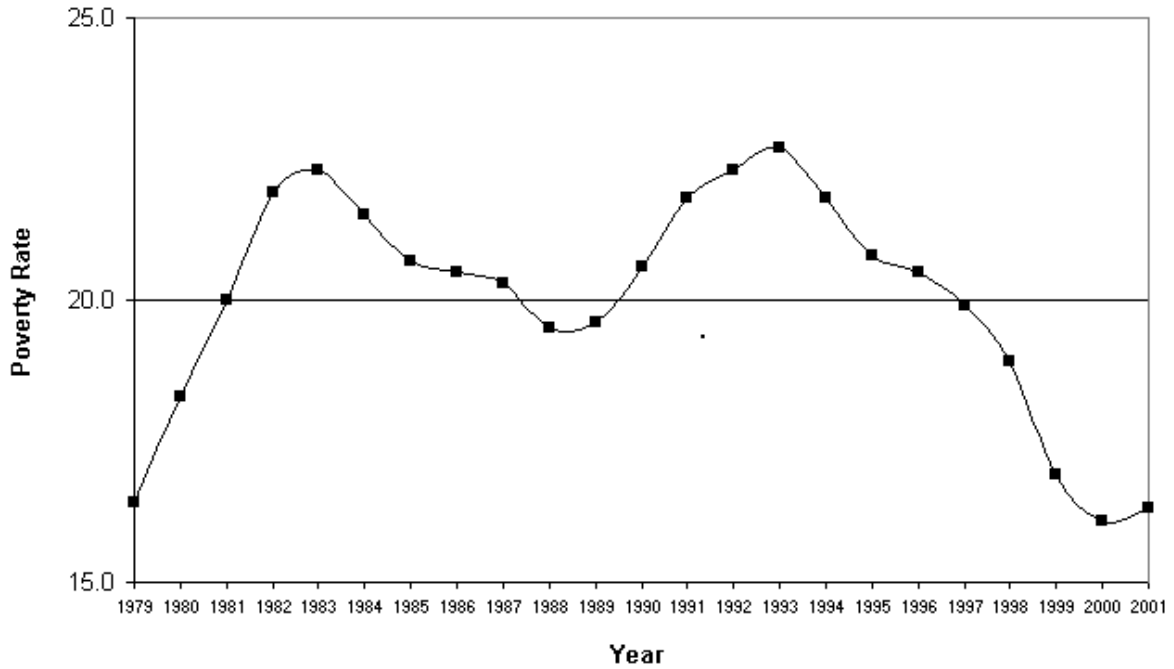
TANF program(s) in the State, it must submit and implement a corrective action plan to reduce the State's child poverty rate.

The Department published a final rule to implement this section of the law on June 23, 2000 (65 FR 39233). To date, based on child poverty rates for 1996, 1997, and 1998, no State was required to submit a corrective action plan or any additional information for these child poverty assessment periods. (See Table 9:4 and Table 9:5.)

Appendices

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Table 9:2	Poverty Rates for All Children for Years 1979-2001
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Table 9:1
Poverty Rate for All Children for Years 1979-2001



Source: U.S. Census Bureau

Table 9:2

Poverty Rate for All Children for Years 1979-2001

Poverty Rate	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Official Measure	16.4	18.3	20.0	21.9	22.3	21.5	20.7	20.5	20.3	19.5	19.6	20.6	21.8	22.3	22.7	21.8	20.8	20.5	19.9	18.9	16.9	16.2	16.3

Source: U.S. Census Bureau

Table 9:3

INCOME POVERTY GAP* FOR ALL FAMILIES WITH CHILDREN 1991 - 2001
 OFFICIAL AND COMPREHENSIVE DEFINITIONS OF INCOME**
 (All Entries Are In Billions of Dollars)

YEAR	PRE-TRANSFER POVERTY GAP	OFFICIAL POVERTY MEASURE GAP	REDUCTION IN GAP (pretransfer - official)	COMPREHENSIVE MEASURE OF POVERTY GAP	REDUCTION IN GAP (pretransfer - comprehensive)
1991	84.2	50.8	33.4	33.2	51.0
1992	87.0	52.7	34.3	35.3	51.7
1993	94.6	56.4	38.2	39.2	55.4
1994	88.1	52.8	35.3	35.4	52.7
1995	78.9	47.0	31.9	27.5	51.4
1996	78.9	48.5	30.4	27.9	51.0
1997	76.1	48.0	28.1	29.4	46.7
1998	67.5	45.1	22.4	27.7	39.8
1999	61.3	40.7	20.6	25.4	35.9
2000	57.1	39.6	17.5	25.7	31.4
2001	60.0	41.5	18.5	27.2	32.8

* The poverty gap indicated the income deficit for those in poverty, that is, it is the amount of money that would be required to raise all poor families to the poverty line. This table displays the poverty gap for all families with children from 1991 to 2001 using a pretransfer measure of the poverty gap; the official measure of income poverty; and alternative definition of income poverty which includes near-cash transfers (e.g., food stamps) and Federal and state taxes including the Earned Income Tax Credit.

**constant 2001 dollars

Source: Special tabulation of Current Population Survey data by the Office of the Assistant Secretary for Planning and Evaluation, HHS.

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Table 9:4

State Estimates for Children Under 18 in Poverty for US: 1996 and 1997

State	1996			1997		
	Point Estimate %	90% Confidence Interval		Point Estimate %	90% Confidence Interval	
		Lower Bound %	Upper Bound %		Lower Bound %	Upper Bound %
United States	20.5	19.8	21.1	19.9	19.2	20.6
Alabama	25.0	23.1	27.0	23.8	21.8	25.7
Alaska	14.8	12.7	17.0	16.2	13.9	18.4
Arizona	24.5	22.2	26.7	23.2	21.2	25.2
Arkansas	25.7	23.5	27.8	25.0	22.8	27.2
California	25.3	23.6	27.0	24.6	22.9	26.3
Colorado	14.3	12.6	16.1	14.6	12.7	16.6
Connecticut	14.8	12.5	17.1	14.7	12.6	16.8
Delaware	15.3	13.5	17.1	15.4	13.6	17.2
District of Col.	36.1	32.9	39.3	33.7	30.2	37.3
Florida	22.3	20.7	23.9	21.8	20.0	23.5
Georgia	23.0	21.2	24.7	22.8	21.0	24.6
Hawaii	17.9	15.4	20.4	16.2	13.7	18.8
Idaho	15.9	13.9	17.9	17.3	15.2	19.3
Illinois	18.4	16.8	19.9	17.5	15.9	19.0
Indiana	13.0	11.2	14.8	14.8	13.0	16.6
Iowa	12.6	10.9	14.3	13.7	11.9	15.5
Kansas	14.3	12.5	16.0	15.4	13.6	17.3
Kentucky	25.5	23.6	27.5	23.1	21.2	25.0
Louisiana	29.9	27.8	32.1	26.0	23.8	28.1
Maine	17.0	14.8	19.2	14.9	12.7	17.1
Maryland	14.4	12.5	16.2	14.9	12.9	16.8
Massachusetts	14.7	12.8	16.5	17.0	14.9	19.0
Michigan	19.0	17.3	20.6	18.0	16.2	19.8
Minnesota	11.7	9.9	13.5	13.1	11.3	15.0
Mississippi	29.9	27.3	32.6	24.5	22.0	26.9
Missouri	18.4	16.5	20.4	17.7	15.9	19.4
Montana	21.6	19.4	23.8	21.3	19.4	23.3
Nebraska	12.7	10.8	14.6	12.6	10.8	14.5
Nevada	13.7	11.8	15.6	15.4	13.5	17.3
New Hampshire	7.8	5.9	9.7	10.0	7.9	12.1
New Jersey	13.8	12.2	15.4	14.8	13.2	16.5
New Mexico	29.8	27.4	32.1	27.5	25.0	29.9
New York	25.2	23.5	27.0	24.7	23.0	26.4
North Carolina	18.8	17.2	20.5	18.6	16.9	20.3
North Dakota	15.0	13.0	17.0	16.8	14.8	18.9
Ohio	17.0	15.4	18.6	16.0	14.5	17.6
Oklahoma	25.1	23.1	27.1	23.7	21.6	25.7
Oregon	17.6	15.5	19.8	16.3	14.1	18.4
Pennsylvania	16.5	14.9	18.0	16.6	15.0	18.1
Rhode Island	17.5	15.6	19.4	17.3	15.4	19.3
South Carolina	23.1	21.1	25.2	23.0	21.0	24.9
South Dakota	18.3	15.9	20.6	19.0	16.8	21.3
Tennessee	21.7	19.6	23.8	18.9	16.9	21.0
Texas	25.8	24.1	27.6	23.6	21.9	25.2
Utah	11.3	9.3	13.3	12.5	10.4	14.5
Vermont	14.9	12.6	17.3	12.7	10.3	15.0
Virginia	16.6	14.9	18.3	17.0	15.3	18.7
Washington	16.7	14.8	18.6	15.2	13.3	17.1
West Virginia	29.8	27.0	32.6	24.7	21.8	27.6
Wisconsin	12.2	10.2	14.2	14.3	12.1	16.4
Wyoming	14.3	12.4	16.3	15.3	13.3	17.4

Note: A one-tailed Z-test for the difference in proportions was used to calculate the change in poverty rates from 1996 to 1997.

Source: U.S. Census Bureau.

Table 9:5

State Estimates for People Under 18 in Poverty for US: 1998
 Estimated Number and Percent Children Under
 Age 18 in Poverty by State: US 1998
 (Estimates model 1998 income reported in the March 1999 Current Population Survey.)

State	People Under Age 18 in Poverty			
	Number		Percent	
	Estimate	90% Confidence Interval	Estimate	90% Confidence Interval
United States	13,466,544	12,979,586 to 13,953,502	18.9	18.2 to 19.6
Alabama	254,628	228,439 to 280,817	23.4	21.0 to 25.8
Alaska	28,014	22,829 to 33,199	14.6	11.9 to 17.4
Arizona	306,865	274,944 to 338,786	22.6	20.3 to 25.0
Arkansas	156,989	137,955 to 176,024	23.5	20.6 to 26.3
California	2,064,698	1,914,647 to 2,214,750	22.8	21.1 to 24.4
Colorado	154,100	130,706 to 177,495	14.2	12.0 to 16.3
Connecticut	108,826	88,475 to 129,178	13.3	10.8 to 15.8
Delaware	27,702	23,420 to 31,984	15.0	12.7 to 17.3
Dist. of Col.	30,381	26,885 to 33,877	30.5	27.0 to 34.0
Florida	791,489	725,207 to 857,770	21.9	20.0 to 23.7
Georgia	455,018	406,216 to 503,819	21.8	19.4 to 24.1
Hawaii	44,568	37,137 to 52,000	15.0	12.5 to 17.5
Idaho	63,682	55,196 to 72,168	17.4	15.1 to 19.8
Illinois	498,804	436,158 to 561,449	15.4	13.5 to 17.4
Indiana	219,858	185,054 to 254,662	14.1	11.9 to 16.4
Iowa	101,774	85,253 to 118,295	13.8	11.5 to 16.0
Kansas	102,867	87,030 to 118,703	14.4	12.2 to 16.6
Kentucky	210,639	187,446 to 233,832	21.2	18.9 to 23.6
Louisiana	312,008	280,811 to 343,204	25.7	23.2 to 28.3
Maine	41,750	34,696 to 48,803	14.2	11.8 to 16.6
Maryland	162,405	129,768 to 195,042	12.6	10.0 to 15.1
Massachusetts	210,430	177,970 to 242,890	14.3	12.1 to 16.5
Michigan	436,156	385,029 to 487,284	16.8	14.9 to 18.8
Minnesota	161,858	131,891 to 191,826	12.6	10.3 to 14.9
Mississippi	184,010	163,118 to 204,902	23.9	21.2 to 26.6
Missouri	242,037	209,279 to 274,796	16.8	14.5 to 19.1
Montana	50,077	44,578 to 55,576	21.9	19.5 to 24.3
Nebraska	62,254	51,856 to 72,652	13.8	11.5 to 16.1
Nevada	73,130	62,182 to 84,078	15.0	12.8 to 17.2
New Hampshire	31,791	24,196 to 39,386	10.6	8.1 to 13.1
New Jersey	270,538	229,776 to 311,300	13.2	11.2 to 15.2
New Mexico	136,557	122,722 to 150,393	27.1	24.4 to 29.9
New York	1,057,946	973,211 to 1,142,681	23.3	21.4 to 25.2
North Carolina	382,481	340,863 to 424,099	19.4	17.3 to 21.5
North Dakota	28,122	24,121 to 32,123	17.3	14.9 to 19.8
Ohio	474,707	420,602 to 528,813	16.4	14.6 to 18.3
Oklahoma	204,309	182,137 to 226,480	23.2	20.7 to 25.7
Oregon	141,997	119,946 to 164,047	16.9	14.2 to 19.5
Pennsylvania	477,943	422,182 to 533,704	16.5	14.6 to 18.5
Rhode Island	40,026	34,162 to 45,891	16.3	13.9 to 18.7
South Carolina	209,935	185,672 to 234,197	21.5	19.1 to 24.0
South Dakota	35,629	29,862 to 41,396	17.6	14.8 to 20.4
Tennessee	254,847	222,164 to 287,529	18.5	16.1 to 20.9
Texas	1,298,486	1,193,514 to 1,403,458	22.4	20.6 to 24.2
Utah	92,016	75,098 to 108,934	12.7	10.3 to 15.0
Vermont	17,913	14,275 to 21,551	12.6	10.0 to 15.1
Virginia	239,939	197,756 to 282,121	14.2	11.7 to 16.7
Washington	206,558	171,280 to 241,836	13.7	11.4 to 16.1
West Virginia	99,572	89,225 to 109,919	24.2	21.7 to 26.7
Wisconsin	188,461	154,689 to 222,233	13.6	11.1 to 16.0
Wyoming	19,757	16,668 to 22,846	15.4	13.0 to 17.8

These estimates were released in August 2001.

Source: U.S. Census Bureau.

