The Economic Report of the President: Examining the Economic Well-Being of Children

President Clinton is committed to investing in the future of our children. The Administration has adopted a number of strategies to ensure that children grow up in a economically and socially stable environment. These efforts have resulted in a dramatic improvement in the overall welfare of our children. The Administration will continue to invest in these and other new initiatives to improve upon the gains they have already made.

THE RESULTS

A Decline in the Poverty Rate. The official poverty rate among children trended upward from 1969 to 1993. Recently, however, that trend has been reversed, with the child poverty rate declining by 2.2% between 1993 and 1996. The recent expansion of the Earned Income Tax Credit (EITC) is largely responsible for this reduction.

An Increase in the Availability of Food. The percentage of children living in households without enough to eat has fallen from 4.1% in 1989-1991 to 3.0% in 1994-1996 for all children, and from 13.5% to 9.4% for children in households with incomes below 130% of the poverty line.

An Improvement in the Adequacy and Quality of Housing. The percentage of all households with children living in housing with moderate to severe physical problems fell from 8.7% in 1978 to 7.2% in 1995, and from 18% to 12.9% for very low income renters. In addition, households with children were less likely to live in crowded living situations in 1995 than in 1978: the percentage of people living in housing with more than one person per room dropped from 9.4% to 6.6% for all households and from 21.9% to 17% for low-income rentals.

Lower Infant Mortality Rates. Infant mortality rates fell from 9.8 deaths per 1,000 births in 1989 to 7.2 per 1,000 births in 1996. Mortality rates have also continued to decline since the mid-1980's for all children and youths except those aged 15-19.

Increased Access to Health Care. The proportion of children who are enrolled in Medicaid increased from 16% in 1989 to 23% in 1995. By 1996 all pregnant women and all children under the age of 6 who had family incomes below 133% of the poverty line were eligible for Medicaid. The average number of physician visits per year rose by more than 30% for poor children in fair or poor health, and by more than 10% for poor children in excellent or good health.

More Child Support Payments. From 1992 to 1996 child support payments increased by 50%, to a record $12 billion.

Gains in Educational Test Scores. Results from the National Assessment of Educational Progress (NAEP) suggests that achievement in math, science and reading has improved since the late 1970s. These gains have been especially dramatic for black and Hispanic students in mathematics and science.

CHALLENGES AHEAD

Child Care Quality and Affordability. One study found that 86% of child care centers surveyed provided mediocre or poor care when judged from the perspective of childhood development. Additionally, although there are approximately 10 million children under 13 with employed mothers and family incomes below 200% of poverty level, only approximately 1 million low-level children under 13 receive federally subsidized care.

Educational Standards. 38% of eighth-grade children performed below the basic level in mathematics, as did 40% in science and 30% in reading. United States eighth-graders mathematics scores were below that of children from 20 other nations.

Inequality along Racial and Gender Lines. The poverty rate for black and Hispanic children was 2.5 times that for white children, and the rate for children in female-headed households with no male present was nearly five times that for children in married-couple families.

Increasing Rent Burden. The percentage of households with children that spend more than half their income on housing has increased from 6.5% in 1978 to 11.5% in 1995. For renters with very low incomes the increase has been from 31% to 37.6%.

Levels of Low Birth Weights. The levels of low birth weight have increased slightly, from 7% in 1989 to 7.3% in 1995.

Mortality Rates for 15-19 Year Olds. The mortality rate for this age group has increased since 1985. Homicide rates in this group have more than doubled, and the homicide rate for black adolescents has nearly tripled.

SUCCESSFUL INITIATIVES

A Higher Minimum Wage. The Administration worked successfully to increase the minimum wage from $4.25 to $4.75 per hour in October 1996 and to $5.15 per hour in 1997, bringing the minimum wage to its highest level in real terms since 1984.

An Expanded Earned Income Tax Credit (EITC). In 1993 Congress approved the Administration's proposal to expand the Earned Income Tax Credit. Designed primarily for low-income families with children, the EITC has produced significant increases in the levels of income of working parents.

Welfare Reform. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 dramatically restructured the welfare system to promote work and individual responsibility. The law converted the Aid to Families with Dependent Children (AFDC) into a new block grant, and expanded funding for child care to make it easier for families to move from welfare to work.

Increased Child Support Enforcement. Federal legislation in 1993, 1994 and 1996 included measures to make child support enforcement systems more effective. Tough new penalties and uniform interstate child support laws, among other features, have had a successful impact on child support enforcement.

NEW INITIATIVES

A Renewed Commitment to Safe and Affordable Housing. President Clinton proposes to increase the low-income housing tax-credit, giving States the authority to allocate a fixed pool of tax credits to developers of affordable housing. For 1999, the President proposes increasing the credit from $1.25 to $1.75 per State resident. The Administration also has expanded funding for the HOME investments partnership program to $1.5 billion in fiscal year 1999. This program offers States funding to develop affordable housing options for low-income families.

Further Expanding Children's Access to Health Insurance. The Administration proposes to expand children's health insurance coverage through the new Children's Health Insurance Program (CHIP). This program offers States $24 billion over 5 years to expand health insurance programs for uninsured low-income children. In addition, the President will make enrolling uninsured low-income children in Medicaid and CHIP a priority through outreach campaigns in cooperation with States, business and community groups and health care providers.

Additional Support for Child Care. President Clinton is committed to increasing the affordability and quality of child care for low-income working families. By expanding child care subsidies and after-school care for children, increasing tax credits for child care expenses and improving learning and child care quality, the President fulfills that commitment. The proposal would devote $21.7 billion towards making quality child care an affordable resource for these families.

Improving the Education of Our Children. The President proposes two major initiatives to increase the financial resources available to public schools. The President proposes that $12.4 billion be devoted over 7 years to reduce class sizes in public schools in class grades 1 to 3 nationwide from an average of 22 pupils to an average of 18, and to help school districts hire an additional 100,000 teachers. The funding would also provide funds to States and localities to test new teachers, develop more rigorous teacher testing and certification requirements, and train teachers in effective reading instruction. The President is also proposing Federal tax credits to pay interest on nearly $22 billion in bonds to build and renovate public schools. Half of this new bond authority would be allocated to the 100 school districts with the largest number of low-income children, and the other half would be allocated to the States.

Elizabeth R. Newman
07/16/98 11:29:02 AM

Record Type: Record

To: Jennifer L. Klein/OPD/EOP

cc:
Subject: Statement by the President: America's Children - Key National Indicators of Well-Being

we also put out copies of the reports

--------------------- Forwarded by Elizabeth R. Newman/WHO/EOP on 07/16/98 11:30 AM ---------------------------

Elizabeth R. Newman
07/15/98 03:31:28 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:
Subject: Statement by the President: America's Children - Key National Indicators of Well-Being

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release **July 15, 1998**

**STATEMENT BY THE PRESIDENT
ON THE RELEASE OF
"AMERICA'S CHILDREN: KEY NATIONAL INDICATORS OF WELL-BEING"**

Today, my Administration released an important report card on our nation's children, "America's Children: Key National Indicators of Well-Being." Last year, I called for this yearly report to provide the American people with a portrait of our children in critical areas such as health, education, and economic security.

In this second annual report, we find much to be grateful for -- infant mortality is at an all-time low; the number of children with high blood lead levels, which can cause IQ or behavioral problems, has declined dramatically; more toddlers are up-to-date on their immunizations; more children are entering preschool, improving in math, and moving on to graduate from college; teen pregnancy has decreased; and a majority of parents are reporting that their children are in very good or excellent health. These strides reflect strategic investments in our nation's children, which have always been central to my agenda to prepare America for the twenty-first Century.

The report released today also demonstrates that we must now commit ourselves to making further progress for our children. Unfortunately, substance abuse and cigarette smoking among children are at unacceptable levels; reading scores are stagnant; and too many of our nation's children live in poverty.

We have demonstrated that we can work on a bipartisan basis to address the challenges our children face. That's why, as I said yesterday, I am extremely disappointed that some in Congress have taken actions that threaten to undermine the important progress we have made by failing to provide critical investments for our young people. Our children deserve progress, not partisanship. As we pause to consider this report card on our children, I urge Members of Congress to work together to build a stronger future for our nation's children.

-30-30-30-

Message Sent To: ____

Nicole R. Rabner

07/08/98 08:00:22 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP

cc: Christopher C. Jennings/OPD/EOP, Jennifer L. Klein/OPD/EOP, Neera Tanden/WHO/EOP, Jeanne Lambrew/OPD/EOP

Subject: 1998 Children's Indicators Report

Per your request, below is some general information on the 1998 report, "America's Children: Key Indicators of Well-Being." I am also preparing a detailed memo with a summary of each of the indicators.

Background

This is the second year that the Federal Interagency Forum on Children and Family Statistics (Forum) will release its report, *America's Children: Key Indicators of Well-Being*. In 1997, by Executive Order, President Clinton directed the Forum to produce an annual report on the most important indicators of the well-being of the Nation's children. The report collects, in a single place, regularly measured and representative Federal Government statistics on children (drawn primarily from national surveys and from vital records), as well as points to places where additional data collection is needed. *The newsworthiness of the report is not any specific data (nearly all has been released before), but rather the collection of key statistics , presenting an overall picture of children's well-being.*

Current Release Strategy

While this may change should the report be released in conjunction with a POTUS event, the current release strategy is: NICHD plans to release the report on behalf of the Federal Interagency Forum on Children and Family Statistics on July 15 at 6:00 am, with embargoed copies and an embargoed, explanatory video news release available on July 14th. (As with other statistical reports, there is apparently a prohibition on official comment for an hour after its release.)

Findings of 1998 Report -- Summary

The report shows that children now comprise 26 percent of the population, with ethnic and diversity continuing to rise. It shows some positive trends in the overall condition of the nation's children, including decreases in childhood mortality, particularly infant mortality. The report shows that more children are being immunized (77 percent in 1996 versus 74 percent in 1995), fewer babies are dying in infancy (infant mortality declined from 7.5 deaths per 1,000 births in 1995 to 7.2 in 1996), and dramatically fewer children have high blood lead levels. In addition, the report indicates that the teen birth rate has declined (between 1991 and 1996, from 39 to 34 live births per 1,000) and that more young adults are graduating from college.

However, the report also shows that there is sometimes not enough to eat for children (3 percent in 1994 versus 6 percent in 1996) and there is an increase in the number of low birth weight babies. The report also reveals high levels of cigarette smoking, alcohol consumption, and drug use among children. The number of children without health insurance increased in 1996 to 10.6 million, up from 9.8 million in 1995. The report also shows that not all children are doing equally as well. There has been no significant change in the number of children in poverty (about 20 percent), with children under 18 representing 40 percent of the poverty population, even thought they comprise only a quarter of the general population. Moreover, children in poverty are more likely to experience housing problems and hunger, are less likely to be immunized, and are less likely to have parent working full-time all year.

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EMBARGOED FOR RELEASE AT 6:00 PM E.S.T. ON JULY 9, 1998

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CALIFORNIA, NEW YORK, AND TEXAS HIT HARD BY INCREASES IN YOUNG CHILD POVERTY OVER PAST TWO DECADES: Smaller States also Hit by Large Increases but Child Poverty Falls in New Jersey and Vermont

More than half of the increase in the number of poor young children in the United States over the last two decades can be attributed to the nation's three most populous states, California, New York, and Texas, according to a study released today by the National Center for Children in Poverty (NCCP) at the Columbia School of Public Health. The study, "Young Child Poverty in the States: Wide Variation and Significant Change," found that the number of poor children under age six in California, New York, and Texas rose to an average of 2.0 million in 1992-1996 up from an average of 1.2 million in 1979-1983. The number of poor young children in the United States grew from an average of 4.4 million to an average of 5.9 million over the same period. Nationally, the young child poverty rate (YCPR) increased from 22.0 to 24.7 percent during the period covered by the study—an increase of 12 percent.

California, New York, and Texas each experienced steep rises in their young child poverty rates over the past two decades (24, 21, and 24 percent respectively). Several smaller states also experienced significant increases in their YCPRs during that period, including Oklahoma (53 percent), Montana (51 percent), Arizona (46 percent), West Virginia (45 percent), and Louisiana (40 percent). Two states saw their YCPRs fall dramatically, with a 26 percent drop in New Jersey and a 39 percent fall in Vermont.

Overall, the YCPR increased by more than 20 percent in 15 states and fell by more than 20 percent in five states but due to sample sizes the trends can only be deemed statistically significant in ten states. Seven states (California, Louisiana, Mississippi, New Mexico, New York, Texas, and West Virginia) and the District of Columbia had young child poverty rates that were higher than the national average by a significant margin in 1992-1996. Five of those states

(California, Louisiana, New York, Texas, and West Virginia) also experienced statistically significant increases in their YCPRs between 1979-1983 and 1992-1996. "Our report offers some preliminary insights into state young child poverty trends. As researchers develop a clearer picture of what is behind these divergent state trends, it will help us address young child poverty more effectively as a nation," said Dr. Neil Bennett, NCCP's director of demographic research and co-author of the study, along with Dr. Jiali Li.

The NCCP report is being released at a time when a key deadline in the 1996 federal welfare overhaul has been recently missed. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 requires each of the 50 states to provide an annual current estimate of its child poverty by May 31 of each year, beginning in 1998. If a state's child poverty rate increases by five percent or more and the increase can be attributed to welfare reform, the new law requires the state to file a corrective action plan with the Department of Health and Human Services (DHSS). On May 29 DHHS informed the states that they did not have to submit their child poverty rates and that DHHS will send the states their official child poverty estimates as soon as the Census Bureau develops them. "Congress and President Clinton were absolutely right to require that state child poverty rates be tracked as part of welfare reform," asserted Dr. Larry Aber, the director of NCCP. "But it would be absolutely wrong for any elected official to declare welfare reform a success without knowing its impact on child poverty," Aber added.

NCCP conducted statistical analyses in order to examine the degree to which three demographic factors (single motherhood, parental education, and parental employment) could account for the wide variation in state child poverty trends. Changes in these three variables accounted for all of the change in the YCPR in seven states and none of the change in 12 states. The median percentage of the change in the YCPR that is explained by these variables was 30 percent. "Our research raises a red flag for anyone who thinks that our high rate of young child poverty can be explained by a single demographic factor," said Dr Bennett.

In order to increase the statistical reliability of its state poverty estimates, the study combined the five most recent years of income data (1992-1996) from the U.S. Bureau of the Census and compared it with five years of baseline data from 1979-1983 to track poverty trends in each of the 50 states and the District of Columbia.

# # #

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July 10, 1998

The Honorable William J. Clinton
President of the United States
The White House
Washington, DC 20010

Dear Mr. President,

I am happy to provide you with the following summary of the new Research Brief from the National Center for Children in Poverty (NCCP): "Young Child Poverty in the States-- Wide Variation and Significant Change." This report continues our work on the demography of young child poverty. As you may know, *One in Four: America's Youngest Poor*, described the changing face of young child poverty and illustrated how it cuts across racial and geographic boundaries. Our March 1998 publication, "Young Children in Poverty: A Statistical Update," used an alternative measure of young child poverty to demonstrate the powerful impact of the Earned Income Tax Credit as a tool against young child poverty.

The key findings of the Research Brief include:

Wide Differences Among the States: There is great variation in both trends and levels of young child poverty among the states. Over the last two decades, changes in state young child poverty rates ranged from a 53 percent increase in Oklahoma to a 39 percent fall in Vermont.

More than half of the increase in the average number of poor young children in the United States over the last two decades can be attributed to the nation's three most populous states, California, New York, and Texas. These three states each experienced *disproportionately* steep rises in their young child poverty rates over the past two decades (24, 21, and 24 percent respectively). The number of poor children under age six in California, New York, and Texas rose to an average of 2.0 million in 1992-1996—up from an average of 1.2 million in 1979-1983.

Several smaller states also experienced significant increases in their YCPRs during that period, including Montana (51 percent), Arizona (46 percent), West Virginia (45 percent), and Louisiana (40 percent). Two states saw their YCPRs fall dramatically, with a 26 percent drop in New Jersey in addition to the 39 percent fall in Vermont.

Young Child Poverty is an American Problem: This report confirms that young child poverty is an American problem that affects regions all across the nation. We found states with either high rates of poverty and/or steep increases in their poverty levels in the West (CA), Northeast (NY), South (LA, WV), Southwest (AZ) and in the Rockies (MT).

Welfare Reform: It is still too early to fully evaluate the impact that welfare reform has had on young child poverty rates, as the most recent Census data predate the implementation of the changes in the 1996 federal welfare law. You are well aware that two-thirds of welfare recipients are children. Welfare reform cannot be a success if it leaves millions of children in poverty. It is not enough to end welfare as we know it. We also have to end child poverty as we know it.

As you know, our report is being released at a time when a key deadline in the 1996 federal welfare overhaul has been recently missed. The law requires each of the 50 states to provide an annual current estimate of its child poverty rate by May 31 of each year, beginning in 1998. If a state's child poverty rate increases by five percent or more, and the increase can be attributed to welfare reform, the new law requires the state to file a corrective action plan with the Department of Health and Human Services (DHSS). It is critically important for DHHS to complete the task of developing an appropriate methodology to track year-to-year changes in state child poverty rates.

The Working Poor: It is also important to remember that most poor young children live in working families (63 percent) and that states need to develop strategies to help non-welfare families to get out of poverty.

Demographic Factors: NCCP conducted statistical analyses in order to examine the degree to which three demographic factors (single motherhood, maternal education, and parental employment) could account for the wide variation in state child poverty trends. Changes in these three variables accounted for all of the change in the YCPR in seven states and none of the change in 12 states. The median percentage of the change in the YCPR that is explained by these variables was 30 percent. We also found that immigration constitutes an important but not exclusive factor in the growth of family poverty in the three most populous states: California, New York, and Texas.

Future Research: Over the next year, NCCP intends to intensively examine other factors at the state level--such as economic and policy variables--that affect young child poverty rates, and to issue additional reports.

Leadership from the White House could be critically important in encouraging a "race to the top" among the states to see who can do the most to reduce young child poverty. We at NCCP hope that this report can in some way serve that goal.

I would be happy to brief you in more detail about our research or any other relevant issues at your earliest convenience. My home number is 212-579-2424 and my direct line at NCCP is 212-304-7101. Please do not hesitate to contact me if you should have any further questions.

Sincerely,

J. Lawrence Aber

J. Lawrence Aber
Director

Cc: Bruce Reed
Debra Waxman

Early Childhood Poverty

RESEARCH BRIEF 1

Young Child Poverty in the States—Wide Variation and Significant Change

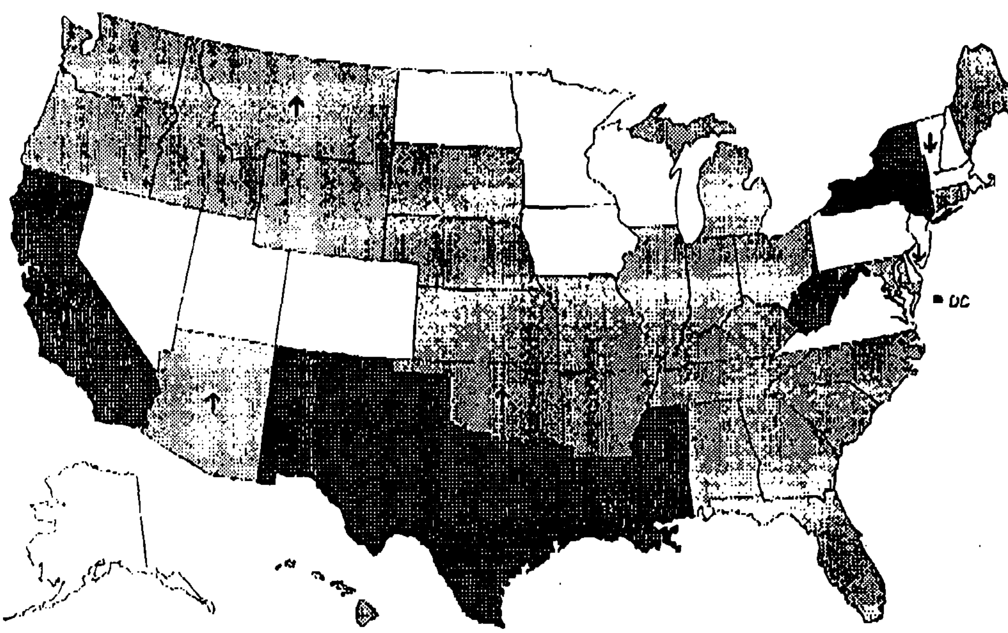
Young Child Poverty in the States—Wide Variation and Significant Change examines the differences in poverty rates for children under age six among the 50 states and the changes that have taken place between 1979–1983 and 1992–1996. The poverty rates are based on data from the Current Population Survey of the U.S. Bureau of the Census, with 1996 being the most recent year for which poverty data have been collected. (Five years of data are aggregated to increase the statistical reliability of the poverty estimates.) This research brief summary provides baseline information on state young child poverty rates to help establish a context in which individual state child poverty trends can be better understood as the nation enters a new era of increased state responsibility for children's well-being.[1]

Highlights from the research brief include the following:

Rates of Poverty, Extreme Poverty, and Near Poverty Among the States

State young child poverty rates (YCPRs) range from under 12 percent in New Hampshire and Utah to 40 percent or more in Louisiana and West Virginia.[2] The District of Columbia and seven states—the large states of California, New York, and Texas, plus Louisiana, Mississippi, New Mexico, and West Virginia—have young-child poverty rates that significantly exceed the 1992–1996 national rate of 24.7 percent. Fifteen states have rates of poverty that are significantly lower than the national rate.

Poverty rates of children under age six, by state, 1992–1996



States with poverty rates significantly lower than the national rate [15]

States with poverty rates similar to the national rate [28]

States with poverty rates significantly higher than the national rate [8]

↑ States where poverty rate increased significantly between 1979–1983 and 1992–1996 [8]

↓ States where poverty rate decreased significantly between 1979–1983 and 1992–1996 [2]

[1] For example, states have vastly increased responsibility for welfare legislation. A key provision of the 1996 federal welfare overhaul (The Personal Responsibility and Work Opportunity Reconciliation Act) requires each state to provide an annual current estimate of its child poverty rate by May 31st, starting in 1998. If that rate exceeds the previous year's rate by more than 5 percent, and this increase can be attributed to the effects of welfare reform, then the state must submit a corrective action plan. The logic of this requirement is clear: two-thirds of welfare recipients are children, and welfare reform cannot be deemed a success if it leads to higher child poverty rates. At this writing, the federal government is still in the process of determining the methodologies necessary for the states to fulfill the obligations outlined for them in the welfare reform act.

[2] Poverty, extreme poverty, and near poverty are defined as living in families with incomes below 100 percent, 50 percent, and 185 percent of the poverty line, respectively. In 1996, the official federal poverty line was $16,036 for a family of four and $12,516 for a family of three. The YCPR is the percentage of children under age six who live in families with incomes below the poverty line.

Extreme poverty among young children varies to an even greater extent across the states. Eight states and the District of Columbia (including the large states of Florida, New York, and Texas) have extreme poverty rates that are significantly higher than the U.S. average of 11.7 percent. Rates are significantly lower than the U.S. average in fifteen states.

The near poverty rate among young children ranges from less than 30 percent in Massachusetts and New Jersey to greater than 60 percent in Mississippi, West Virginia, and the District of Columbia. Eleven states—including California, Florida, and Texas—and the District of Columbia have near poverty rates that are significantly higher than the national average of 44.2 percent, whereas 12 states have rates that are significantly lower than the national rate.

Changes in State Poverty from 1979–1983 to 1992–1996

Nationally, the YCPR climbed from 22.0 to 24.7 percent between 1979–1983 and 1992–1996, an increase of 12 percent. The number of young children in poverty grew from an average of 4.4 million to 5.9 million over that same period. More than half of the total increase (773,000) in the number of poor young children can be attributed to the nation's three most populous states: California, New York, and Texas. Each of the these states experienced disproportionately steep rises in its young child poverty rate (YCPR) over the last two decades and now has a significantly higher rate of young child poverty than the nation as a whole. Collectively, these three states had 28 percent of the children under age six, yet they accounted for 53 percent of the increase in the number of poor young children. Five smaller states also experienced statistically significant increases in their YCPRs, including Oklahoma (53 percent), Montana (51 percent), Arizona (46 percent), West Virginia (45 percent), and Louisiana (40 percent). Two states experienced significant decreases of over 25 percent: New Jersey (26 percent) and Vermont (39 percent).

Overall, the YCPR increased by more than 20 percent in 15 states and fell by more than 20 percent in five states; however, due to sample sizes the trends can only be deemed statistically significant in ten states. The fact that only ten states show statistically significant changes does not imply that other states' YCPRs did not change, even dramatically. For many states the number of individuals interviewed by the Census Bureau was simply insufficient to draw such a conclusion.

Why Do State Poverty Trends Differ?

This research brief from the National Center for Children in Poverty (NCCP) identifies three key demographic factors that help to explain the differences among the states in the growth of their YCPRs—the proportions of young children with: (1) single mothers (family structure), (2) mothers who completed high school (parental education), and (3) at least one parent employed full-time (parental employment).

The increase in the nationwide proportion of young children with single mothers was 25 percent. However, state trends varied from large increases in New Mexico (99 percent), Kentucky (88 percent), Montana (84 percent), and Nebraska (77 percent), to decreases in New Jersey (-15 percent), Arkansas (-6 percent), Maryland (-4 percent), and the District of Columbia (-3 percent).

Variation also existed in the changes of the proportion of young children with mothers who completed high school. The proportion increased nationally by 4 percent, but increases were much more pronounced in Mississippi (17 percent), Arkansas (16 percent), and Indiana (16 percent). The proportion actually decreased in the District of Columbia (-12 percent) and eight states, including Montana (-7 percent) and California (-6 percent).

Although the employment scene improved for the nation over this time period, with a 3 percent increase in the proportion of young children with at least one parent employed full-time, the situation differed dramatically among the states. Full-time employment rates for parents of young children deteriorated in the District of Columbia (-18 percent) and in many states, including New Hampshire (-14 percent) and Connecticut (-13 percent). In contrast, six states saw improvements of 15 percent or more—Alaska (48 percent), Hawaii (21 percent), Arkansas (17 percent), Virginia (16 percent), Delaware (15 percent), and Washington (15 percent).

NCCP's statistical analysis[3] finds that changes in family structure, parental education, and parental employment variables account for all of the change in the YCPR in seven states and none of the change in 12 states. The median percentage of the change in the YCPR that is explained by changes in these variables is substantial—30 percent. NCCP's analysis suggests that all three factors combine to influence rates of states' growth in their YCPRs and that policymakers would do well to recognize that multiple demographic, economic, and policy variables are behind state child poverty trends. Indeed, California, New York, and

[3] Details of these analyses are available from NCCP.

Change in the percentage and number of children under age six in poverty, by state, 1979–1983 to 1992–1996

	1979–1983		1992–1996		% Change	Change in
	Rate	Number	Rate	Number	in rate	number
USA	*22.04*	*4,420,791*	*24.67*	*5,877,075*	*12*	*1,456,284*
Connecticut	14.75	30,440	23.96	67,250	62	36,810
Wyoming	12.50	6,075	19.38	7,710	55	1,635
Oklahoma	**20.94**	**54,643**	**32.03**	**92,384**	**53**	**37,741**
Montana	**17.22**	**14,626**	**25.95**	**20,019**	**51**	**5,393**
Arizona	**19.76**	**49,025**	**28.69**	**124,350**	**48**	**75,325**
West Virginia	**27.65**	**48,739**	**39.99**	**47,962**	**45**	**-777**
Louisiana	**29.14**	**133,557**	**40.65**	**158,447**	**40**	**24,890**
Kentucky	21.37	73,950	29.37	90,042	37	16,092
District of Columbia	33.09	13,791	44.17	23,424	33	9,632
Maryland	13.94	40,545	18.57	94,425	33	53,879
Texas	**24.39**	**358,482**	**30.27**	**572,180**	**24**	**213,698**
California	**23.40**	**516,759**	**28.97**	**950,269**	**24**	**433,510**
Missouri	19.38	81,911	23.95	102,202	24	20,291
New York	**23.76**	**338,754**	**28.76**	**464,551**	**21**	**125,797**
Minnesota	14.30	55,640	17.19	68,142	20	12,503
Ohio	19.55	188,078	23.06	223,470	18	35,392
New Mexico	28.82	39,598	33.99	58,049	18	18,450
North Carolina	20.90	94,869	24.59	144,267	18	49,398
Nevada	14.22	10,790	16.63	20,938	17	10,148
North Dakota	14.79	9,744	17.28	8,613	17	-1,131
Michigan	22.82	188,947	25.75	225,755	13	36,809
Maine	20.20	18,634	22.46	19,567	11	933
Massachusetts	14.99	66,137	16.65	84,557	11	18,420
Wisconsin	14.60	64,074	16.16	73,080	11	9,006
New Hampshire	10.85	7,761	11.85	12,236	9	4,475
Georgia	21.93	107,270	23.74	152,241	8	44,971
Kansas	18.84	41,567	20.23	50,245	7	8,678
Illinois	23.27	232,025	24.27	271,889	4	39,864
Indiana	20.60	107,121	21.47	118,010	4	10,889
Colorado	16.66	43,763	17.23	55,659	3	11,896
Iowa	16.64	41,564	17.09	45,228	3	3,664
Florida	26.35	199,106	26.55	313,231	1	114,125
Washington	18.31	69,858	18.44	89,168	1	19,310
Oregon	20.34	50,535	20.13	51,635	-1	1,101
Nebraska	19.42	29,290	18.71	29,478	-4	188
Tennessee	28.90	114,313	27.83	123,466	-4	9,153
Virginia	18.41	79,434	17.43	92,544	-5	13,110
Mississippi	38.01	87,044	35.49	86,319	-7	-726
South Carolina	25.90	88,330	23.99	74,702	-7	-13,628
Arkansas	30.04	60,633	27.02	59,990	-10	-643
Pennsylvania	20.60	179,593	18.38	179,569	-11	-23
Idaho	24.59	26,458	21.74	22,397	-12	-4,061
South Dakota	24.94	18,767	21.92	13,437	-12	-5,330
Rhode Island	24.47	16,862	20.39	15,266	-17	-1,596
Hawaii	22.03	20,490	18.35	19,015	-17	-1,475
Utah	14.14	32,778	11.36	26,338	-20	-6,440
Alabama	32.46	118,385	25.86	100,936	-20	-17,449
Alaska	18.01	9,452	13.78	8,749	-23	-703
Delaware	20.07	10,709	15.27	8,750	-24	-1,959
New Jersey	**20.88**	**119,125**	**15.37**	**107,412**	**-26**	**-11,713**
Vermont	**21.91**	**10,754**	**13.31**	**7,521**	**-39**	**-3,233**

* States in bold letters had significantly positive or significantly negative growth as indicated. Other states may have had similar changes but because of small sample sizes these changes are not considered statistically significant at a 90 percent confidence interval. Changes in poverty rates are rounded to the nearest whole number.

Texas each has a large and growing immigrant population. In preliminary analyses, NCCP finds that immigration constitutes an important but not exclusive factor in the growth of family poverty in these states. In collaboration with other researchers, NCCP plans to examine these factors in greater depth over the next year.

Conclusion

The dramatic state variation in both the levels of the YCPR and their rate of growth over time underscores the importance of focusing upon poverty at the state level. The analyses described here also suggest the difficulty, given current data sources, of meeting the requirements of the 1996 federal welfare reform to track annual changes of as little as 5 percent in state YCPRs. Substantially larger samples of state populations will be needed to measure meaningful differences in state poverty rates obtained from two adjacent years of data. While methodological advances are needed to track poverty in the states on a year-to-year basis, this challenge cannot be allowed to discourage a vigorous national debate about how to address the problem of widespread young child poverty in a time of growing national prosperity. NCCP hopes that this publication will focus greater attention on young child poverty within individual states and also help to encourage a "race to the top" among the states to find the most effective strategies to prevent young child poverty.

This document summarizes Early Childhood Poverty Research Brief 1. Copies of the full publication are available for $5.00 each from NCCP, 154 Haven Avenue, New York, NY 10032; Tel: (212) 304-7100; Fax: (212) 544-4200 or 544-4201; E-mail: nccp@columbia.edu. Checks should be made payable to Columbia University.

Early Childhood Poverty Research Briefs

This research brief series has been established to present timely research findings on the nature, scope, and impact of young child poverty in the United States, primarily based on analyses by the National Center for Children in Poverty (NCCP). This series will explore the causes and consequences of young child poverty as well as identify promising strategies to reduce the incidence of young child poverty. As with much of NCCP's work, there will be a strong state and local focus on young child poverty and related issues.

Support for this Early Childhood Poverty Research Brief was provided in part by generous funding from the Charles Stewart Mott Foundation in addition to core support from the Carnegie Corporation of New York and the Ford Foundation. NCCP takes responsibility for the facts and opinions presented in the research brief.

Early Childhood Poverty Research Brief 1
Young Child Poverty in the States—
Wide Variation and Significant Change

by Neil G. Bennett, Director of Demographic Research and Analysis and Jiali Li, Associate Research Scientist at NCCP

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NATIONAL CENTER FOR CHILDREN IN POVERTY (NCCP) was established in 1989 at the School of Public Health, Columbia University, with core support from the Ford Foundation and the Carnegie Corporation of New York. The Center's mission is to identify and promote strategies that reduce the number of young children living in poverty in the United States, and that improve the life chances of the millions of children under age six who are growing up poor.

The Center:

- Alerts the public to demographic statistics about child poverty and to the scientific research on the serious impact of poverty on young children, their families, and their communities.
- Designs and conducts field-based studies to identify programs, policies, and practices that work best for young children and their families living in poverty.
- Disseminates information about early childhood care and education, child health, and family and community support to government officials, private organizations, and child advocates, and provides a state and local perspective on relevant national issues.
- Brings together public and private groups to assess the efficacy of current and potential strategies to lower the young child poverty rate and to improve the well-being of young children in poverty, their families, and their communities.
- Challenges policymakers and opinion leaders to help ameliorate the adverse consequences of poverty on young children.

Early Childhood Poverty

RESEARCH BRIEF

1 Young Child Poverty in the States — Wide Variation and Significant Change

by Neil G. Bennett and Jiali Li

NATIONAL CENTER FOR CHILDREN IN POVERTY

Overview

The purpose of this research brief from the National Center for Children in Poverty (NCCP) is to describe levels and trends of young child poverty in the states and to understand some of the important reasons behind the differences across the states. Key findings from the research brief include:

- Considerable variation exists among the states' young child poverty rates (YCPRs). In particular, seven states and the District of Columbia have rates significantly higher than the national average and 15 states have rates that are significantly lower. Young child poverty rates for 1992–1996 ranged from 11 percent in Utah to 41 percent in Louisiana.
- Ten states have experienced significant changes in their YCPRs between 1979–1983* and 1992–1996. Specifically, eight states' YCPRs increased, while the rates of two states decreased. Changes in state young child poverty rates ranged from a 53 percent increase in Oklahoma to a 39 percent fall in Vermont. Nationally, the young child poverty rate (YCPR) increased from 22.0 to 24.7 percent during the period covered by the study —an increase of 12 percent. The number of poor young children in the United States grew from an average of 4.4 million to an average of 5.9 million over the same period.
- California, New York, and Texas each experienced steep increases (24, 21, and 24 percent respectively) in their YCPRs between 1979–1983 and 1992–1996. These increases were significantly higher than the national increase of 12 percent. Indeed, more than half of the increase in the average number of poor young children in the United States over the period covered in this study can be attributed to these three states.
- Three demographic factors—changes in family structure, employment patterns, and educational attainment—accounted for a notable proportion of the changes in state young child poverty rates over the past two decades.

Introduction

With the passage of federal welfare reform in 1996 (The Personal Responsibility and Work Opportunity Reconciliation Act or PRA), accountability for the well-being of low-income families has shifted substantially from the federal government to the states. The legislation requires that each state provide an annual current estimate of its child poverty rate by May 31st, starting in 1998. If that rate exceeds the previous year's rate by more than 5 percent (e.g., from 20 percent to more than 21 percent), and this increase can be attributed to the effects of welfare reform, then the state must submit a corrective action plan. The logic of this requirement is clear: two-thirds of welfare recipients are children[1] and welfare reform cannot be deemed a success if it leads to higher child poverty rates.[2]

As of July 1998, the federal government is in the process of determining two critical methodologies: (1) how to estimate state-level poverty rates and (2) how to isolate the causes of poverty increases so that the conditions underlying the requirement for proposing a corrective action plan can, in fact, be met. With respect to the latter point, it is clear that if such a methodology is unavailable to the states, then it will be impossible to determine whether a corrective action plan is necessary. The federal government is months behind their anticipated schedule of developing the means necessary for the states to fulfill the obligations outlined for them in the welfare reform act.[3]

* This research brief discusses young child poverty since 1979 because NCCP plans to use these statistics as a baseline for a future report that will use alternative measures of poverty—for which the necessary data only became available in 1979—to examine the effects of policy changes on young child poverty rates.

In the end, it may be that the major outcome of the reporting requirement will be simply to help shine a spotlight on the problem of child poverty in the United States: its level, trends over time, differences across states and various subgroups, and its causes and consequences.

This research brief focuses primarily on variation among the 50 states in young child poverty,[4] that is, poverty among children under age six. These young children have the highest poverty rates of any age group and are the most vulnerable to the impact of poverty. Preventing poverty in early childhood can reduce the incidence of several negative outcomes—e.g., costly medical problems, developmental delays, teen pregnancy, and adult unemployment—that are associated with young child poverty.[5] The report addresses three sets of questions:

- For the five-year period prior to the passage and implementation of the PRA, 1992 through 1996,[6] how much did states vary in their YCPRs?
- For the period from the late 1970s/early 1980s (1979–1983) through the early 1990s (1992–1996), how much did states vary in their rates of change in the YCPR?
- Are there key demographic factors that help to explain the differences among the states in the extent to which their YCPRs have changed?

As America enters a new era of increased state responsibility for children's well-being, this report provides baseline information on state child poverty rates to help establish a context in which individual state child poverty trends can be better understood.

State Rates of Poverty, Extreme Poverty, and Near Poverty Among Young Children

For the five-year period prior to the passage and implementation of the PRA, 1992 through 1996, how much did states vary in their YCPRs? Maps 1 through 3 display the poverty, extreme poverty, and near poverty rates of the states according to three categories—whether each state's rate was: (1) statistically similar to the national rate, (2) statistically significantly higher than the national rate, or (3) statistically significantly lower than the national rate. Actual estimates and their associated 90 percent confidence intervals are presented in Appendix Tables 1 through 3.[7]

Map 1 and Appendix Table 1 (Poverty rates of children under age six, by state, 1992–1996) reveal that the economic well-being of young children varied substantially across the United States. (The official poverty threshold in the United States in 1996 was $16,036 for a family of four.) The young child poverty rate ranged from under 12 percent in New Hampshire and Utah to 40 percent or more in Louisiana and West Virginia. The District of Columbia and seven states—the large states of California, New York, and Texas, plus Louisiana, Mississippi, New Mexico, and West Virginia—had young child poverty rates that significantly exceeded the 1992–1996 national rate of 24.7 percent. Fifteen states had rates of poverty that were significantly lower than the national rate. These were distributed around the country and included large states like Pennsylvania and New Jersey and small states like Vermont and North Dakota.

Map 2 and Appendix Table 2 (Extreme poverty rates of children under age six, by state, 1992–1996) show that extreme poverty (the proportion of young children in families with incomes of less than 50 percent of the poverty line) varied to an even greater extent across the states. Fewer than 3 percent of young children in Hawaii and Vermont found themselves in extreme poverty compared to more than 20 percent in Louisiana, Mississippi, West Virginia, and the District of Columbia. All together, eight states (the large states of Florida, New York, and Texas, in addition to New Mexico, Oklahoma, and the latter group just mentioned) and the District of Columbia had extreme poverty rates that were significantly higher than the U.S. average of 11.7 percent. Fifteen states had rates that were significantly lower than the U.S. average.

Last, Map 3 and Appendix Table 3 (Near poverty rates of children under age six, by state, 1992–1996) reveal that the near poverty rate (the proportion of young children in families with incomes below 185 percent of the poverty line)* among young children ranged from less than 30 percent in Massachusetts and New Jersey to greater than 60 percent in Mississippi, West Virginia, and the District of Columbia. Twelve states had near poverty rates that were significantly lower than the national average of 44.2 percent, whereas 11 states—including California, Florida, and Texas—and the District of Columbia had rates that were significantly greater than the national rate.

MAP 1
Poverty rates of children under age six, by state, 1992–1996

States with poverty rates significantly lower than the national rate [15]

States with poverty rates similar to the national rate [28]

States with poverty rates significantly higher than the national rate [8]

* Children in families with incomes between 100 and 185 percent of the federal poverty line are considered near poor because they are served by a number of government assistance programs for low-income people—such as Medicaid, the School Lunch and School Breakfast programs, and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)—that use 185 percent of the poverty line as the upper limit to determine eligibility.

MAP 2

Extreme poverty rates* of children under age six, by state, 1992–1996

States with extreme poverty rates significantly lower than the national rate [15]

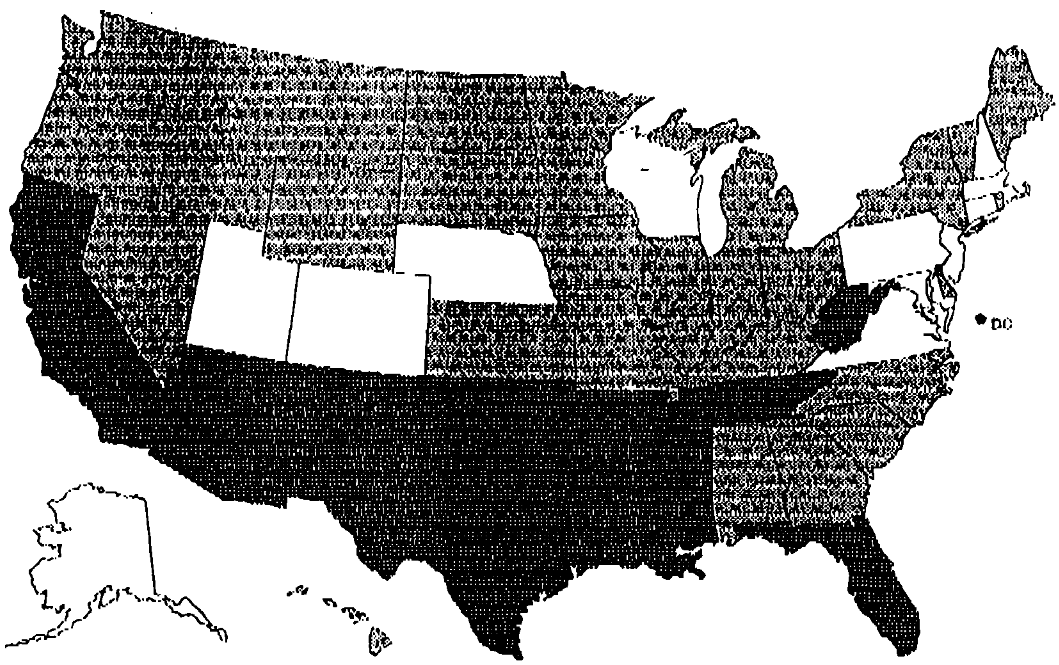
States with extreme poverty rates similar to the national rate [27]

States with extreme poverty rates significantly higher than the national rate [9]

* Children in families with incomes of less than 50 percent of the federal poverty line.

MAP 3

Near poverty rates* of children under age six, by state, 1992–1996



States with near poverty rates significantly lower than the national rate [12]

States with near poverty rates similar to the national rate [27]

States with near poverty rates significantly higher than the national rate [12]

* Children in families with incomes below 185 percent of the federal poverty line.

Changes in State Young Child Poverty Rates from 1979–1983 to 1992–1996

For the period from 1979–1983 through 1992–1996, how much did states vary in their rates of change in their YCPRs? Map 4 and Appendix Table 4 (Change in the percentage of children under age six in poverty, by state, 1979–1983 to 1992–1996) examine the levels of poverty in each of the two time periods and the percentage change that took place in each state. Here, too, there is abundant variation by state. Nationally, the YCPR climbed by 12 percent over the time period observed. The rate appeared to increase by over 20 percent in 15 states, including Connecticut (62 percent), Wyoming (55 percent), Oklahoma (53 percent), and Montana (51 percent). At the same time, the poverty rate decreased by more than 20 percent in five states: Alabama (-20 percent), Alaska (-23 percent), Delaware (-24 percent), New Jersey (-26 percent), and Vermont (-39 percent).

Ten states exhibit statistically significant changes in their YCPRs.[8] In particular, the YCPR increased significantly in eight states—the three largest states in the union, California, New York, and Texas, as well as West Virginia, Louisiana, Oklahoma, Montana, and Arizona (see Appendix Table 4). California, New York, and Texas each experienced disproportionately steep rises in their young child poverty rates over the past two decades (24, 21, and 24 percent respectively). Indeed, these three states accounted for 53 percent (nearly 800,000) of the total national increase of 1.5 million in the average number of poor young children. On the other hand, New Jersey and Vermont are the only states that experienced significant declines in their YCPRs between 1979–1983 and 1992–1996. The fact that only ten states showed statistically significant trends does not imply that other states' YCPRs did not change, even dramatically, over the time period observed. For many states the number of individuals interviewed was simply insufficient to draw such a conclusion.

MAP 4
Change in the percentage of children under age six in poverty, by state, 1979–1983 to 1992–1996

States where poverty rate decreased significantly [2]

States where poverty rate did not change by a statistically significant margin [41]

States where poverty rate increased significantly [8]

Why Do State Poverty Trends Differ?

Are there key demographic factors that help to explain the differences among the states in the extent to which their YCPRs changed? States differ considerably with respect to how they fared over the period 1979–1983 to 1992–1996. This variation may be caused by the possible differences among the states in the trends for a wide range of factors. On the basis of prior research,[9] NCCP focused on three of these variables which are potentially relevant to all of the states: the proportions of children with (1) single mothers (family structure), (2) mothers who completed high school (maternal education), and (3) at least one parent employed full time (parental employment). (See Appendix Table 5.)

Single Motherhood

The increase in the nationwide proportion of young children with single mothers was 25 percent since 1979–1983. However, the change varied from increases of more than three-quarters in New Mexico (99 percent), Kentucky (88 percent), Montana (84 percent), and Nebraska (77 percent), to decreases in the District of Columbia (-3 percent), and the three states of Maryland (-4 percent), Arkansas (-6 percent), and New Jersey (-15 percent).

Maternal Education

Similar variation existed across the states in the changes in the proportion of mothers who completed high school. The proportion increased nationally by 4 percent, but increases were much more pronounced in states such as Mississippi (17 percent; its percentage in 1979–1983 was the lowest among all states), Arkansas (16 percent), and Indiana (16 percent). The proportion actually decreased in the District of Columbia (-12 percent) and eight states, including Montana (-7 percent) and California (-6 percent).

Parental Employment

Although the employment scene generally improved for the nation over this time period, with a 3 percent increase in the proportion of young children with at least one parent employed full time, the situation differed dramatically among the states. The employment environment deteriorated in the District of Columbia (-18 percent) and many states, including New Hampshire (-14 percent) and Connecticut (-13 percent). At the opposite end of the spectrum, six states saw increases of 15 percent or more—Alaska (48 percent), Hawaii (21 percent), Arkansas (17 percent), Virginia (16 percent), Delaware (15 percent), and Washington (15 percent).

NCCP conducted statistical analyses (details of which are available on request) to assess the degree to which these three factors explain the rise or fall of individual state poverty rates. Family structure, maternal education, and parental employment variables account for all of the change in the YCPR in seven states and none of the change in 12 states. The median percentage of the change in the YCPR that is explained by these variables is 30 percent. Thus, once again there is great variation among the states—this time not only in the magnitude of change that they had experienced in the YCPR, but in the degree to which the three factors drove these changes. A summary measure of the distribution across states of the explanatory power of these factors—the 30 percent median—indicates that these factors played an important role in state poverty trends. In many political and policy discussions, either the breakdown of the two-parent family *or* high school dropout rates *or* the lack of full-time employment is cited as the major cause of increases in young child poverty. This analysis suggests that all three factors combine to influence rates of states' growth in the YCPR and that policymakers would do well to monitor each of them closely.

Because this study found that more than half of the national increase in the average number of young children in poverty occurred in California, New York, and Texas, NCCP examined the impact of immigration on the increase in young child poverty in those states. Indeed, each of these states has a large and growing immigrant population. In preliminary analyses, NCCP finds that immigration trends constitute an important, though not exclusive factor in the growth of family poverty in California, New York, and Texas. NCCP is now embarking on further research to refine our understanding of immigration's place in the larger picture of the many elements that influence the economic well-being of children and families in the states.

The effects of additional factors on state YCPRs—especially economic and policy factors—remain to be explored. In collaboration with other researchers, NCCP plans to intensively examine these factors over the next year. These may include, for example, variables that describe a state's business climate, which surely has substantial effects on individual low-income families' economic well-being. A potential state policy variable would be the extent to which a state's child care policies help low-income parents gain access to affordable child care and enter the work force. NCCP will also use an alternative measure of poverty to determine the impact of state tax policies, particularly state earned income tax credits, which are currently available in only ten states.[10]

Conclusion

NCCP has sought in this research brief to describe current variation in young child poverty rates across the 50 states, as well as in the trends that have taken place over the period 1979–1996. This study has been motivated in part by the shift of responsibility for the well-being of low-income families from the federal to state governments.

The dramatic state variation in both the levels of the YCPR and their rates of growth over time underscores the wisdom of focusing on poverty at the state level. The analyses described here, however, highlight the technical difficulty in detecting annual changes of as little as 5 percent in the YCPR, given current data sources. Only ten states experienced statistically significant changes in their YCPRs, in this analysis, as measured by the differences in two five-year averages separated by more than a decade.

The federal government has mandated a focus upon the difference in child poverty rates obtained by comparing consecutive years of data. The U.S. Bureau of the Census is currently engaged in work aimed towards decreasing the uncertainty surrounding poverty estimates by developing new methodologies and supplementing existing data from the Current Population Survey with new data from other sources. It will be difficult to fully judge the impact of welfare reform on children and families until such time as rigorous and sensitive means to detect annual changes in state poverty rates are devised.

The simple analyses presented in this research brief do not by any means yield a comprehensive knowledge of state variation in young child poverty. Yet it is NCCP's hope that this publication will focus greater attention on young child poverty within individual states and also help to encourage a "race to the top" among the states to find the most targeted and effective strategies to prevent young child poverty.

APPENDIX 1
The Interpretation of Confidence Intervals

The poverty rates in this publication were obtained from survey data collected from each state by the U.S. Bureau of the Census. In some instances, the state samples upon which the estimates are based are as small as a few hundred individuals. It is important to recognize the degree to which poverty estimates can fluctuate merely because of small sample sizes. A random sample of 300 people might yield one poverty rate; however, another sample of 300 might result in a rather different rate. The 90 percent confidence intervals shown in the tables detailing the poverty, extreme poverty, and near poverty rates of states reflect this variability. There is a 90 percent probability that the actual poverty rate falls within the upper and lower estimates indicated for each of the states. The precise poverty rates are unknown because the Census Bureau does not interview everyone but instead relies on samples that include only a fraction of the population.

The national young child poverty rate (YCPR) for 1992–1996 was 24.7 percent, with a 90 percent confidence interval of 23.9 to 25.4 percent. There are two reasons that a state would fall in the middle group of states, that is, with a rate that appears to be similar to the national rate: (1) The estimated rate for the state is very close to the national rate—North Carolina is an appropriate example of this, since its estimated rate is 24.6 percent; or (2) the estimated rate is quite low or high, but small sample sizes prevent concluding with certainty that the state rate truly differs from the national rate. Wyoming, which appears to have a relatively low YCPR, 19.4 percent, is a suitable example of this. Once again, there is fair uncertainty about pinpointing that rate due to the small sample size on which that estimated rate was based. In Wyoming's case (and that of other states with small populations), there is a wide confidence interval (in this case, between 12.7 and 26.0 percent). Because the national YCPR of 24.7 percent falls within the possible range for the YCPR of Wyoming, NCCP cannot say that Wyoming has a significantly lower YCPR than the nation as a whole. This is true for the large group of states shown in the middle of Appendix Tables 1 through 3 and Maps 1 through 3. Technically speaking, the uncertainty of the poverty estimates of the states comprising the middle group does not permit one to infer whether true differences exist between their rates and the national rate. None of them, then, has a YCPR that is statistically distinguishable from the national rate. The shorthand description of this concept that is invoked in the text, maps, and tables is simply that these rates are "similar" to the national rate.

On the other hand, the confidence intervals of the District of Columbia and the seven states at the bottom of Appendix Table 1 lie entirely above the national rate of 24.7 percent. Consequently, the District of Columbia and these seven states—California, Louisiana, Mississippi, New Mexico, New York, Texas, and West Virginia—have YCPRs that are significantly higher (in a statistical sense) than the national rate. In contrast, 15 states have YCPRs that are significantly lower than the national rate.

Last, it may be confusing to note that Hawaii, for example, appears to have a lower YCPR than, let's say, Pennsylvania, and yet Pennsylvania falls in the lowest category while Hawaii falls in the middle category. This is due to the fact that the larger sample size for Pennsylvania results in a much narrower confidence interval than the small sample size does for Hawaii. Thus, while the interval for Pennsylvania (15.2 percent to 21.5 percent) falls safely below the confidence interval associated with the national rate—23.9 percent to 25.4 percent—the interval for Hawaii does not.

APPENDIX 2

Discerning the Influence of Key Factors on Changes in State YCPRs

In order to ascertain the extent to which three factors—single motherhood, maternal education, and parental employment—explain changes in individual state poverty rates, two regression analyses were conducted for each state. The dependent variable in both regressions was whether a young child is in poverty.[11] The first regression simply included one independent variable, namely a dummy reflecting the time period 1992–1996. (The omitted variable, reflected in the constant term, referred to the time period 1979–1983.) Thus, the coefficient of the time dummy is identical to the change in the YCPR, positive or negative, that took place between 1979–1983 and 1992–1996.

The second regression added the three control variables to the model. The extent to which the coefficient of the time dummy moved toward zero is the amount of the change that can be attributed to the effects of the three control variables. If the coefficient moves to zero or switches signs, then it can be said that the three variables account for 100 percent of the change observed in the YCPR. In the latter instance, the poverty rate actually would have increased, for example, rather than decreased had it not been for the trends in the state's three factors. If the coefficient moves further away from zero, then it can be said that the factors account for none of the change in the YCPR, because the YCPR actually would have increased (or decreased) further had the observed trends in the three control variables not taken place.

Endnotes

1. U.S. Department of Health and Human Services, Administration for Children and Families. (1996). *Characteristics and financial circumstances of AFDC recipients: FY 1993.* Washington, DC: U.S. Department of Health and Human Services.

2. See Collins, A. & Aber, J. L. (1997). *How welfare reform can help or hurt children* (Children and Welfare Reform Issue Brief 1). New York, NY: National Center for Children in Poverty, Columbia School of Public Health.

3. On May 29th the U.S. Department of Health and Human Services (DHHS) issued a "Program Instruction" to all state agencies administering the Temporary Assistance for Needy Families (TANF) program, informing them that the states need not submit their estimates of their child poverty rates for the time being. Rather, DHHS will send the states child poverty estimates as soon as the U. S. Bureau of the Census develops them. The particular methodology by which child poverty rates should be estimated and how the requirement for a corrective action plan will be carried out will be contained in a Notice of Proposed Rulemaking, which is scheduled to be published in summer 1998.

4. State-specific estimates of young child poverty rates do not yet take into account differences in the cost of living by state. This data is simply not available and the differences are substantial. The federal government, for example, has determined that in 1996 the fair market rent including utilities for a two-bedroom apartment in Birmingham, Alabama was $447, while it was $817 in New York City. NCCP will address this issue in a subsequent work.

5. Duncan, G. J. & Brooks-Gunn, J. (Eds.). *Consequences of growing up poor.* New York, NY: Russell Sage Foundation.

6. It is not possible at this time to study the impact of federal welfare reform, in the form of the Temporary Assistance for Needy Families (TANF) program, on young child poverty because the reform was implemented only in late 1996. For a brief discussion of the possible impact of state-initiated welfare changes on the YCPR, see p. 12 of: Li, J. & Bennett, N. (1998). *Young children in poverty: A statistical update. March 1998 Edition.* New York, NY: National Center for Children in Poverty, Columbia School of Public Health. Data for 1997 will be available fall 1998.

7. All poverty estimates are based on data from the March Current Population Surveys (CPS), conducted annually by the U.S. Bureau of the Census. The CPS is a nationally representative survey of approximately 50,000 households. For an in-depth discussion of the interpretation of confidence intervals, see Appendix 1.

8. Statistical significance is measured at the .10 level. Thus, for each of these ten states there is a 90 percent probability that the actual change in the YCPR is different from zero. The precise changes in poverty rates are unknown because the Census Bureau does not interview everyone in a given state for a particular time period, but instead relies on samples that include only a fraction of the population.

9. See, for example, Li & Bennett in endnote 6 and National Center for Children in Poverty. (1996). *One in four: America's youngest poor.* New York, NY: National Center for Children in Poverty, Columbia School of Public Health.

10. The ten states that supplement the federal EITC program with their own are Iowa, Kansas, Maryland, Massachusetts, Minnesota, New York, Oregon, Rhode Island, Vermont, and Wisconsin.

11. Typically, one does not apply ordinary least squares regression analysis when the dependent variable is dichotomous. Here it is done for ease of explication. Logistic regression analyses yield findings that are consistent with those that are described.

APPENDIX TABLE 1

Poverty rates of children under age six, by state, 1992–1996

	Poverty rate (%)	Number of children		Confidence interval (90%)	
		In poverty	Total	Lower	Upper
USA	**24.7**	**5,877,088**	**23,827,204**	**23.9**	**25.4**
States with poverty rates significantly lower than the national rate					
Alaska	13.8	8,749	63,409	9.5	18.0
Colorado	17.2	55,659	323,119	11.6	22.9
Delaware	15.3	8,750	57,297	9.3	21.3
Iowa	17.1	45,228	264,617	11.8	22.4
Massachusetts	16.6	84,557	507,916	13.3	20.0
Minnesota	17.2	68,142	396,345	11.6	22.8
Nevada	16.6	20,936	125,914	11.1	22.1
New Hampshire	11.9	12,236	103,215	6.5	17.2
New Jersey	15.4	107,412	698,922	12.4	18.4
North Dakota	17.3	8,614	49,905	11.6	23.0
Pennsylvania	18.4	179,560	976,732	15.2	21.5
Utah	11.4	26,338	231,845	7.6	15.1
Vermont	13.3	7,521	56,502	8.0	18.6
Virginia	17.4	92,544	530,930	12.2	22.6
Wisconsin	16.2	73,080	452,219	11.1	21.2
States with poverty rates similar to the national rate					
Alabama	25.9	100,936	390,292	19.7	32.1
Arizona	28.9	124,350	430,433	23.0	34.8
Arkansas	27.0	59,990	222,046	20.7	33.3
Connecticut	24.0	67,250	280,726	16.7	31.2
Florida	26.6	313,231	1,179,708	23.3	29.9
Georgia	23.7	152,241	641,174	18.0	29.5
Hawaii	18.3	19,015	103,640	12.3	24.4
Idaho	21.7	22,397	103,016	16.2	27.3
Illinois	24.3	271,880	1,120,426	20.9	27.6
Indiana	21.5	118,010	549,748	15.6	27.3
Kansas	20.2	50,245	248,334	14.8	25.7
Kentucky	29.4	90,042	306,544	22.4	36.3
Maine	22.4	19,567	87,170	15.2	29.6
Maryland	18.6	94,425	508,309	13.0	24.1
Michigan	25.7	225,756	876,795	22.2	29.2
Missouri	23.9	102,202	426,772	17.2	30.7
Montana	25.9	20,019	77,160	19.8	32.1
Nebraska	18.7	29,478	157,568	13.4	24.0
North Carolina	24.6	144,267	586,772	20.8	28.4
Ohio	23.1	223,470	969,149	19.7	26.5
Oklahoma	32.0	92,384	288,395	25.4	38.7
Oregon	20.1	51,635	256,487	13.7	26.5
Rhode Island	20.4	15,266	74,879	13.2	27.5
South Carolina	24.0	74,702	311,445	18.0	30.0
South Dakota	21.9	13,437	61,295	16.2	27.6
Tennessee	27.8	123,466	443,652	21.4	34.3
Washington	18.4	89,168	483,589	12.9	24.0
Wyoming	19.4	7,710	39,780	12.7	26.0
States with poverty rates significantly higher than the national rate					
California	29.0	950,269	3,280,728	26.6	31.3
District of Columbia	44.2	23,424	53,032	35.9	52.4
Louisiana	40.6	158,447	389,800	33.5	47.8
Mississippi	35.5	86,319	243,200	28.9	42.1
New Mexico	34.0	58,049	170,783	27.8	40.1
New York	28.8	404,551	1,015,424	26.0	31.5
Texas	30.3	572,180	1,889,067	27.1	33.4
West Virginia	40.0	47,963	119,936	31.8	48.2

APPENDIX TABLE 2

Extreme poverty rates of children under age six, by state, 1992–1996

	Extreme poverty rate (%)	Number of children		Confidence interval (90%)	
		In poverty	Total	Lower	Upper
USA	**11.7**	**2,766,214**	**23,827,204**	**11.1**	**12.2**
States with extreme poverty rates significantly lower than the national rate					
Alaska	3.5	2,225	63,409	1.2	6.8
Delaware	5.4	3,087	57,297	1.6	9.1
Hawaii	2.7	2,766	103,648	0.2	5.2
Idaho	7.5	7,732	103,016	4.0	11.0
Iowa	6.9	18,206	264,617	3.3	10.4
Massachusetts	7.9	39,908	507,916	5.4	10.3
Minnesota	4.6	18,361	396,345	1.5	7.8
New Hampshire	6.1	6,260	103,215	2.1	10.0
Pennsylvania	8.6	84,434	976,732	6.4	10.9
Utah	3.4	7,931	231,845	1.3	5.6
Vermont	2.7	1,549	56,502	0.2	5.3
Virginia	6.8	36,291	530,930	3.4	10.3
Washington	4.9	23,571	483,589	1.8	8.0
Wisconsin	5.4	24,339	452,219	2.3	8.5
Wyoming	6.7	2,657	39,768	2.5	10.9
States with extreme poverty rates similar to the national rate					
Alabama	14.7	57,434	390,292	9.7	19.7
Arizona	12.9	55,336	430,433	8.5	17.2
Arkansas	12.2	27,176	222,046	7.6	16.9
California	9.7	319,344	3,280,728	8.2	11.3
Colorado	8.6	27,709	323,119	4.4	12.8
Connecticut	8.3	23,304	280,720	3.6	13.0
Georgia	13.8	88,551	641,174	9.1	18.5
Illinois	13.6	152,502	1,120,426	11.0	16.3
Indiana	8.7	47,917	549,748	4.7	12.8
Kansas	7.9	19,515	248,334	4.2	11.5
Kentucky	16.3	49,990	306,544	10.7	22.0
Maine	9.4	8,164	87,170	4.4	14.4
Maryland	9.1	46,439	508,369	5.0	13.3
Michigan	14.6	127,917	876,795	11.8	17.4
Missouri	11.1	47,284	426,772	6.1	16.0
Montana	10.1	7,802	77,160	5.9	14.3
Nebraska	8.8	13,884	157,568	4.9	12.7
Nevada	9.4	11,800	125,914	5.1	13.7
New Jersey	8.9	62,524	698,922	6.6	11.3
North Carolina	11.9	69,595	586,772	9.0	14.7
North Dakota	8.3	4,102	49,005	4.2	12.5
Ohio	12.5	121,264	969,149	9.8	15.2
Oregon	8.2	20,918	256,487	3.8	12.5
Rhode Island	8.6	6,431	74,079	3.6	13.6
South Carolina	13.0	40,624	311,445	8.3	17.8
South Dakota	13.1	8,035	61,295	8.5	17.7
Tennessee	14.9	66,020	443,652	9.8	20.0
States with extreme poverty rates significantly higher than the national rate					
District of Columbia	26.3	13,928	53,032	19.0	33.6
Florida	15.3	180,698	1,179,706	12.6	18.0
Louisiana	24.3	94,631	389,600	18.0	30.5
Mississippi	23.1	56,134	243,200	17.3	28.9
New Mexico	18.3	31,193	170,793	13.2	23.3
New York	14.6	239,037	1,615,424	12.7	16.6
Oklahoma	18.4	53,005	288,395	12.9	23.9
Texas	14.8	279,260	1,889,967	12.4	17.2
West Virginia	22.0	26,388	119,935	15.1	28.9

APPENDIX TABLE 3

Near poverty rates of children under age six, by state, 1992–1996

	Near poverty rate (%)	Number of children		Confidence interval (90%)	
		In poverty	Total	Lower	Upper
USA	**44.2**	**10,531,508**	**23,827,204**	**43.3**	**45.1**
States with near poverty rates significantly lower than the national rate					
Alaska	31.7	20,094	63,469	25.9	37.4
Colorado	35.4	114,407	323,110	28.3	42.5
Connecticut	32.6	91,641	280,720	24.7	40.6
Maryland	35.2	178,970	500,369	28.4	42.0
Massachusetts	29.9	152,034	507,916	25.8	34.1
Nebraska	35.7	56,225	157,568	29.2	42.2
New Hampshire	30.0	30,931	103,215	22.4	37.6
New Jersey	27.7	193,577	698,922	24.0	31.4
Pennsylvania	35.7	348,638	976,732	31.8	39.6
Utah	35.4	82,120	231,845	29.8	41.0
Virginia	33.2	176,406	530,930	26.8	39.7
Wisconsin	30.4	137,598	452,219	24.1	36.8
States with near poverty rates similar to the national rate					
Alabama	45.7	178,465	390,292	38.7	52.8
Delaware	39.0	22,330	57,297	30.8	47.1
Georgia	43.8	280,893	641,174	37.1	50.5
Hawaii	39.5	40,906	103,648	31.9	47.1
Idaho	51.5	53,060	103,016	44.8	58.2
Illinois	40.3	451,858	1,120,428	36.5	44.1
Indiana	43.3	238,167	549,740	36.2	50.4
Iowa	40.9	108,117	264,617	33.9	47.8
Kansas	41.1	101,976	248,334	34.4	47.8
Kentucky	47.8	146,449	306,544	40.1	55.4
Maine	40.9	35,659	87,170	32.4	49.4
Michigan	41.8	366,764	876,795	37.9	45.8
Minnesota	36.6	145,003	396,346	29.4	43.8
Missouri	50.5	215,685	426,772	42.6	58.4
Montana	52.0	40,130	77,160	45.0	59.0
Nevada	38.2	48,046	125,914	31.0	45.3
New York	46.1	744,077	1,615,424	43.1	49.1
North Carolina	44.7	262,040	586,772	40.3	49.0
North Dakota	38.1	19,010	49,905	30.8	45.4
Ohio	42.6	413,097	969,140	38.0	46.6
Oregon	47.8	122,702	256,487	39.9	55.8
Rhode Island	37.9	28,400	74,879	29.3	46.5
South Carolina	50.7	157,920	311,445	43.6	57.8
South Dakota	43.7	26,764	61,295	36.9	50.5
Vermont	38.0	21,466	56,502	30.4	45.5
Washington	38.5	186,125	483,589	31.5	45.5
Wyoming	45.1	17,941	39,708	36.7	53.5
States with near poverty rates significantly higher than the national rate					
Arizona	53.1	228,665	430,433	46.6	59.6
Arkansas	56.2	124,737	222,046	49.1	63.2
California	48.9	1,603,206	3,280,728	46.3	51.5
District of Columbia	63.4	33,598	53,032	55.4	71.4
Florida	49.0	578,378	1,179,706	45.3	52.7
Louisiana	55.3	215,659	389,800	48.1	62.6
Mississippi	61.5	149,620	243,200	54.8	68.2
New Mexico	58.8	100,458	170,793	52.4	65.2
Oklahoma	53.4	153,902	288,395	46.3	60.5
Tennessee	54.2	240,357	443,652	47.0	61.4
Texas	51.5	973,683	1,889,967	48.1	54.9
West Virginia	61.3	73,547	119,935	53.2	69.5

APPENDIX TABLE 4

Change in the percentage and number of children under age six in poverty, by state, 1979–1983 to 1992–1996

	1979–1983		1992–1996		% Change	Change in
	Rate	Number	Rate	Number	in rate	number
USA	**22.04**	**4,420,791**	**24.87**	**5,877,075**	**12**	**1,456,284**
Connecticut	14.75	30,440	23.96	67,250	62	36,810
Wyoming	12.60	6,075	19.38	7,710	55	1,635
Oklahoma	***20.94***	***54,643***	***32.03***	***92,384***	***53***	***37,741***
Montana	***17.22***	***14,626***	***25.95***	***20,019***	***51***	***5,393***
Arizona	***19.76***	***49,025***	***28.89***	***124,350***	***46***	***75,325***
West Virginia	***27.65***	***48,739***	***39.89***	***47,962***	***45***	***-777***
Louisiana	***29.14***	***133,557***	***40.65***	***158,447***	***40***	***24,890***
Kentucky	21.37	73,950	29.37	90,042	37	16,092
District of Columbia	33.09	13,701	44.17	23,424	33	9,632
Maryland	13.94	40,545	18.57	94,425	33	53,879
Texas	***24.39***	***358,482***	***30.27***	***572,180***	***24***	***213,698***
California	***23.40***	***516,759***	***28.97***	***950,269***	***24***	***433,510***
Missouri	19.38	81,911	23.95	102,202	24	20,291
New York	***23.75***	***338,754***	***28.76***	***464,551***	***21***	***125,797***
Minnesota	14.30	55,640	17.19	68,142	20	12,503
Ohio	19.55	188,078	23.08	223,470	18	35,392
New Mexico	28.62	39,598	33.99	58,049	18	18,450
North Carolina	20.90	94,869	24.59	144,267	18	49,398
Nevada	14.22	10,790	16.63	20,938	17	10,148
North Dakota	14.79	9,744	17.26	8,613	17	-1,131
Michigan	22.82	188,947	25.75	225,755	13	36,808
Maine	20.20	18,634	22.46	19,567	11	933
Massachusetts	14.99	66,137	16.65	84,557	11	18,420
Wisconsin	14.60	64,074	16.18	73,080	11	9,006
New Hampshire	10.85	7,761	11.86	12,236	9	4,475
Georgia	21.93	107,270	23.74	152,241	8	44,971
Kansas	18.84	41,567	20.23	50,245	7	8,678
Illinois	23.27	232,025	24.27	271,889	4	39,864
Indiana	20.60	107,121	21.47	118,010	4	10,889
Colorado	16.66	43,763	17.23	55,659	3	11,896
Iowa	16.64	41,564	17.09	45,228	3	3,664
Florida	26.35	199,106	26.55	313,231	1	114,125
Washington	18.31	69,858	18.44	89,168	1	19,310
Oregon	20.34	50,535	20.13	51,636	-1	1,101
Nebraska	19.42	29,290	18.71	29,478	-4	188
Tennessee	28.90	114,313	27.83	123,466	-4	9,153
Virginia	18.41	79,434	17.43	92,544	-5	13,110
Mississippi	38.01	87,044	35.49	86,318	-7	-726
South Carolina	25.90	88,330	23.99	74,702	-7	-13,628
Arkansas	30.04	60,633	27.02	59,990	-10	-643
Pennsylvania	20.60	179,593	18.38	179,569	-11	-23
Idaho	24.59	26,458	21.74	22,397	-12	-4,061
South Dakota	24.94	18,767	21.92	13,437	-12	-5,330
Rhode Island	24.47	16,862	20.39	15,266	-17	-1,596
Hawaii	22.03	20,490	18.35	19,015	-17	-1,475
Utah	14.14	32,778	11.30	26,338	-20	-6,440
Alabama	32.40	118,385	25.86	100,936	-20	-17,449
Alaska	18.01	9,452	13.78	8,749	-23	-703
Delaware	20.07	10,709	16.27	8,750	-24	-1,959
New Jersey	***20.88***	***119,125***	***15.37***	***107,412***	***-28***	***-11,713***
Vermont	***21.91***	***10,754***	***13.31***	***7,521***	***-39***	***-3,233***

* States in bold italic letters had significantly positive or significantly negative growth as indicated. Other states may have had similar changes but because of small sample sizes these changes are considered statistically insignificant. Changes in poverty rates are rounded to the nearest whole number.

APPENDIX TABLE 5

Percentage of children under age six living with mother only, whose mothers have completed high school, and with at least one parent employed full time, by state, 1979–1983, 1992–1996, and percentage change

	% living with mother only			% mothers completed high school			% with at least one parent employed full time		
	1979–83	1992–96	% change	1979–83	1992–96	% change	1979–83	1992–96	% change
USA	**19.23**	**23.99**	**24.77**	**78.71**	**82.00**	**4.18**	**64.98**	**66.97**	**3.09**
Alabama	25.02	30.21	20.76	71.57	81.25	13.53	58.37	65.08	11.47
Alaska	15.35	16.03	3.73	87.75	92.59	5.51	46.77	67.60	47.69
Arizona	17.45	24.01	37.58	76.05	76.18	0.43	68.31	64.82	-5.12
Arkansas	22.60	21.20	-6.42	74.42	86.16	15.77	59.49	69.62	16.80
California	19.19	22.33	16.36	72.80	68.73	-5.71	58.89	62.28	5.72
Colorado	14.47	20.16	39.37	87.82	86.14	-1.92	71.88	73.51	2.26
Connecticut	17.81	23.06	29.50	85.75	90.98	6.10	77.11	67.13	-12.95
Delaware	20.39	24.87	21.07	84.12	91.92	9.27	64.26	73.90	14.99
District of Columbia	55.25	53.75	-2.71	74.87	66.20	-11.58	51.45	42.02	-18.32
Florida	27.17	29.98	10.34	75.65	82.11	8.54	62.38	65.42	4.86
Georgia	23.38	28.72	22.82	75.63	82.97	9.05	67.07	71.59	6.73
Hawaii	14.85	22.25	49.87	87.04	88.98	1.10	54.35	65.61	20.71
Idaho	10.05	16.79	67.08	85.08	84.01	-1.26	67.32	66.65	-1.00
Illinois	22.04	26.69	21.10	78.78	81.98	4.07	63.76	66.63	4.49
Indiana	18.48	22.29	20.61	76.55	88.67	15.84	61.21	69.95	14.28
Iowa	13.46	16.46	22.40	89.89	90.46	0.64	76.65	78.10	1.97
Kansas	17.56	20.89	18.94	89.94	90.68	0.83	70.96	74.03	4.33
Kentucky	13.92	26.17	88.03	74.85	82.55	10.28	68.50	66.11	-3.49
Louisiana	25.71	37.14	44.46	72.58	73.85	1.75	58.26	52.73	-9.49
Maine	12.74	20.19	58.48	85.45	88.48	3.52	69.64	67.04	-3.74
Maryland	10.81	19.07	-3.72	85.84	85.43	-0.47	74.03	70.17	-5.22
Massachusetts	17.08	22.18	29.87	82.07	88.79	7.15	72.09	71.42	-0.93
Michigan	21.06	25.19	19.63	81.12	85.51	5.41	58.80	62.33	6.01
Minnesota	11.76	20.26	72.22	91.57	92.90	1.45	71.70	78.26	9.14
Mississippi	27.61	38.71	40.21	67.70	79.18	16.96	59.81	56.93	-4.82
Missouri	17.66	29.70	68.19	79.83	86.67	8.57	65.96	65.57	-0.59
Montana	9.76	17.95	83.90	91.29	84.75	-7.17	71.71	68.13	-5.00
Nebraska	11.07	19.55	76.53	91.49	93.85	2.58	77.77	79.92	2.76
Nevada	14.60	20.58	40.93	83.26	81.76	-1.80	63.18	68.63	8.63
New Hampshire	10.87	17.69	62.74	84.60	91.27	7.89	76.60	65.75	-14.16
New Jersey	21.73	18.57	-14.55	78.99	89.59	13.42	68.55	73.07	6.61
New Mexico	14.07	27.98	98.91	74.54	79.12	6.15	61.61	62.51	1.47
New York	23.85	27.75	16.38	78.03	81.69	4.69	66.39	62.63	-5.66
North Carolina	18.10	24.51	35.44	79.33	83.18	4.86	66.55	69.18	3.96
North Dakota	8.80	14.43	63.90	92.98	94.10	1.20	70.25	78.15	11.24
Ohio	17.54	23.18	32.10	82.04	87.60	5.89	67.61	68.83	1.81
Oklahoma	16.88	25.00	48.11	79.65	85.07	6.80	63.88	62.47	-2.20
Oregon	18.60	22.47	20.83	87.89	86.25	-1.87	58.76	63.35	7.82
Pennsylvania	16.24	19.80	21.90	85.24	89.05	4.47	64.55	70.01	8.45
Rhode Island	19.76	21.05	6.52	70.82	80.49	13.65	60.98	66.21	8.61
South Carolina	23.96	29.70	23.96	72.39	80.90	11.75	59.12	64.52	9.13
South Dakota	11.57	15.94	37.79	90.12	89.21	-1.02	72.40	80.33	10.96
Tennessee	25.63	28.97	13.02	71.54	80.91	13.09	64.39	63.77	-0.96
Texas	17.83	23.44	31.48	68.03	73.09	7.44	68.88	67.41	-1.98
Utah	8.89	10.25	15.32	89.55	91.94	2.67	72.47	78.37	8.15
Vermont	12.56	12.63	0.53	88.93	94.16	5.89	71.70	73.41	2.39
Virginia	17.53	20.40	16.39	81.28	87.78	7.97	65.48	76.19	16.35
Washington	15.66	18.93	20.90	85.73	89.68	4.58	58.71	67.80	15.40
West Virginia	13.39	23.33	74.31	71.62	77.62	8.38	54.53	50.42	-7.54
Wisconsin	14.01	21.07	50.45	88.54	91.35	3.17	70.80	75.26	6.30
Wyoming	10.14	17.23	69.98	86.38	92.62	7.22	73.74	75.71	2.68

Early Childhood Poverty Research Briefs

This research brief series has been established to present timely research findings on the nature, scope, and impact of young child poverty in the United States, primarily based on analyses by researchers at or affiliated with the National Center for Children in Poverty (NCCP). This series will explore the causes and consequences of young child poverty as well as identify and critically examine promising strategies to reduce the incidence of young child poverty. As with much of NCCP's work, there will be a strong state and local focus on young child poverty and related issues.

The first brief in this series describes the considerable variation among the states' young child poverty rates (YCPRs) and suggests that changes in three demographic factors—family structure, maternal education, and parental employment—account for almost one-third of the changes in state young child poverty rates over the last two decades. It concludes that more than half of the increase in poor young children can be attributed to the nation's three most populous states—California, New York, and Texas. Five additional states experienced notable increases in their YCPRs, while two states saw their YCPRs fall dramatically. The findings of this research brief are important in light of the states' obligation to monitor their child poverty rates under provisions of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and to submit corrective action plans if the rates have increased by more than 5 percent from the previous year due to the effects of welfare reform.

Primary support for this research brief was provided by generous funding from the Charles Stewart Mott Foundation. Additional support was provided by the Carnegie Corporation of New York and the Ford Foundation. NCCP takes responsibility for the facts and opinions presented in the research brief.

Early Childhood Poverty Research Brief 1

Young Child Poverty in the States—Wide Variation and Significant Change

by Neil G. Bennett, Director of Demographic Research and Analysis and Jiali Li, Associate Research Scientist at NCCP

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NATIONAL CENTER FOR CHILDREN IN POVERTY (NCCP) was established in 1989 at the School of Public Health, Columbia University, with core support from the Ford Foundation and the Carnegie Corporation of New York. The Center's mission is to identify and promote strategies that reduce the number of young children living in poverty in the United States, and that improve the life chances of the millions of children under age six who are growing up poor.

The Center:

- Alerts the public to demographic statistics about child poverty and to the scientific research on the serious impact of poverty on young children, their families, and their communities.
- Designs and conducts field-based studies to identify programs, policies, and practices that work best for young children and their families living in poverty.
- Disseminates information about early childhood care and education, child health, and family and community support to government officials, private organizations, and child advocates, and provides a state and local perspective on relevant national issues.
- Brings together public and private groups to assess the efficacy of current and potential strategies to lower the young child poverty rate and to improve the well-being of young children in poverty, their families, and their communities.
- Challenges policymakers and opinion leaders to help ameliorate the adverse consequences of poverty on young children.

National Center for Children in Poverty

Columbia School of Public Health

Young Children in Poverty

A Statistical Update

March 1998 Edition

This publication updates the National Center for Children in Poverty's (NCCP) 1996 volume, *One in Four: America's Youngest Poor,* and continues a series of reports and statistical updates about young child poverty in the United States. It incorporates information from the 1997 March Supplement to the Census Bureau's Current Population Survey (CPS), which provides poverty estimates for 1996.* The highlights of this update include:

- a new profile of the extremely poor, poor, and near poor population of young children in the United States using the federal government's official poverty measure;
- the use of an alternative measure of young child poverty that provides new insights into the impact of programs and policies on the economic well-being of young children; and
- a brief examination of why the young child poverty rate (YCPR) has decreased since 1993.

Both the official and alternative measures indicate that despite the recent decline in the young child poverty rate, the U.S. YCPR ranks among the worst of the Western industrialized nations. However, the alternative measure reveals that policy can make a significant difference. In particular, the expansion of the Earned Income Tax Credit has served to reduce young child poverty substantially over the past few years.

* The official federal poverty line (PL) adjusts for annual cost-of-living increases and family size. In 1996, the poverty line was $10,233 for a family of two, $12,516 for a family of three, and $16,036 for a family of four. Unless otherwise noted, family income used for the calculation of poverty statistics is pre-tax income. It excludes non-cash public assistance and the Earned Income Tax Credit (EITC).

Poor Children Under Age Six: How Many Are There, Who Are They, and Where Do They Live?

The poverty rate for young children and the number of poor young children have declined yet remain high.

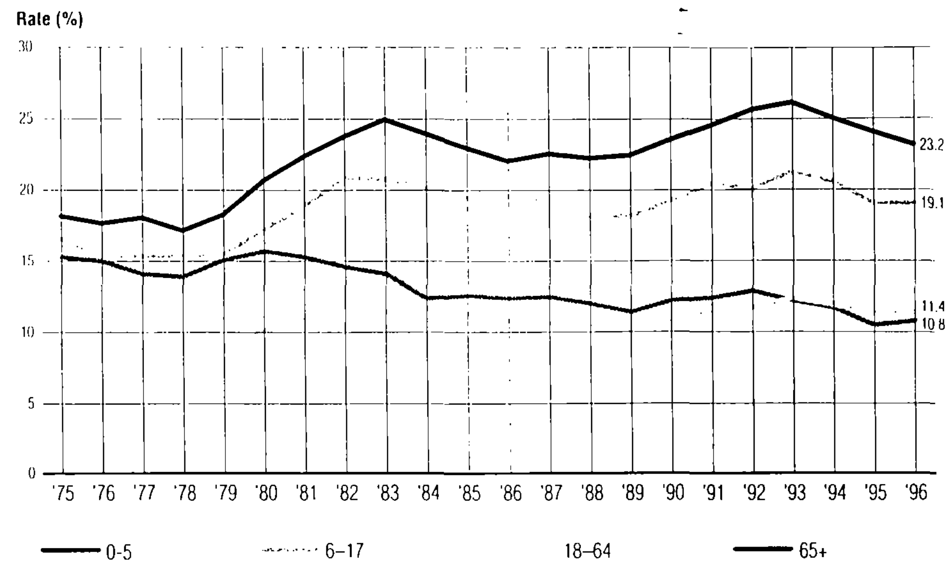
The early 1990s marked a staggering increase in the number of poor children under age six. The number of poor young children reached six million for the first time in 1992, and rose to almost 6.4 million in 1993. The number of poor children under age six declined by almost 14 percent over the past three years, to 5.5 million in 1996—a figure that is still higher than that in any year between 1975 and 1990. (See Figure 1.) At the same time, the young child poverty rate (YCPR)—defined as the percentage of young children who live in families with a combined income below the federal poverty line*—decreased from 26 percent to 23 percent. (See Figure 2.)

Figure 1: Number of poor children under age six, 1975–1996

Over the past two decades, the young child poverty rate has increased dramatically. It is considerably higher than the poverty rates of all other age groups.

The YCPR began to rise in 1979 and reached 25 percent in 1983. After a slight decline during the 1980s, the YCPR peaked again at 26 percent in 1993. Although the poverty rate for young children has declined since 1993, it remains the highest among all age groups. In 1996, the official poverty rate for children under age six was 23 percent, more than twice as high as those for adults 18 to 64 years of age and for the elderly (both at about 11 percent). (See Figure 2.)

Figure 2: Poverty rates by age, 1975–1996



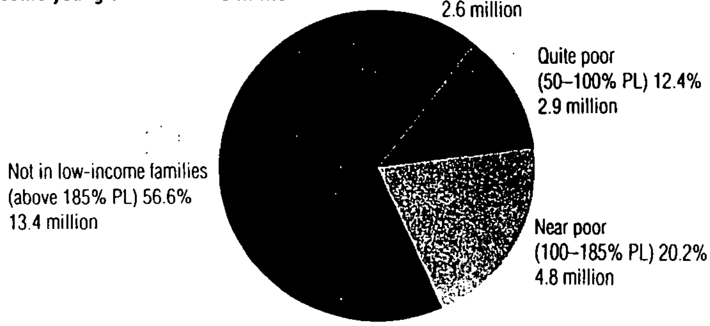
Over 10 million young children live in low-income families.

By 1996, 43 percent of all children under age six were living in poverty or near poverty (i.e., in families with incomes below 185 percent of the poverty line*). In addition to the 5.5 million young children who lived in poverty that year, an additional 4.8 million young children lived in near poverty, with a combined family income between 100 percent and 185 percent of the federal poverty line. (See Figure 3.) The total number of young children living in low-income families continued to surpass the 10 million level first reached in 1992.

Figure 3: Percentage distribution and number of children under age six by poverty status, 1996

Total number of young children: 23.7 million

Total number of low-income young children: 10.3 million



* Children in families with incomes between 100 and 185 percent of the federal poverty line (PL) are designated near poor because they are served by a number of government assistance programs for low-income people—such as Medicaid, the School Lunch and School Breakfast programs, and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)—that use 185 percent of the poverty line as the upper limit to determine eligibility

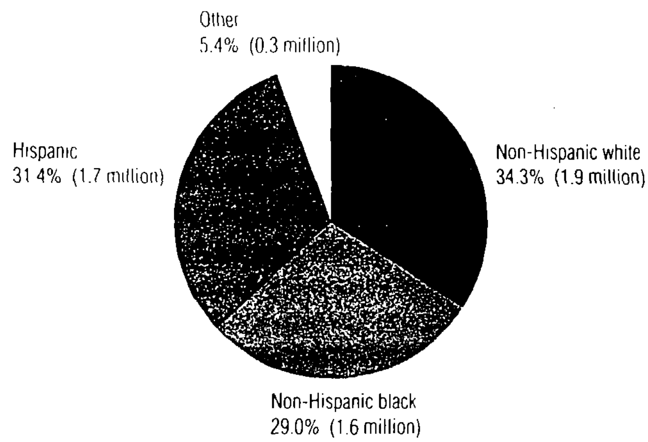
Nearly half of all poor young children live in extreme poverty.

In 1996, more than one in 10 young children—11 percent—were extremely poor, living in families with a combined family income below 50 percent of the federal poverty line. Of the 5.5 million poor young children, almost half (47 percent) lived in extreme poverty. (See Figure 3.)

In 1996, whites were the largest racial or ethnic group of young children in poverty.

Of the 5.5 million poor children under age six in 1996, 1.9 million (34 percent) were non-Hispanic white, while 3.6 million were from minority groups—1.6 million non-Hispanic black (29 percent), 1.7 million Hispanic (31 percent), and 0.3 million (5 percent) members of other racial or ethnic groups. (See Figure 4.)

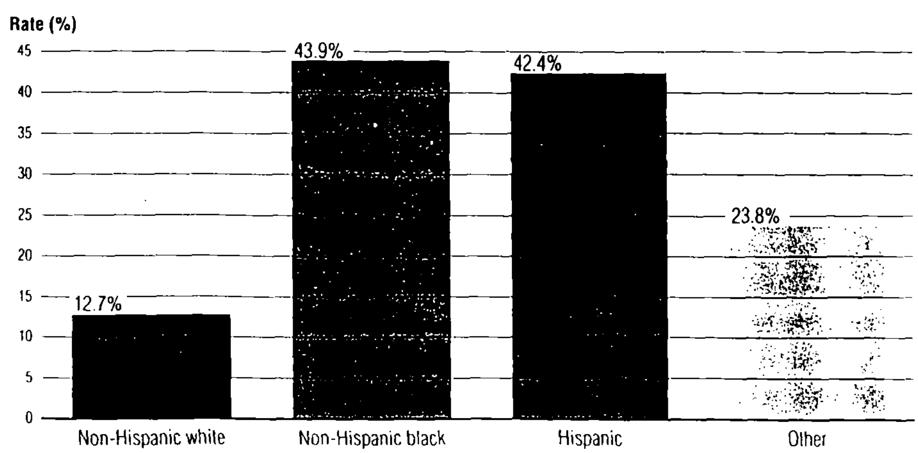
Figure 4: Number and percentage distribution of poor children under age six by race/ethnicity, 1996



Black and Hispanic young children are much more likely to be poor than are white young children and the young child poverty rate has increased the fastest among Hispanics.

Poverty rates vary greatly for different racial or ethnic groups. In 1996, the poverty rate for non-Hispanic black children under age six was 44 percent; for young Hispanic children it was virtually the same, at 42 percent. The poverty rate for young non-Hispanic white children was 13 percent in 1996. (See Figure 5.) Between the late 1970s (1975-1979) and the early- to mid-1990s (1992-1996), the YCPR increased most rapidly—by 54 percent—among Hispanics. This compares to a 30 percent increase in the YCPR among whites and a 15 percent increase among blacks.

Figure 5: Poverty rates of children under age six by race/ethnicity, 1996



The majority of young children living with unmarried mothers are poor.

In 1996, children under age six living with unmarried mothers were about five times as likely to be poor (55 percent) as were those living with married parents (11 percent). The poverty rate of children born to teenage mothers was 47 percent in 1996. In contrast, the poverty rate of children born to adult mothers was less than half that rate (21 percent). (See Table 1.)

About one-third of all poor young children live with married parents.

In 1996, more than half of all poor children under age six were living only with their mothers (56 percent, 3.1 million). About one-third of poor children lived with married parents (34 percent, 1.9 million). (See Table 1.)

Table 1: Number and percentage of poor children, and poverty rates of children under age six by age of mother at birth and by family structure, 1996

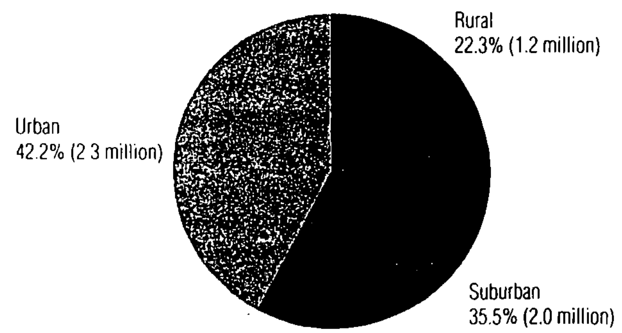
Family structure and maternal age at birth	Poor children under age six		Poverty rate
	Number	%	%
Children born to teenage mothers	888,745	16.2	47.1
Children born to adult mothers	4,602,943	83.8	21.1
Living with two parents	1,887,779	34.4	11.5
Living with father only	340,534	6.2	31.6
Living with mother only	3,082,262	56.1	54.8
Living with neither parent	181,113	3.3	33.1

Poverty rates for young children are highest in urban areas but most poor young children live in suburban or rural areas.

In 1996, the poverty rate among children under age six living in urban areas was 32 percent, compared to 16 percent in suburban and 27 percent in rural areas. Of the 5.5 million young children in poverty, 42 percent lived in urban areas (2.3 million), 36 percent in suburban areas (2.0 million), and 22 percent in rural areas (1.2 million). (See Figure 6.)

Figure 6: Percentage distribution and number of poor children under age six by type of residential area, 1996

Poor children under age six: 5.5 million



Poor Children Under Age Six: Why Are They Poor?

Several factors help to explain why 5.5 million young children were poor in 1996. Each variable, taken alone, raises the risk of being poor. The cumulative effects of these factors are economically devastating. Some of the main elements are:

- **Single parenthood**
- **Low educational attainment**
- **Part-time or no employment**
- **Low wages**

Young children living in mother-only families are particularly vulnerable to the risk of poverty.

Seventeen percent of children under age six living with unmarried mothers who were employed full time were poor in 1996. In comparison, 59 percent of young children living with unmarried mothers who were employed part time were poor. The poverty rates of children under age six living with unemployed parents varied little between those in married two-parent families (82 percent) and those with unmarried mothers (81 percent). The high rates of poverty among children in single-mother families—even in those in which the mother is employed full time—stem primarily from the lack of a second source of income, (see Table 2) but also from reduced wages, which are associated with lower educational attainment. (See Table 3.)

In contrast, the poverty rate for children under age six in married two-parent families was quite low—only 6 percent—when at least one parent was employed full time. The poverty rate rose to 41 percent among those children under age six living in married two-parent families when at least one parent was employed part time but neither was employed full time. (See Table 2.)

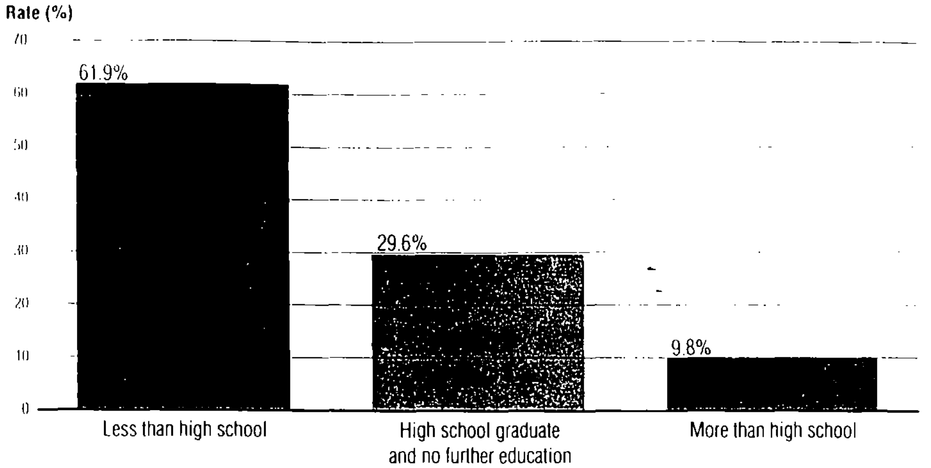
Table 2: Percentage distribution, number, and poverty rates of all children under age six by family structure and parental employment status, 1996

Family structure and parental employment status	All children under age six		Poverty rate
	Percentage distribution	Number (in millions)	%
Married two-parent families	**100.0**	**16.5**	**11.5**
At least one parent employed full time	87 0	14.3	6.4
At least one parent employed part time (neither employed full time)	11.5	1.9	40.7
Neither employed	1.5	0.3	82.0
Mother-only families	**100.0**	**5.6**	**54.8**
Employed full time	27.0	1.5	16.8
Employed part time	38.5	2.2	58.5
Not employed	34.6	1.9	80.5

Young children with well-educated parents are much less likely to be poor, but high school graduation is not enough to insure against poverty.

The poverty rate among children under age six whose more educated parent had more than a high school education was 10 percent, compared with 30 percent among those whose more educated parent graduated from high school and had no further education. The poverty rate was substantially higher—62 percent—among young children who had no parent(s) with a high school diploma. These statistics indicate that high school graduation alone does not insure an adequate family income. (See Figure 7.)

Figure 7: Poverty rates of children under age six by educational level of the more educated parent, 1996



More educated parents are more likely to be employed full time and to earn enough to avoid poverty.

Individuals with higher levels of education generally have more job opportunities, higher wages, and greater job security than those with lower levels of education. In 1996, among children under age six whose more educated parent had more than a high school education, 84 percent lived in families in which at least one parent held a full-time job. The poverty rate for this group was less than 4 percent. Among children under age six whose more educated parent was a high school graduate and had no further education, 63 percent lived in families in which at least one parent held a full-time job. The poverty rate for this group was 10 percent. (See Table 3.)

Among children under age six whose parents did not finish high school, only 37 percent lived in families where at least one parent was employed full time. The poverty rate for this group was 38 percent. (See Table 3.)

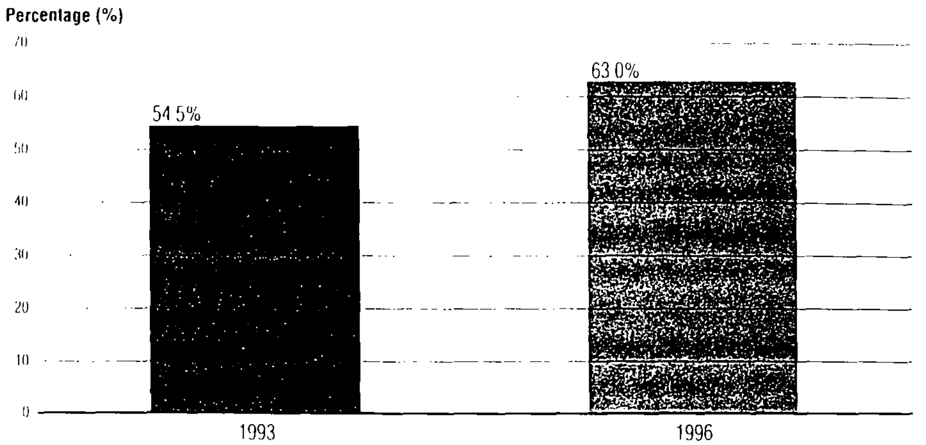
Table 3: Percentage distribution, number, and poverty rates of all children under age six by parental educational level and employment status, 1996

Educational level of more educated parent and employment status	All children under age six		Poverty rate
	Percentage distribution	Number (in millions)	%
Less than high school	**100.0**	**3.4**	**61.9**
At least one parent employed full time	37.0	1.3	38.4
At least one parent employed part time (neither employed full time)	28.8	1.0	63.8
Neither employed	34.1	1.2	85.9
High school graduate and no further education	**100.0**	**6.4**	**29.6**
At least one parent employed full time	63.2	4.1	10.0
At least one parent employed part time (neither employed full time)	26.3	1.7	56.9
Neither employed	10.5	0.7	79.0
More than high school	**100.0**	**13.3**	**9.8**
At least one parent employed full time	83.8	11.2	3.5
At least one parent employed part time (neither employed full time)	12.7	1.7	35.1
Neither employed	3.5	0.5	69.7

Over three-fifths of poor young children live in families in which at least one parent is employed.

In 1996, 63 percent—an increase from 55 percent in 1993—of poor young children had at least one parent employed part time or full time. (See Figure 8.) Forty percent of poor children under age six lived in families receiving public assistance—down from 53 percent in 1993. Twenty percent of poor young children lived in families relying exclusively on public assistance—down by over one-third from the level (31 percent) in 1993.

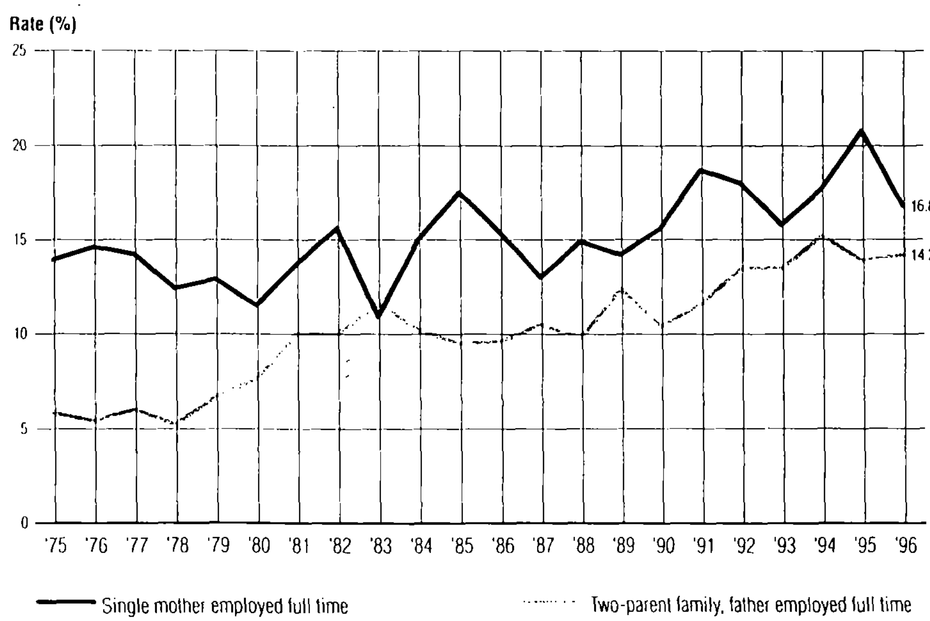
Figure 8: Percentage of poor young children in families with at least one parent employed part time or full time



One parent's full-time employment is no guarantee against poverty.

One in six young children (17 percent) living with unmarried mothers who were employed full time were poor in 1996. Among children under age six living in married two-parent families in which the father was employed full time and the mother was not employed, the poverty rate in 1996 was 14 percent. For children in both kinds of families, the poverty rate has been increasing steadily over the past two decades. (See Figure 9.)

Figure 9: Poverty rates of children under age six with single mother employed full time and in two-parent families with father employed full time and mother unemployed, 1975–1996



Judging the Impact of Programs and Policies: The Power of Alternative Poverty Measures

In choosing a particular poverty measure to gauge the economic well-being of young children in the United States, it is necessary to ask what kinds of income should be counted in determining who should be considered poor. The official poverty measure adopted by the federal government and used in the first part of this *Update* takes account of a variety of income sources such as wages and salary, earnings from self-employment, AFDC, General Assistance, Social Security, interest, dividends, and disability, just to mention a few.

The official measure, however, is deficient in that, in many instances, it does not reflect sources of income influenced by changes in policy and programs, for example, food stamps and the Earned Income Tax Credit (EITC).

NCCP has conducted analyses using an alternative measure of poverty to obtain a more complete picture of the economic impact of programs and policies on low-income families. This measure incorporates the same income sources as the Census Bureau does, but in addition includes cash equivalents of the following "near-cash" benefits:*

- Food stamps
- Housing subsidies
- School lunch benefits

Further, NCCP:

- includes income derived from the Earned Income Tax Credit
- subtracts federal, state, and payroll taxes from income

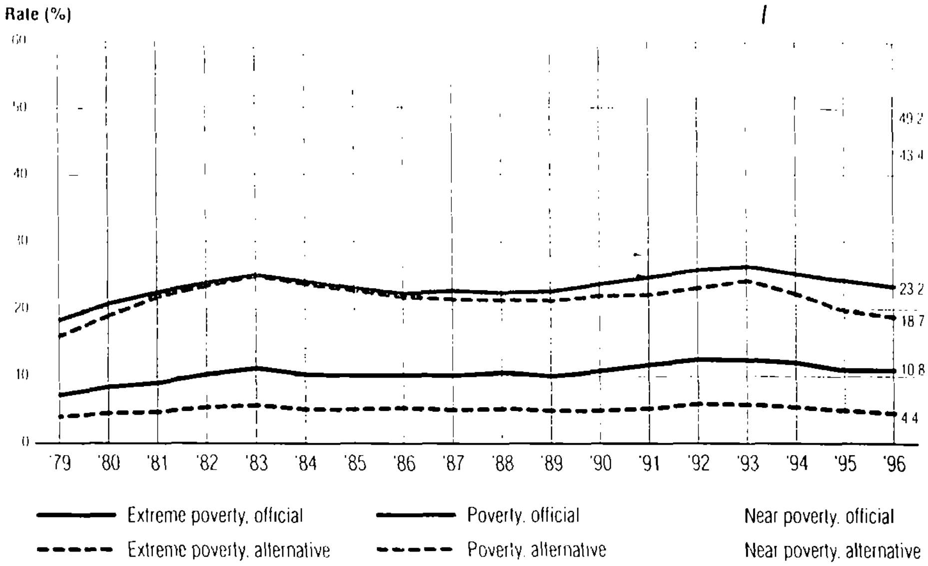
What do we learn about trends and distributions of young child poverty from the alternative poverty measure?

Using the alternative measure in 1996 cuts the extreme poverty rate by over one-half, reduces the poverty rate by one-fifth, and significantly increases the near poverty rate.

As Figure 10 illustrates, the official and alternative poverty measures paint somewhat different pictures. The underlying reason for these differences is that at very low income levels—namely, below 50 percent of the poverty threshold—near-cash benefits contribute significantly to overall income. Also, taxes play a minimal role. Thus, the alternative measure of poverty yields significantly fewer extremely poor individuals than does the official measure—a 59 percent decrease in the rate, from 11 percent to 4 percent. In contrast, for incomes in the near poverty range—that is, between 100 and 185 percent of the poverty threshold—benefits are relatively few and taxes predominate. The net result is a substantially greater number among the near poor population. The alternative near poverty rate, 49 percent, is six percentage points higher than the corresponding official rate. When estimating poverty rates, including benefits and taxes generally diminishes somewhat the estimated number of poor individuals. For 1996, the alternative poverty rate was 19 percent, compared with the official rate of 23 percent. However, it is only in recent years that the two series of poverty rates have begun to significantly diverge. (See Figure 10.)

* This alternative measure does not include the costs associated with employment, such as child care, transportation, clothing, etc., which, unfortunately, are not available in the CPS. Taking these costs into account would serve to raise poverty estimates. This alternative measure also does not account for the significant regional variation in cost of living. The most complete measure of poverty that would address these issues was recommended by the Panel on Poverty and Family Assistance of the National Research Council in their volume, *Measuring Poverty: A New Approach*, (1995) edited by C. F. Citro and R. T. Michael, Washington, DC: National Academy Press.

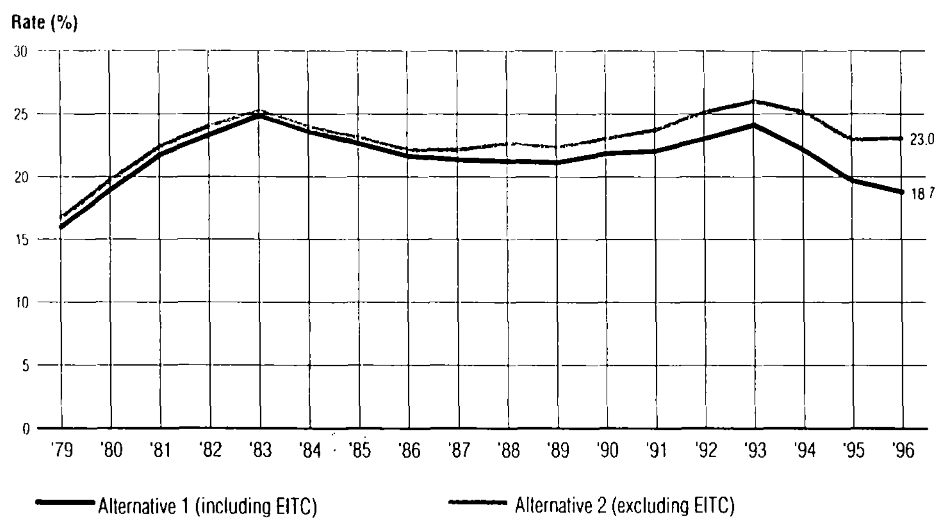
Figure 10: Extreme poverty, poverty, and near poverty rates for children under age six by official and alternative measures, 1979–1996



The Earned Income Tax Credit has become an increasingly effective tool against poverty.

The divergence in recent years between official and alternative poverty rates coincides with the expansion of the EITC in 1993. The result of this expansion is easily seen in Figure 11, which graphs the alternative measure, both including and excluding the effects of the EITC.* In 1996, the YCPR using the alternative young child poverty measure would have been 23 percent higher in the absence of the EITC; in 1993 the increase would have been only 8 percent. NCCP's analysis shows that the EITC has especially benefited groups that have historically had higher poverty rates, such as single-parent families, blacks, and Hispanics. (See Figures 12 and 13.)

Figure 11: A comparison of poverty rates for children under age six using alternative measures of poverty with and without the EITC, 1979–1996



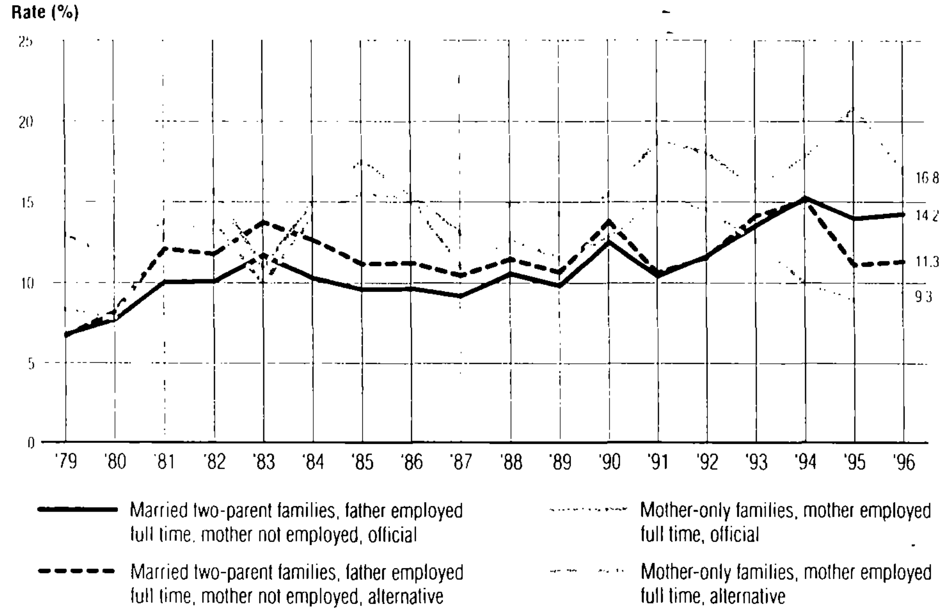
* The Census Bureau imputes the EITC for all individuals in the CPS and assumes that all eligible persons actually obtain it. Thus, any CPS analysis using a measure that incorporates the EITC should be interpreted as addressing the potential, and not necessarily the actual impact of the EITC. In 1990, the estimated participation rate was 80 to 86 percent (Scholz, J. K. (1994) The Earned Income Tax Credit: Participation, compliance, and antipoverty effectiveness. *National Tax Journal*, 47(1), pp. 63–87). According to Scholz and the Center on Budget and Policy Priorities, the participation rate is likely to have increased since 1990 in response to public-awareness campaigns. Also, the amount of the credit has grown and eligibility for the EITC has been expanded.

The Census Bureau attributes the EITC income it imputes to the previous year rather than the year in which an EITC recipient files taxes. (Only about 1 percent of those eligible for the EITC receive a portion of their EITC income through their employer in the same year it was earned.) In analyzing the CPS, one cannot properly apply EITC income to the year in which it was actually received because that would require two consecutive years of income information for the same individuals—information that is not available in the CPS.

The alternative poverty measure may lead to different conclusions regarding the relative poverty of different groups.

According to the official poverty measure, a greater percentage of young children are poor in mother-only families in which the mother is employed full time than is the case in two-parent families in which the father is employed full time and the mother is not employed. In contrast, however, the alternative measure indicates that since 1993 the reverse is true. This is likely due to the recent expansion of the EITC. (See Figure 12.)

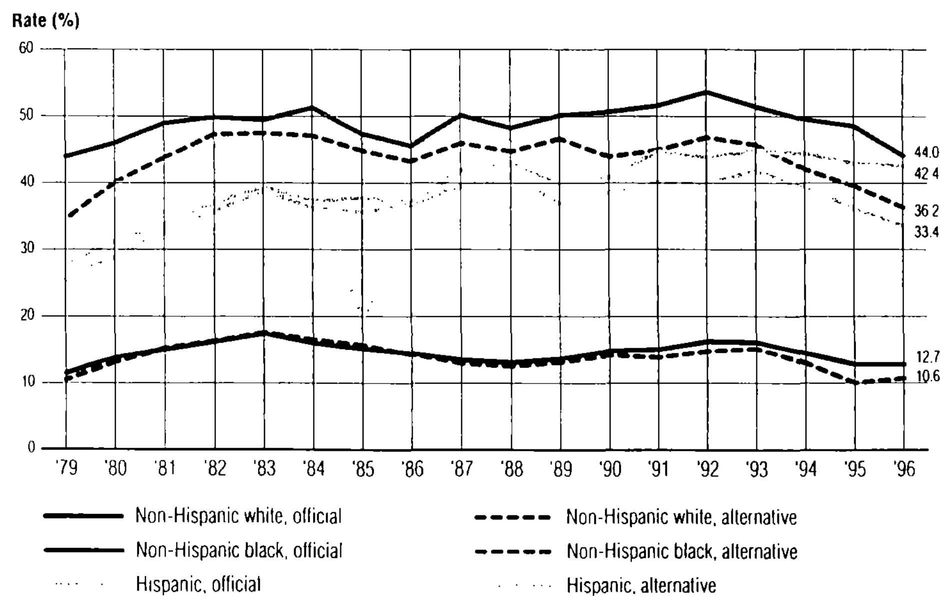
Figure 12: Official and alternative poverty rates for children under age six by family structure and parental employment status, 1979–1996



On the other hand, evidence from alternative poverty measures can buttress findings implied by the official measure.

Using the official poverty measure reveals that over the years non-Hispanic black young children have had the highest poverty rates, followed by Hispanic young children, and then by non-Hispanic white young children. The alternative estimates of young child poverty show the same pattern, although at moderately different levels. (See Figure 13.)

Figure 13: Official and alternative poverty rates for children under age six by race, 1979–1996



Understanding the Poverty Rate Decline Between 1993 and 1996

The official poverty rate for families with young children decreased by almost three percentage points—from 23.5 to 20.9 percent from 1993 to 1996.* Why did this decline occur? NCCP's analysis rules out some potential explanations. Changes in family structure cannot explain the decline because there was actually a continued trend towards more single-parent families which, due to their tendency to have lower incomes, worked against improvements in the YCPR. The educational attainment levels of parents of young children improved marginally between 1993 and 1996, but the impact of this progress on the YCPR was insubstantial.

Parental Employment Patterns and Young Child Poverty

Two possible explanations exist for the decline in the official poverty rate between 1993 and 1996: (1) a greater proportion of the population was employed, or (2) there were lower poverty rates among those who were employed. NCCP explored these two alternatives and found that the first explanation was more powerful. From 1993 to 1996, the proportion of families with young children that had no parent employed full time decreased by 14 percent, from 33 percent to 28 percent.

At the same time, the poverty rate decreased modestly for such families, from 59 percent to 57 percent and the poverty rate increased insignificantly for families in which parents were employed full time. (See Table 4.) NCCP's decomposition analysis indicates that 85 percent of the overall decline in the official poverty rate can be attributed to improved employment rates rather than lower poverty rates among those employed.**

Table 4: Official and alternative poverty rates by employment status among families with children under age six, 1993 and 1996

	1993			1996		
Parental employment status	Official poverty rate (%)	Alternative poverty rate (%)	Percentage of families in category	Official poverty rate (%)	Alternative poverty rate (%)	Percentage of families in category
At least one parent employed full time	6.3	6.5	67.5	6.7	4.6	71.9
No parent employed full time	59.0	51.7	32.5	57.1	46.9	28.1
Total	23.5	21.2	100.0	20.9	16.5	100.0

Note: The poverty rates shown in this table differ somewhat from those appearing elsewhere in this *Update* because the unit of analysis is families rather than children.

* These poverty rates differ somewhat from the YCPR used earlier in this *Update*. The latter is based on the child as the unit of analysis, while the former uses the family as the unit of analysis. As will be clear from the following discussion, NCCP took the family as the unit of analysis because at one point NCCP compares families without young children with those with young children

** This is a bivariate analysis, which does not control for other factors that might be associated with the rise in full time employment

Welfare Reform and Young Child Poverty

Between January 1993 and August 1996, 43 states received federal waivers allowing them to implement significant changes in state welfare laws. NCCP found no substantial evidence that these state-initiated welfare reforms contributed to the decline in the young child poverty rate that occurred during the 1993-1996 economic recovery. Gains in employment and lower poverty rates were similar for both families without young children (only 3 percent of whom received public assistance in 1996) and families with young children (who were about four times as likely to receive such assistance). Consequently, there is little evidence that welfare reform contributed significantly to lower young child poverty rates.

The same pattern holds true for 1983 to 1986—a similar period of substantial economic recovery, yet one unaffected by substantial changes in state welfare policies. The contribution of a boost in employment rates to the three-point decrease in the official poverty rate is virtually identical to the contribution inferred for the more recent three-year period. At this date, it is still too early to conduct a thorough analysis of the 1996 federal welfare reform law's impact on the incidence of young child poverty.

Alternative Measures and the 1993–1996 Decline in the Young Child Poverty Rate

Viewed through the lens of the alternative poverty measure, NCCP found a more substantial drop in poverty among families with young children, from 21.2 to 16.5 percent, than that obtained using the official measure. The use of the alternative measure reveals significant reductions in poverty among both families with full-time employed parents—a 30 percent drop from 6.5 percent to 4.6 percent—and among families without a full-time employed parent—a 10 percent decline from 51.7 to 46.9 percent. (See Table 4.)

NCCP's decomposition analysis finds that 40 percent of the overall decline in the alternative poverty rate between 1993 and 1996 can be attributed to improvements in the full-time employment rate. This is in clear contrast to the 85 percent figure derived in the analysis of data based on the official poverty rate. NCCP's analyses of alternative measures including or excluding the EITC indicate that the EITC is responsible for much of the decrease in poverty among both families with full-time and part-time employed parents.

These analyses of the reductions between 1993 and 1996 in the official and alternative poverty rates offer two different windows into the realities of young child poverty. The use of the official rate suggests that the decline was due primarily to changes in the employment structure; the use of the alternative measure implies that government policies—particularly the EITC—also played an important role. The alternative poverty measure adopted in this *Update* is a first step towards the development and use of a poverty measure that would be capable of better reflecting the changes in policies and programs that affect the economic well-being of our nation's families and young children.

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Young Children in Poverty: A Statistical Update, March 1998 Edition. Prepared by Jiali Li and Neil Bennett.

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