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Family - Child Poverty

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Andrea Kane

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To: Cynthia A. Rice/OPD/EOP

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Subject: NCCP Study on Young Children in Poverty

I've pulled the study cited in the 3/15 NYT article off NCCP's web site and done a quick summary (attached). It's one of those glass half full vs half empty stories. The trends are basically going in the right direction, yet the overall picture is still disturbing. To answer your specific question, both the number of poor young children (0-6) and their poverty rate has declined, though they continue to be the poorest group in society. I've also included several other interesting findings. NCCP's comparison of the official and alternative poverty measures is good food for thought for the CEA work group on poverty/income measures. NCCP's findings are basically consistent with the CEA Economic Report on children in poverty.



nccp0316.wp

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Young children in poverty
from 3/12 study by NCCP

	1993	1996
# of children 0-6 in poverty	6.4 million	5.5 million
Young child poverty rate	26%	23%
Extreme young child poverty rate (<50% of federal poverty level)	??	11%
Poor young children with at least one parent working PT or FT	55%	63%
Poor young children in families receiving public assistance	53%	40%
Poor young children relying exclusively on public assistance	31%	20%

Young child poverty is closely correlated with single parenthood, low educational attainment, unemployment and underemployment. However, NCCP attributes the decline in the poverty rate between 1993 and 1996 to increased employment, and primarily to a higher proportion of the population working versus reduced poverty for those who are working. The proportion of families with young children that had no parent employed full-time decreased from 33% to 28% over this period.

Other interesting findings:

- Despite the decline in the number of poor children, the absolute number is still higher than any year between 1975 and 1990.
- Young child poverty rates are highest in urban areas (32%), compared to 27% in rural areas and 16% in suburban areas, but most poor young children live in suburban and rural areas.
- White children make up the largest group of poor young children (34%), but the poverty rate for non-Hispanic blacks and Hispanics is 44% and 42% respectively, compared with 13% for whites. The rate is growing most quickly for Hispanics.
- The poverty rate for young children living in "traditional" two parent families--father employed full-time and mother not employed--more than doubled from 1975 to 1996.
- There is no substantial evidence that state welfare reform efforts contributed to lowering the young child poverty rate from 1993-1996 (perhaps more interesting, the study points to no evidence that welfare reform had a negative impact).

In addition to the official poverty measure used above, NCCP for the first time used an alternative poverty measure which includes the value of food stamps, housing subsidies, school lunch programs, and EITC and subtracts federal, state and payroll taxes. Most notable findings are:

- EITC had a significant impact on driving down poverty--the young child poverty rate would have been 23% higher in 1996 without EITC (note this assumes that everyone who is eligible actually claimed the credit). This underscores the recent CBPP report highlighting the positive impact of EITC on lifting children out of poverty.
- The alternative measure dramatically reduces the number of people living in extreme poverty (less than 50% of the poverty threshold), from 11% to 4%. It substantially increases the number living in near poverty (between 100% and 185% of poverty threshold), from 43% to 49%. Overall, the alternative measure results in a lower poverty rate than the office measure--19% compared to 23%.