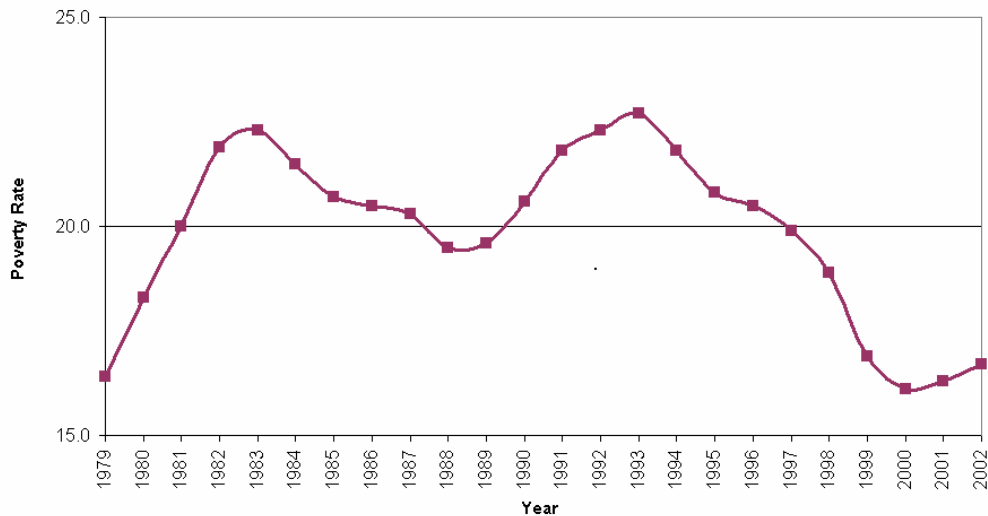


## IX. CHILD POVERTY AND TANF

Annual Federal poverty measures are generated from Census Bureau surveys of household income by 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 a 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 2002, the Federal poverty threshold for a family of four (two adults plus two children) was \$18,244.

Between 1996 and 2002, the national child poverty rate fell by almost 18.5 percent (from 20.5 percent to 16.7 percent). These data are presented in Figure A and Table A. The decline is even more marked for specific groups: the African American child poverty rate dropped from 39.9 percent to 31.5 percent, and the Hispanic child poverty rate dropped from 40.3 percent to 28.6 percent.

**Figure A\***  
**Poverty Rate for All Children for Years 1979-2002**  
**U.S. Census Bureau**



\* Comparable to Table 9:1 in TANF 5th Annual Report to Congress

**Table A\***  
**Poverty Rate for All Children for Years 1979-2002**

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	2002
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	16.7

\* Comparable to Table 9:2 in TANF 5th Annual Report to Congress  
 Source: U.S. Census Bureau

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

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 2002 child poverty rate is reduced to 12.8 percent from 16.7 percent based on the official definition. Inclusion of the EITC alone moved more than 2.4 million poor children above the poverty rate.

While the poverty rate indicates the proportion of the population that is poor, the poverty gap illustrates the income profile of those in poverty by measuring the amount of money that would be required to raise all poor families to the poverty line. Table B displays the poverty gap for families with children from 1991 to 2002 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.

**Table B<sup>1</sup>**  
**Income Poverty Gap\* for All Families with Children 1991 - 2002**  
**Official and Comprehensive Definitions of Income\*\***  
**(Dollars in Billions)**

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	85.5	51.6	33.9	33.7	51.8
1992	88.4	53.4	35.0	35.9	52.5
1993	96.1	57.3	38.8	39.9	56.2
1994	89.5	53.6	35.9	35.9	53.6
1995	80.2	47.8	32.4	27.9	52.3
1996	80.1	49.2	30.9	28.4	51.7
1997	77.3	48.7	28.6	29.8	47.5
1998	68.6	45.8	22.8	28.2	40.4
1999	62.3	41.3	21.0	25.8	36.5
2000	58.0	40.3	17.7	26.1	31.9
2001	61.0	42.2	18.8	27.7	33.3
2002	64.2	43.6	20.6	28.3	35.9

\* 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 2002 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 2002 dollars

<sup>1</sup> Comparable to Table 9.3 in TANF 5th Annual Report to Congress

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

While overall child poverty levels are affected by various factors, earnings are central to assisting families in escaping poverty and States have made remarkable progress since the enactment of TANF 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 (for more information, 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 1996 enactment of section 413(i) of the Social Security Act. This provision requires the Department of Health and Human Services (HHS) 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.

HHS 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, 1998 and 1999, no State was required to submit a corrective action plan or any additional information for these child poverty assessment periods. Child poverty rates by State are presented in Tables C, D and E.

Table C\*

**State Estimates for Children Under 18 in Poverty for US: 1996 and 1997:  
Special Computation for 45 CFR Part 284**

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
Dist. 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.

\* Comparable to Table 9.4 in TANF 5th Annual Report to Congress

Source: U.S. Census Bureau

Table D\*

**State Estimates for Children Under 18 in Poverty for US: 1997 and 1998:  
Special Computation for 45 CFR Part 284**

State	1997			1998		
	Point Estimate %	90% Confidence Interval		Point Estimate %	90% Confidence Interval	
		Lower Bound %	Upper Bound %		Lower Bound %	Upper Bound %
United States	19.9	19.2	20.6	18.9	18.2	19.6
Alabama	23.8	21.8	25.7	23.4	21.0	25.8
Alaska	16.2	13.9	18.4	14.6	11.9	17.4
Arizona	23.2	21.2	25.2	22.6	20.3	25.0
Arkansas	25.0	22.8	27.2	23.5	20.6	26.3
California	24.6	22.9	26.3	22.8	21.1	24.4
Colorado	14.6	12.7	16.6	14.2	12.0	16.3
Connecticut	14.7	12.6	16.8	13.3	10.8	15.8
Delaware	15.4	13.6	17.2	15.0	12.7	17.3
Dist. of Col.	33.7	30.2	37.3	30.5	27.0	34.0
Florida	21.8	20.0	23.5	21.9	20.0	23.7
Georgia	22.8	21.0	24.6	21.8	19.4	24.1
Hawaii	16.2	13.7	18.8	15.0	12.5	17.5
Idaho	17.3	15.2	19.3	17.4	15.1	19.8
Illinois	17.5	15.9	19.0	15.4	13.5	17.4
Indiana	14.8	13.0	16.6	14.1	11.9	16.4
Iowa	13.7	11.9	15.5	13.8	11.5	16.0
Kansas	15.4	13.6	17.3	14.4	12.2	16.6
Kentucky	23.1	21.2	25.0	21.2	18.9	23.6
Louisiana	26.0	23.8	28.1	25.7	23.2	28.3
Maine	14.9	12.7	17.1	14.2	11.8	16.6
Maryland	14.9	12.9	16.8	12.6	10.0	15.1
Massachusetts	17.0	14.9	19.0	14.3	12.1	16.5
Michigan	18.0	16.2	19.8	16.8	14.9	18.8
Minnesota	13.1	11.3	15.0	12.6	10.3	14.9
Mississippi	24.5	22.0	26.9	23.9	21.2	26.6
Missouri	17.7	15.9	19.4	16.8	14.5	19.1
Montana	21.3	19.4	23.3	21.9	19.5	24.3
Nebraska	12.6	10.8	14.5	13.8	11.5	16.1
Nevada	15.4	13.5	17.3	15.0	12.8	17.2
New Hampshire	10.0	7.9	12.1	10.6	8.1	13.1
New Jersey	14.8	13.2	16.5	13.2	11.2	15.2
New Mexico	27.5	25.0	29.9	27.1	24.4	29.9
New York	24.7	23.0	26.4	23.3	21.4	25.2
North Carolina	18.6	16.9	20.3	19.4	17.3	21.5
North Dakota	16.8	14.8	18.9	17.3	14.9	19.8
Ohio	16.0	14.5	17.6	16.4	14.6	18.3
Oklahoma	23.7	21.6	25.7	23.2	20.7	25.7
Oregon	16.3	14.1	18.4	16.9	14.2	19.5
Pennsylvania	16.6	15.0	18.1	16.5	14.6	18.5
Rhode Island	17.3	15.4	19.3	16.3	13.9	18.7
South Carolina	23.0	21.0	24.9	21.5	19.1	24.0
South Dakota	19.0	16.8	21.3	17.6	14.8	20.4
Tennessee	18.9	16.9	21.0	18.5	16.1	20.9
Texas	23.6	21.9	25.2	22.4	20.6	24.2
Utah	12.5	10.4	14.5	12.7	10.3	15.0
Vermont	12.7	10.3	15.0	12.6	10.0	15.1
Virginia	17.0	15.3	18.7	14.2	11.7	16.7
Washington	15.2	13.3	17.1	13.7	11.4	16.1
West Virginia	24.7	21.8	27.6	24.2	21.7	26.7
Wisconsin	14.3	12.1	16.4	13.6	11.1	16.0
Wyoming	15.3	13.3	17.4	15.4	13.0	17.8

Note: A one-tailed Z-test for the difference in proportions was used to calculate the change in poverty rates from 1997 to 1998.

\* Comparable to Table 9:5 in TANF 5th Annual Report to Congress

Source: U.S. Census Bureau

Table E\*

**State Estimates for Children Under 18 in Poverty for US: 1998 and 1999:  
Special Computation for 45 CFR Part 284**

State	1998			1999		
	Point Estimate %	90% Confidence Interval		Point Estimate %	90% Confidence Interval	
		Lower Bound %	Upper Bound %		Lower Bound %	Upper Bound %
United States	18.9	18.2	19.6	17.1	16.5	17.8
Alabama	23.4	21.0	25.8	22.2	19.7	24.7
Alaska	14.6	11.9	17.4	11.2	8.8	13.6
Arizona	22.6	20.3	25.0	18.8	16.3	21.3
Arkansas	23.5	20.6	26.3	21.8	19.2	24.5
California	22.8	21.1	24.4	20.2	18.7	21.8
Colorado	14.2	12.0	16.3	12.0	9.8	14.2
Connecticut	13.3	10.8	15.8	10.2	7.9	12.6
Delaware	15.0	12.7	17.3	14.0	11.5	16.5
Dist. of Col.	30.5	27.0	34.0	29.2	25.2	33.1
Florida	21.9	20.0	23.7	18.5	16.6	20.3
Georgia	21.8	19.4	24.1	18.3	15.9	20.7
Hawaii	15.0	12.5	17.5	14.5	11.9	17.0
Idaho	17.4	15.1	19.8	16.8	14.3	19.4
Illinois	15.4	13.5	17.4	15.0	13.2	16.8
Indiana	14.1	11.9	16.4	11.6	9.2	13.9
Iowa	13.8	11.5	16.0	11.0	8.6	13.3
Kansas	14.4	12.2	16.6	14.3	11.9	16.7
Kentucky	21.2	18.9	23.6	20.2	17.7	22.8
Louisiana	25.7	23.2	28.3	26.4	23.6	29.2
Maine	14.2	11.8	16.6	14.8	12.3	17.3
Maryland	12.6	10.0	15.1	10.1	7.7	12.5
Massachusetts	14.3	12.1	16.5	15.0	12.4	17.7
Michigan	16.8	14.9	18.8	14.2	12.4	16.1
Minnesota	12.6	10.3	14.9	9.3	7.1	11.6
Mississippi	23.9	21.2	26.6	26.1	23.1	29.1
Missouri	16.8	14.5	19.1	16.7	14.3	19.0
Montana	21.9	19.5	24.3	20.2	17.6	22.7
Nebraska	13.8	11.5	16.1	12.5	10.2	14.8
Nevada	15.0	12.8	17.2	15.3	12.9	17.6
New Hampshire	10.6	8.1	13.1	8.2	5.9	10.6
New Jersey	13.2	11.2	15.2	10.9	9.0	12.8
New Mexico	27.1	24.4	29.9	26.4	23.6	29.2
New York	23.3	21.4	25.2	21.0	19.3	22.8
North Carolina	19.4	17.3	21.5	17.3	15.2	19.4
North Dakota	17.3	14.9	19.8	15.6	13.1	18.1
Ohio	16.4	14.6	18.3	16.0	14.1	18.0
Oklahoma	23.2	20.7	25.7	19.7	17.1	22.3
Oregon	16.9	14.2	19.5	15.7	13.3	18.1
Pennsylvania	16.5	14.6	18.5	14.0	12.1	16.0
Rhode Island	16.3	13.9	18.7	16.2	13.5	18.8
South Carolina	21.5	19.1	24.0	19.2	16.7	21.6
South Dakota	17.6	14.8	20.4	15.4	12.4	18.3
Tennessee	18.5	16.1	20.9	18.1	15.8	20.5
Texas	22.4	20.6	24.2	21.8	20.0	23.5
Utah	12.7	10.3	15.0	10.0	7.6	12.3
Vermont	12.6	10.0	15.1	12.3	9.8	14.7
Virginia	14.2	11.7	16.7	12.4	10.1	14.7
Washington	13.7	11.4	16.1	13.1	10.8	15.5
West Virginia	24.2	21.7	26.7	23.8	21.1	26.5
Wisconsin	13.6	11.1	16.0	10.9	8.6	13.3
Wyoming	15.4	13.0	17.8	15.1	12.7	17.5

Note: A one-tailed Z-test for the difference in proportions was used to calculate the change in poverty rates from 1998 to 1999.

\* Comparable to Table 9:5 in TANF 5th Annual Report to Congress

Source: U.S. Census Bureau