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**LIVING AT THE EDGE: AMERICA'S LOW-INCOME CHILDREN AND  
FAMILIES**

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## ABSTRACT

By analyzing data from the Current Population Survey March Supplements, *Living at the Edge* explores the following questions about children in low-income families in the United States: What are the overall changes in the low-income and poverty rates for children over the past quarter century? How has the population of children in low-income families changed over the past decade? Which children are more likely to live in low-income families? How have changes in parental employment status affected the likelihood of children living in low-income families? What are the state by state variations in child low-income and poverty rates, and how have these changed in the last decade? How does a more inclusive definition of family income and expenses affect our understanding of the poverty and near-poverty rates of children in low-income families? This report helps document significant improvements in the child low-income rate as well as the significant decrease in the proportion of children who relied on public assistance during the 1990s. However, *Living at the Edge* also finds a notable increase in the share of children who lived in near-poor families (those with incomes between 100 and 200 percent of the poverty line) among children in low-income families during the 1990s. Many disadvantaged groups of children, including those with young parents, minority parents, parents with limited education, or unmarried parents, were less likely to live in poor or low-income families in the late 1990s than such children a decade earlier. The improvement in the child low-income rates of these disadvantaged groups was closely related to an increase in parental employment during the late 1990s. However, the low-income rate worsened for children whose more educated parent had a high-school diploma but no college education. For children of many disadvantaged social groups, parental employment appears to do less to protect them from economic hardship than it did a decade earlier. The groups that suffered the most in reduced economic security given parental employment status were those in the medium risk ranks (children in families with at least one parent between ages 25 to 39, children whose more educated parent had only has a high school diploma, and in father-only families). The report also notes that the official measure of poverty ignores the burden of medical and work related expenses as well as taxes and therefore tends to underestimate the share of children in near-poor and low-income families facing economic insecurity. Finally, we discuss the policy implications for our findings.

**Key Words:** poor children, poverty, child welfare, employment.

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## I. INTRODUCTION

Nearly two in five children in America live in low-income families. This report focuses on these families with incomes below 200 percent of the official poverty line (about \$35,900 for a two-parent family of four in 2001). Recent research suggests that many families with incomes up to twice the poverty line are likely to face economic hardships and have difficulty meeting their basic material needs.<sup>1</sup> In addition, developmental research shows that low-income status, even for children with incomes above the official poverty line, has negative effects on children's healthy growth and development.<sup>2</sup> The title of this report alludes to the many families with children who may or may not be officially poor but are nevertheless "living at the edge" of poverty and struggling to make ends meet. *Living at the Edge* uses annual income data from the U.S. Census Bureau for 1975 through 2001 to provide a fresh look at America's low-income children and families and to ask several basic questions about them.<sup>3</sup> How many low-income families are there? Who are they? And, how have the numbers, rates, and characteristics of America's children in low-income family changed during the past decade?

*Living at the Edge* features extensive analyses of low-income children and families with incomes up to 200 percent of the poverty line. It also disaggregates children in "poor" families with incomes up to 100 percent of the poverty line and near-poor families with incomes between 100 and 200 percent of the poverty line.<sup>4</sup> In doing so, this report documents that a growing share of America's children in low-income families are now in near-poor families (those with incomes above the poverty line but below 200 percent of the poverty line). The majority of these near-poor families are working families that are still struggling to meet their

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<sup>1</sup> By considering real minimum living costs and a widely used definition of being poor (i.e., spending two-thirds of family income on basic food and housing), Boushey et al. (2001) *Hardships in America: The Real Story of Working Families* found that the amount of income needed to insure economic sufficiency is consistently around 200 percent of the official poverty line. Cf., David Johnson, John M. Rogers, and Lucilla Tan (2001) "A century of family budgets in the United States." Recently, policy researchers, e.g., Acs et al. (2000) *Playing by the Rules but Losing the Game: America's Working Poor*, have begun to use 200 percent of the official poverty line to track low-income families, in line with the extended Medicaid eligibility threshold in many states.

<sup>2</sup> See Duncan et al. (1998) "How much does childhood poverty affect the life chances of children?" and Smith et al. (1997) "Consequences of living in poverty for young children's cognitive and verbal ability and early school achievement." Aber et al. (1997) "The effects of poverty on child health and development" has an overview of the impact of poverty on child health. Blau (1999) "The effect of income on child development" emphasizes the importance of permanent income on child development. Mayer (1997) *What Money Can't Buy?* documented the limitation of income effects on child development. Cf. Hanson et al. (1997) "Economic resources, parental practices, and children's well-being." For an up-to-date conceptual framework on the impact of economic resources on child development and potential policy strategies to reduce this impact, see Gershoff et al. (2003) "Child poverty in the United States: An evidence-based conceptual framework for programs and policies," Duncan and Brooks-Gunn. (2000) "Family poverty, welfare reform, and child development," and Moore and Redd (2002) "Children in poverty: Trends, consequences, and policy options."

<sup>3</sup> Several studies have examined the economic conditions facing low-income families during the 1990s. They include, for example, *Kids Count Data Book* (2003), Acs et al. (2000) *Ibid.*, Shirk et al. (1999) *Lives on the Line*, Litcher (1997) "Poverty and inequality among children," and NCCP (1996) *One in Four. Living at the Edge* seek to build on these studies and expand our understanding of patterns and trends affecting low-income families in the United States.

<sup>4</sup> In some instances this report also examines "extremely poor" children, defined as those in families with incomes below 50 percent of the poverty line.

basic needs but at the same time facing reduced benefits and increased taxes.<sup>5</sup> It is a welcome fact that the growing share of near-poor families is at least partially a result of the improved employment and declining official poverty rates during the late 1990s. However, the report also documents that the progress of the 1990s has left many important new challenges for those who seek to improve the material well-being of children and families in the United States.

This report emphasizes changes in low-income rates and numbers of children in low-income families over the past decade and helps put these changes in a longer-term demographic context going back to the mid-1970s. In the 1990s, many major policy changes affected the economic well-being and safety net of children in low-income families. The major changes included federal and state welfare legislation, particularly the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, the expansion of the federal Earned Income Tax Credit (EITC) in 1993, and the introduction of the State Child Health Insurance Program (SCHIP) in 1997. *Living at the Edge* does not attempt to evaluate the full impact of these major policy changes, but instead describes the population of children in low-income families before and after these changes.<sup>6</sup>

In analyzing trends in low-income rates, *Living at the Edge* emphasizes how these trends differ for various income levels (near poverty, poverty, and extreme poverty) and social groups. After the demographic portrait of children in low-income families, the report focuses on changes in the composition of families by characteristics that can significantly influence

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<sup>5</sup> See our analyses below on “Child economic security beyond the official measure of poverty.” Robert Cherry and Max Sawicky (2000) “Giving tax credit where credit is due: A ‘Universal Unified Children Credit’ that expands the EITC and cuts taxes for working families” argued that tax policies of the kind enacted in 2001 leave families with incomes between \$21,000 and \$29,000 with an “implicit marginal tax rate (MTR)” as high as 43 percent.

<sup>6</sup> For an overview of studies evaluating the impacts of PRWORA, please see Blank (2003) “U.S. welfare reform: What’s relevant for Europe?” Blank (2002) “Evaluating Welfare Reform in the United States,” Blank and Haskins (2001) *The New World of Welfare*, Moffitt and Ploeg (2001) *Evaluating Welfare Reform in and Era of Transition*, Lichter and Jayakody (2002) “Welfare reform: How do we measure success?” and Weil and Finegold., eds. (2002) *Welfare Reform: The Next Act*. For studies on the impact of the EITC, please see Meyer and Rosenbaum (2000) “Making single mothers work: recent tax and welfare policy and its effects,” Ellwood (2000) “The impact of the earned income tax credit and social policy reforms on work, marriage, and living arrangements,” and the other articles in the same special issue of the *National Tax Journal*, 53(4, part 2). Please see Bennett and Lu (2001) *Untapped Potential: State Earned Income Credits and Child Poverty Reduction* for how state EITCs help to lift children out of poverty, and Johnson (2001) *A Hand Up: How State Earned Income Tax Credits Help Working Families Escape Poverty in 2001* for a broader discussion about the costs and benefits of implementing state EITCs. Dubay and Kenney (2002) *Five Things Everyone Should Know about SCHIP* provides a simple overview of SCHIP. They reviewed many studies done by the Urban Institute on SCHIP related issues. An up-to-date discussion of the SCHIP enrollment can also be found in Riley et al. (2002) *Why Eligible Children Lose or Leave SCHIP*, and Smith and Rousseau (2002) *SCHIP Program Enrollment: December 2001 Update*. Two studies, Dick et al. (2002) “Consequences of states’ policies for SCHIP disenrollment,” and Shenkman et al. (2002) “Disenrollment and re-enrollment patterns in a SCHIP,” document the relationship of state policy and SCHIP enrollment patterns. Mitchell and Osber (2002) “Using Medicaid/SCHIP to Insure Working Families: The Massachusetts Experience” provides one successful example of how SCHIP can be used to help working families. For evaluating impacts of welfare reform on child economic well-being, please see Bennett, Lu, and Song (2002) “Welfare reform and changes in the economic well-being of children.”

their family income and economic security. These characteristics include parental employment, parental education, parental age, living arrangement, race, ethnicity, parental immigration status, and state of residence.<sup>7</sup> For family subgroups defined by parental education, parental age, living arrangement, and racial or ethnic origins, *Living at the Edge* also examines the relative economic security of children in working families a decade ago with children in working families today. By comparing the chances of living in a low-income family for various parental employment statuses, we are able to better understand changes in the impacts of some well-known risk factors, such as minority status, single motherhood, low parental education, and young parental age. More specifically, the report illustrates which groups have increased their parental employment rates and how economic security for children in families facing various risk factors has changed during the previous decade.

Before its conclusion, *Living at the Edge* uses alternate income and poverty definitions to develop a nuanced picture of how public policies and work-related expenses affect low-income families' material well-being. While there is no officially accepted alternative measure of poverty currently available, this report uses an experimental income measure proposed in a report by the National Academy of Sciences and the Census Bureau to examine the impact of a variety of public programs and policies, (e.g., earned income tax credits, housing assistance, health insurance, child care subsidies, and food stamps) that are omitted from the official measure but are crucial to children in low-income families. Finally, *Living at the Edge* addresses the policy implications of its findings and makes recommendations concerning how policymakers and other concerned Americans can help more low-income families get the tools and resources they need to improve economic conditions for their children.

## DATA, METHOD, AND RESEARCH DESIGN

The analyses in *Living at the Edge* are based on data collected by the U.S. Bureau of the Census for its annual March supplements to the Current Population Survey (CPS) from 1976 to 2002.<sup>8</sup> In each of these survey years, individuals from more than 50,000 households were interviewed to obtain detailed information on family income sources for the previous calendar year, as well as employment status, education, and other important data used in this report.<sup>9</sup> The March CPS data have been used by the Census Bureau to provide yearly estimates on poverty in the United States since the 1960s.<sup>10</sup> These decades of data enable us to put the poverty trends documented in this report in a long-term context.

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<sup>7</sup> The selection of parental characteristics determining child poverty in this report is based on findings and approaches used by previous studies on poverty. For recent examples, please see Lichter and Crowley (2002) "Poverty in America: Beyond welfare reform," Danziger and Haveman (2002) *Understanding Poverty*, and NCCP (1996) *Ibid*.

<sup>8</sup> Since the income sources used to define low-income status referred to the calendar year before the interview time, the trends in levels and differentiation of low-income children and their families referred to in the report have a one-year lag to the survey years.

<sup>9</sup> The number of households interviewed was recently increased to approximately 78,000. The 2001 data used in this report are based on this new expanded sample. Please see Proctor and Dalaker (2002) "Poverty in the United States: 2001," Appendix B, for more details.

<sup>10</sup> Please see <http://www.census.gov/hhes/www/poverty.html> for more details.

The family income estimates and poverty thresholds used in this report strictly follow the official definitions of the Census Bureau.<sup>11</sup> To better understand the economic conditions facing low-income families, however, we also produced analyses of family income based on an experimental measure of poverty recently developed by the Census Bureau. This measure includes in-kind support (e.g., food stamps, subsidized school lunches), and subtracts medical and work related expenses, as well as adjusting for state and federal taxes and more detailed geographical variations in living costs.<sup>12</sup> Our analyses and those of the Census Bureau confirm that using either the official or the experimental measure would not produce very different estimates of poverty.<sup>13</sup> However, we find that the official measure tends to underestimate the low-income rate (the percentage of children in families with incomes below 200 percent of the poverty line) in contrast to the low-income rate estimated by using the experimental measure. While no new measure of poverty and income has been officially accepted, our findings indicate that the low-income rates in the report are a conservative estimate of the actual levels of economic hardship facing American families.

In order to document changes in economic conditions for children in low-income families before and after the major policy changes and economic expansion of the 1990s, *Living at the Edge* compares the average poverty and low-income rates in 1987-1991 with those in 1997-2001 across a wide range of variables, including parental employment status, age, education, living arrangement, and race/ethnicity.<sup>14</sup> In these analyses, we combine years of data in our comparison to provide more statistically robust estimates for both periods. Bootstrap standard errors are estimated for each period and then used to test for whether the estimates in 1987-1991 are statistically different from the levels in 1997-2001.<sup>15</sup> However, due to the fact that the March CPS keeps about a half of the same sample for adjacent years, we

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<sup>11</sup> The family income estimates used in this report include pre-tax income from the following sources: earnings, unemployment compensation, workers' compensation, social security, supplemental security income (SSI), public assistance, veterans' payments, survivor benefits, disability benefits, pension or retirement benefits, interest, dividends, rents, royalties, and estates and trusts, educational assistance, alimony, child support, financial assistance from outside of the household, and other sources. Please see <http://www.census.gov/population/www/cps/cpsdef.html> for more details on how March CPS defines pre-tax income. For the official definition of child poverty thresholds, please see <http://www.census.gov/hhes/poverty/threshld.html>.

<sup>12</sup> Please see Citro and Michael (1995) *Measuring Poverty: A New Approach*, and Short et al. (1999) "Experimental Poverty Measures: 1990 to 1997." For the most up-to-date definition of the experimental poverty measures, please see Proctor and Dalaker (2002) *Ibid.* However, because the Census Bureau has not made a final decision about which new measure of poverty to use and due to the varying data requirements associated with each possible new measure, it is very difficult to compare changes in near-poverty rates over time using the Census Bureau's most up-to-date measure used by Proctor and Dalaker (2002) *Ibid.* The version available for public use when we prepared this report only allows us to estimate trends between 1990 and 2000.

<sup>13</sup> Please see Short et al. (1999) *Ibid.*, Short (2001) "Experimental Poverty Measures 1999," Dalaker (2001) "Poverty in the United States: 2000," and our analyses below. The SAS codes used in this report to produce the experimental measure of poverty are kindly provided by Kathleen Short of the Census Bureau but the authors of this report are solely responsible for our findings. By using publicly available CPS data, we cannot reproduce estimates posted by the Census Bureau since, for the sake of confidentiality, some sensitive information has been suppressed. However, the differences in our estimates are unlikely to affect our main conclusions. Another source of differences between our estimates and those of the Census Bureau is that we add an estimated state EITC that was not included by the Census Bureau.

<sup>14</sup> The federal EITC was expanded significantly in 1993, and state waivers to federal welfare laws were implemented as early as 1992. Please see Bennett et al (2002) *Ibid.*, for details on state waivers and TANF implementation dates.

<sup>15</sup> Please see Efron, B.; and R. J. Tibshirani (1993) *An Introduction to the Bootstrap*.



only use data from three of the five years referred to in each period (1987, 1989, and 1991, for 1987-1991, and 1997, 1999, and 2001, for 1997-2001) to avoid overlapping samples in our final analyses.<sup>16</sup>

The report pays special attention to changes in parental employment status and their relationship to overall trends in low-income and poverty rates. This is because promoting employment has been one of the main goals of welfare reform. Following our discussion of parental employment rates, we analyze changes in two main proxies of human capital, parental age and parental education, from 1987-1991 to 1997-2001. For children in two-parent families, parental employment is coded by the status of the parent who worked more. With the same logic, parental education levels, and parental age for children in two-parent families are both defined by the parent with the higher education level or the greater age.

In addition to parental employment, education, and age, living arrangement and race/ethnicity compositions are well documented risk factors affecting family resources for children. We use the March CPS supplement to study their changing impacts on child low-income and poverty rates during these periods. We also examine differentiation in child poverty and low-income rates by parental immigration status. Children of immigrants are defined by whether they have a parent who is a first generation immigrant to the United States. However, since the CPS does not provide information on parental immigration status before 1993, our discussion on this topic is limited to the period of 1997-2001.

For all the risk factors that we can compare between the two time periods, 1987-1991, and 1997-2001, we explore the detailed changes in low-income and poverty rates by parental employment statuses and by the subgroups of each risk factor affecting families.<sup>17</sup> Appendix Table 1 shows how we define the subgroups that are used in our analyses. By using these three-way tables defined by time period, risk factor, and parental employment, we estimate how much the parental employment for each subgroup has changed, and, moreover, given the parental employment status, how the chances for children to live in a poor or low-income family have changed in the last decade.

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<sup>16</sup> Instead of applying bootstrap methods, the statistical tests for variations in low-income and poverty rates by state are estimated by following the instructions provided by the Census Bureau in their yearly poverty reports. <http://www.census.gov/hhes/poverty/poverty01/p60-219sa.pdf> provides an up-to-date version of these instructions.

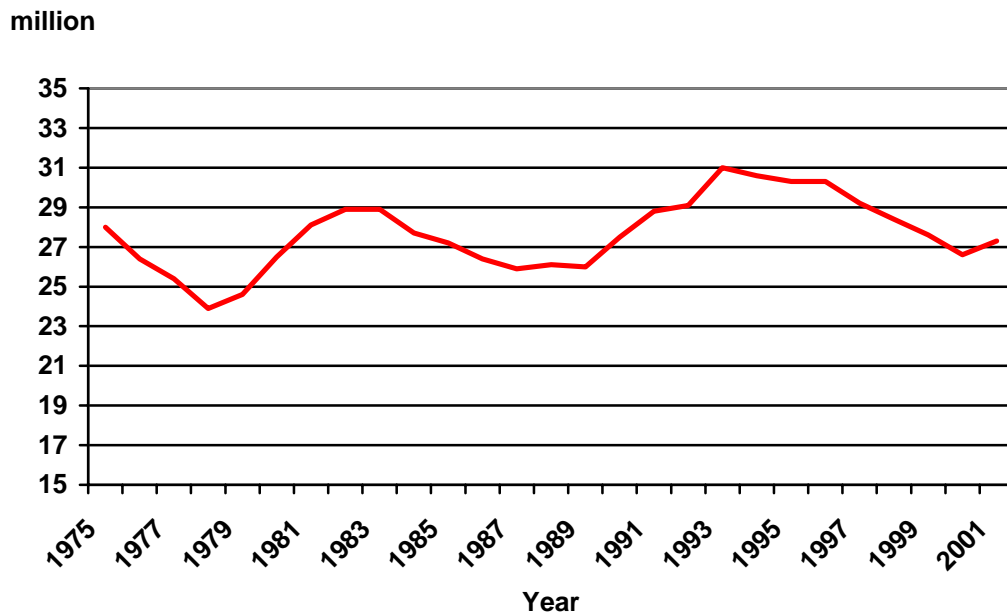
<sup>17</sup> No detailed changes by parental employment by state are included in the report.

## II. FACTS ABOUT CHILDREN LIVING AT THE EDGE OF POVERTY

### A DEMOGRAPHIC PORTRAIT OF CHILDREN IN LOW-INCOME FAMILIES

- **The number of children in low-income families declined from 1993 to 2000 and is now about the same as in 1990.**

Figure 1: Number of Children in Low-Income Families, 1975-2001.



In 1993, more children (31 million) lived in low-income families (i.e., in families with incomes under 200 percent of the poverty line) than in any other year between 1975 and 2001. After 1993 that number steadily declined so that, by 2000, about 27 million children lived in low-income families, the lowest number since 1990. This period of decreasing numbers of children in low-income families parallels the national economic expansion between 1993 and 2000. However, our analysis of income data suggests that the steady decline in the number of children in low-income families has stalled. (See Figure 1.)

- **Two of every five children live in low-income families.**

Among the 70 million children under age 18 in 2001, 38 percent lived in low-income families. More than one in five children (more than 15 million) lived at the edge of poverty (between 100 to 200 percent of official poverty line), while about 12 million children lived below the poverty line. About 5 million children were in extreme poverty, defined as under half of the poverty line, or less than \$9,000 for a two-parent family of four. (See Figure 2.)

**Figure 2. Number and Percentage Distribution of Children by Ratio of Family Income to the Poverty Line (PL), 2001.**

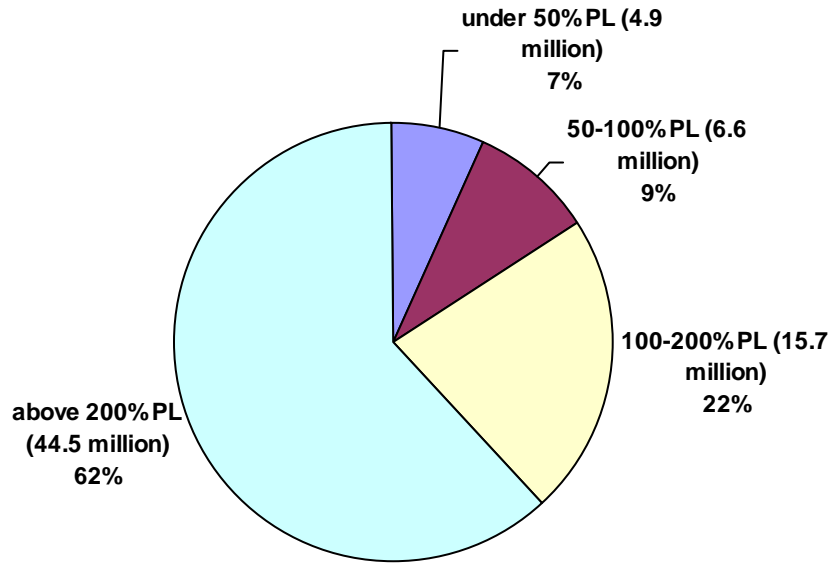
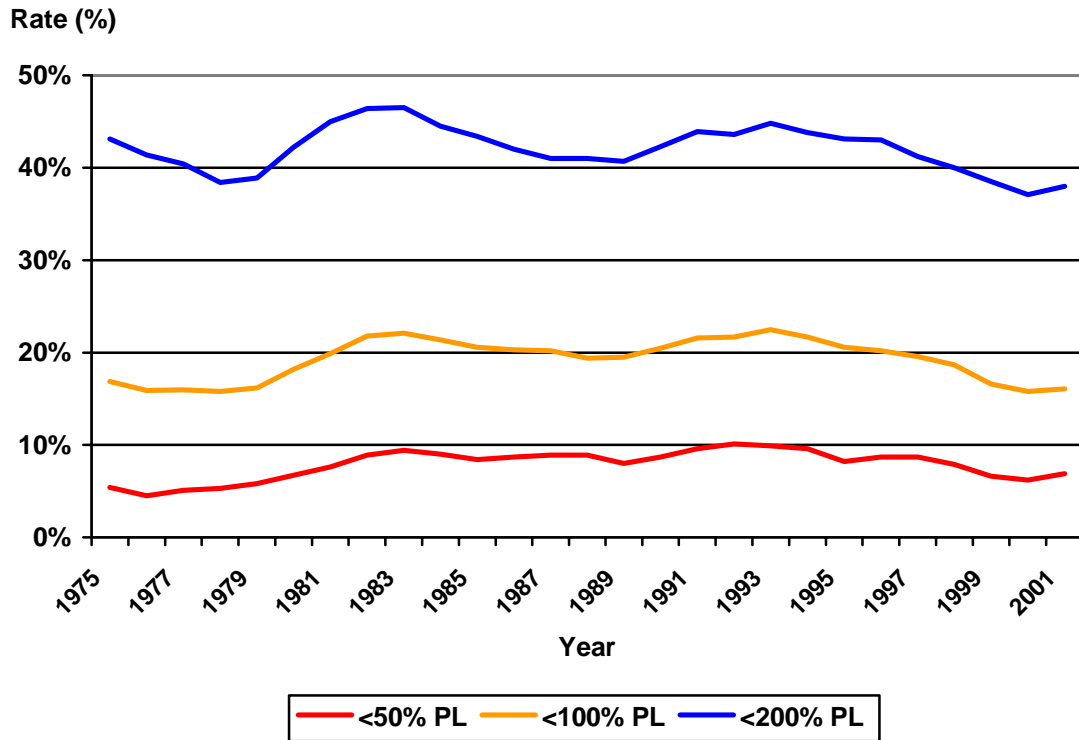


Figure 3 shows that almost two in five children in the United States are in low-income families. In 2001 children were less likely to live in low-income families than they were in 1991 (38 percent compared to 44 percent). The low-income rate in 2000 (37 percent) was the lowest point in the last 26 years, but the improvements in the low-income rate from 1993 to 2000 did not continue in 2001.

Figure 3. Percentage of Children in Extremely Poor, Poor, and Low-income Families



- In 2001 more children of low-income families lived in near-poor families than any year since 1980.

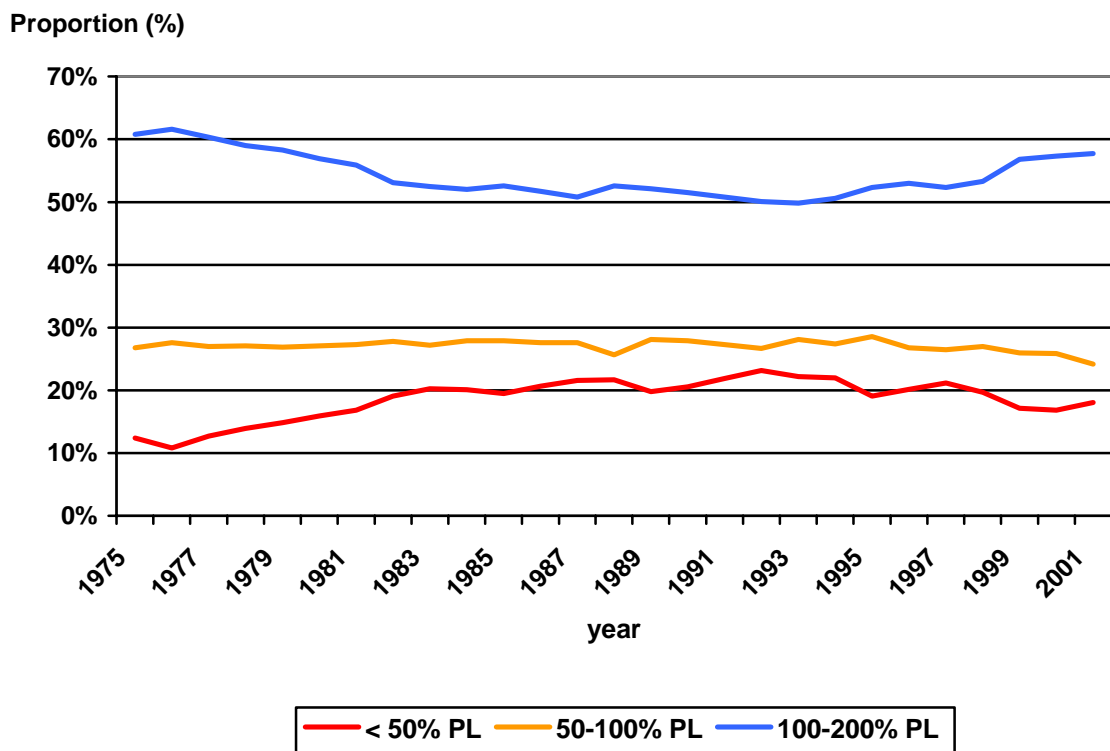
Figure 4 shows the composition of the population of children in low-income families in 1975-2001. It reveals that for decades, most children in low-income families have been near poor, (i.e., in families with incomes between 100 and 200 percent of the poverty line). In recent years, children in low-income families (those in families with incomes under 200 percent of the poverty line) became more likely to live in near-poor families. By 2001 a larger proportion (58 percent) of children in low-income families lived in near-poor families than in any year since 1980.

From the mid-1970s to the mid-1990s the proportion of all children in low-income families between 100 and 200 percent of the poverty line decreased from 60 percent to 50 percent. From 1995 to 2001, this proportion rebounded to 58 percent, a 16 percent increase from its low point. The rebound occurred in part because the near-poverty rate (i.e., the percentage of children in families with incomes between 100 and 200 percent of the poverty line) did not improve as quickly as the child poverty rate.

The proportion of children in low-income families who live in extremely poor families, (i.e., in families under 50 percent of the poverty line) has remained around 20 percent since the mid-1980s. This proportion doubled between the mid-1970s and mid-1980s. Despite

recent decreases, the proportion of children in extreme poverty among all children in low-income families is still well above its pre-1980 level. (See Figure 4.)<sup>18</sup>

**Figure 4. Composition of the Population of Children in Low-Income Families, 1975-2001**



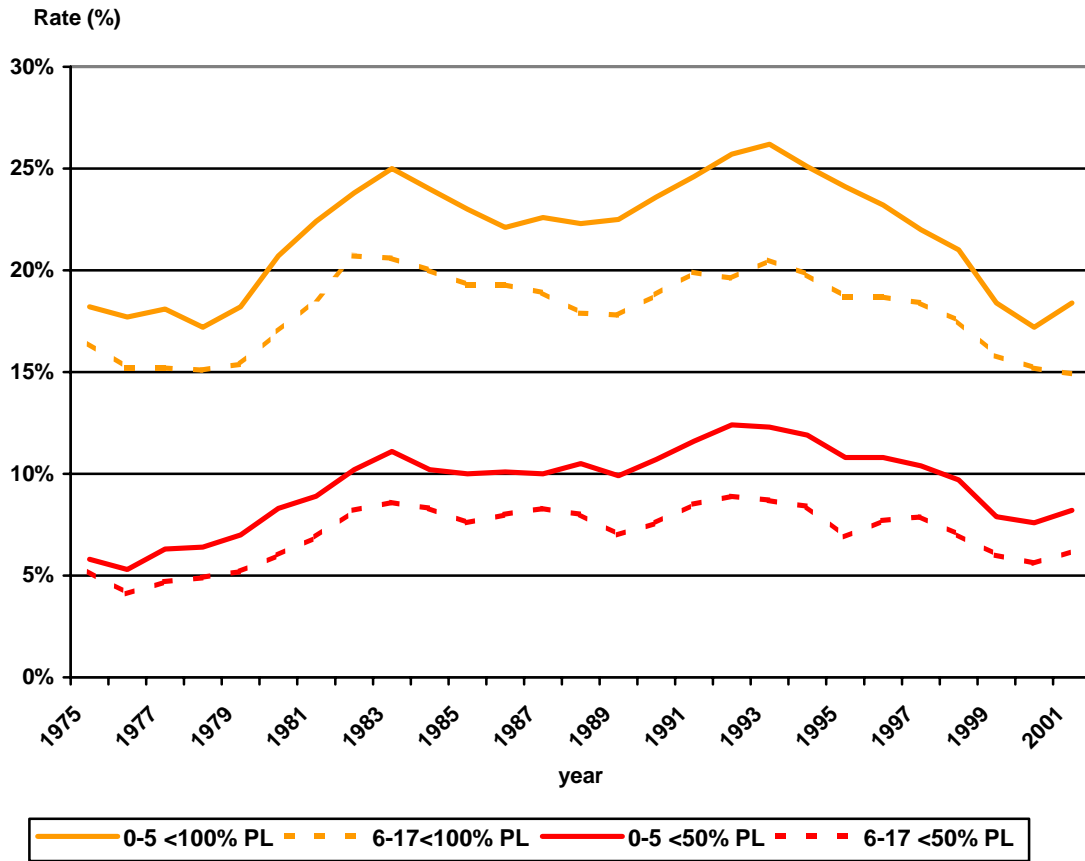
- **Young children continue to have higher low-income rates than older children**

Children of all age groups became less likely to live in low-income families between 1991 and 2001. However, throughout this time period, younger children continued to be more economically disadvantaged than older children. Children under age 6 were more likely to be poor or extremely poor than children between ages 6 and 18<sup>19</sup>. (See Figure 5.)

<sup>18</sup> A couple of years after the implementation of TANF (the 1996 welfare law), the Children’s Defense Fund warned policy makers and researchers to pay attention to an unexpected rise in extreme poverty due to the decline in welfare caseloads between 1995 and 1997. Figure 4 shows that the extreme poverty rate among low-income children reached its recent peak (21 percent) in 1997, and has generally declined since 1998. From 2000 to 2001, however, the extreme poverty rate rose again. Time will reveal whether there will be a new, long-term increase in extreme poverty among low-income children or a cyclical fluctuation. Please see Sherman et al. (1998) *Welfare to What: Early Findings on Family Hardship and Well-Being*. Cf. Litcher and Eggebeen (1993) “Rich kids, poor kids: Changing income inequality among American children.”

<sup>19</sup> NCCP (1996) *Ibid.* has documented that the child poverty rate has worsened relative to the poverty rate of people older than age 65 since the 1980s. These trends have been called the “juvenilization of poverty.” Cf. Litcher (1997) *Ibid.* and Bianchi (1999) “Feminization and juvenilization of poverty: Trends, relative risks, causes and consequences.” For a contrast between child poverty rates and the rates for people older than age 65 from 1975 to 2001, see Lu (2003b) *Low-Income Children in the United States*. We do not repeat that analysis here. (See <http://www.nccp.org/media/cpf03-text.pdf>)

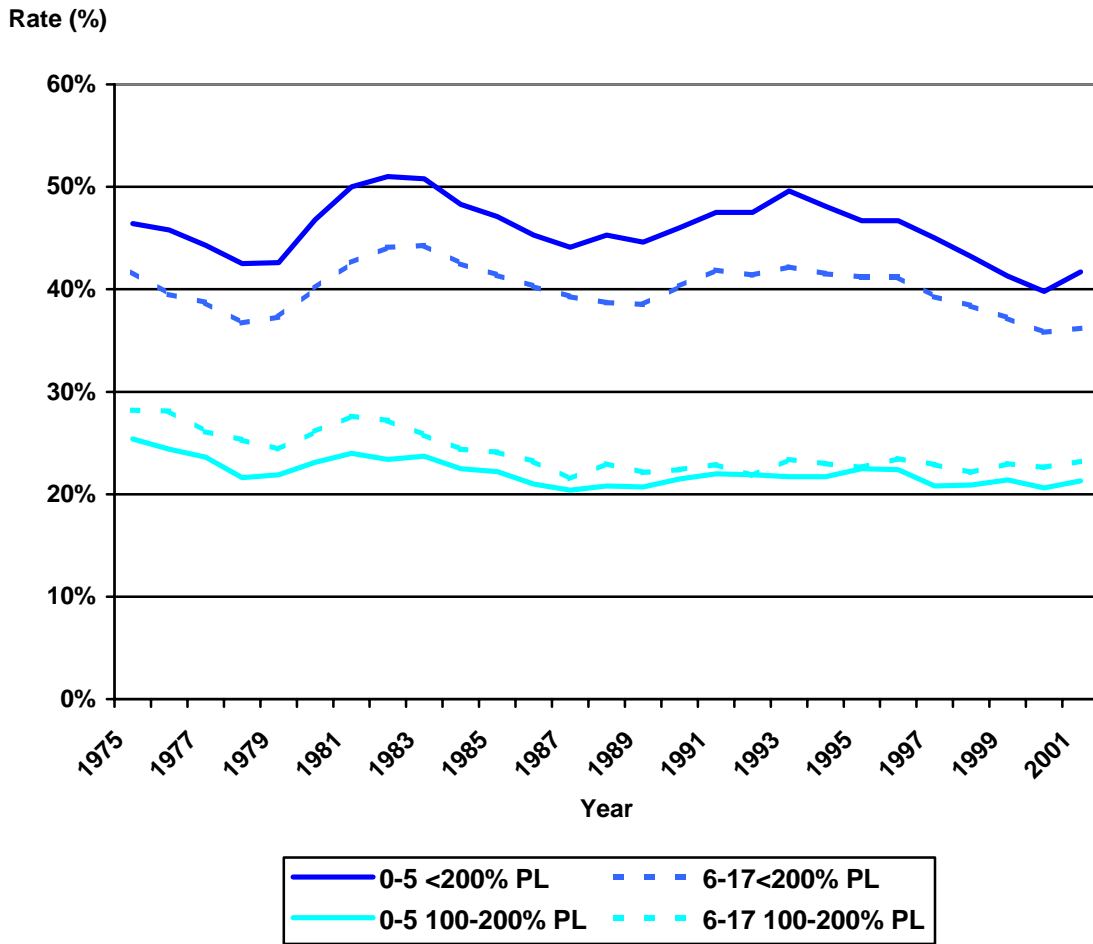
Figure 5. Poverty and Extreme-Poverty Rates by Age Group, 1975-2001



While younger and older children have similar chances of living in near-poor families (21 percent and 23 percent in 2001, respectively), children under age 6 were 15 percent more likely to live in low-income families than older children (42 percent vs. 36 percent in 2000). (See Figure 6.) This shows that differences below the poverty line are responsible for the greater share of younger children living in low-income families compared to older children. An analysis of 2001 income data indicates that the economic downturn that year had more impact on younger and poorer children than it did on other children.<sup>20</sup>

<sup>20</sup> See Lu (2003a) *Low-Income Children in the United States (2003, March)* for a more detailed discussion of changes in child low-income, poverty, and extreme poverty rates from 2000 to 2001 by race/ethnicity groups.

Figure 6. Low-Income and Near-Poverty Rates by age group, 1975-2001



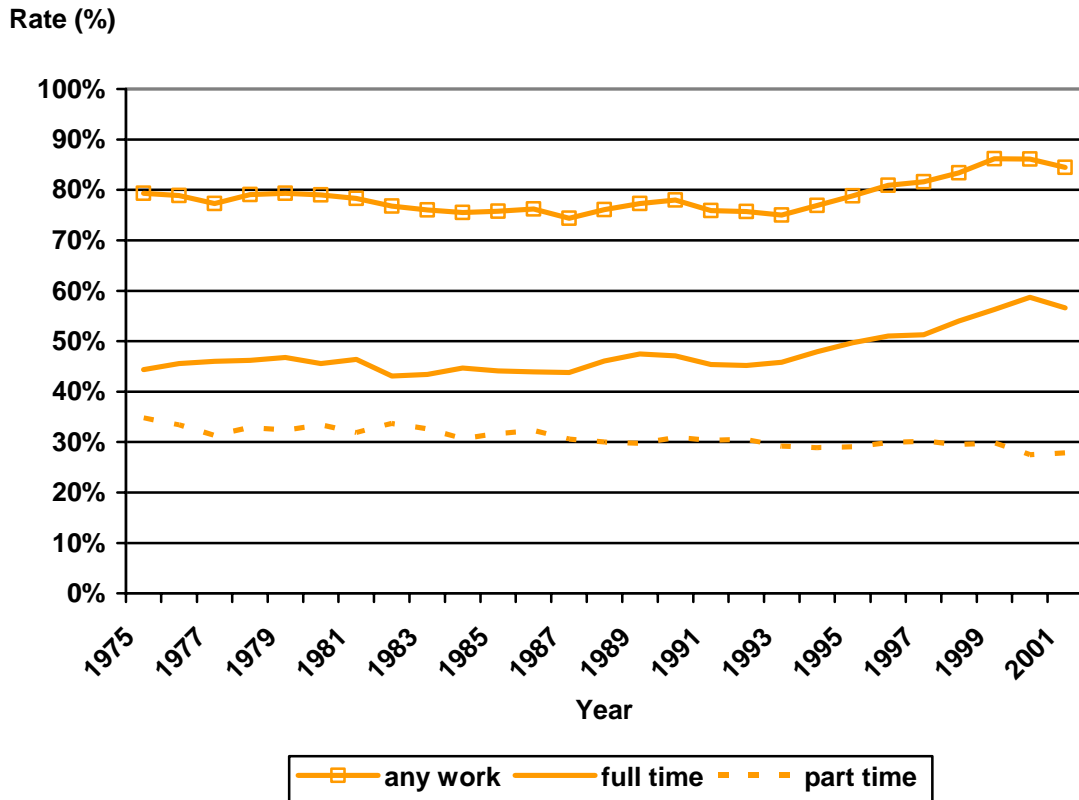
#### PARENTAL EMPLOYMENT

- **More children of low-income families are living in full-time working families than were a decade earlier.**

The proportion of children in low-income families with at least one working parent increased from 76 percent in 1991 to 85 percent in 2001. The corresponding proportion with at least one parent working full-time increased substantially (from 45 percent in 1991 to 57 percent in 2001) during the unprecedented economic boom of the 1990s. The increase in the full-time working family rate accounted for the increase in the number of working low-income families. The percentage of children who were in low-income families and had at least one parent employed part time remained around 30 percent throughout the decade.<sup>21</sup> (See Figure 7.)

<sup>21</sup> Analyses referring to parental characteristics (such as, parental employment status, age, education, marital status, and immigration status) were all based on children who live with their parent(s).

**Figure 7. Percentage of Children in Low-Income Families with Parents of Various Employment Statuses, 1975-2001**



Unfortunately, the economic security of children in working families in 1997-2001 has not improved compared with that in 1987-1991. The low-income rate for children whose parent worked full-time and year round in 1997-2001 was 27 percent, similar to the 26 percent rate in 1987-1991.

- **Less than five percent of children in low-income families rely solely on public assistance.**

In 2001, more children of low-income families lived in working families relying on earnings<sup>22</sup> than any year since 1975. The percentage of children in low-income families with earnings from employment but not receiving any public assistance<sup>23</sup> increased to 81 percent in 2001 from 65 percent in 1993, which was the lowest point since 1975. When working families receiving both earnings and public assistance are included, the percentage of children in low-income families with earnings increased to 88 percent in 2001 from 79 percent in 1993, which was also the lowest level since 1975. Only a small fraction (4 percent) of children lived in low-

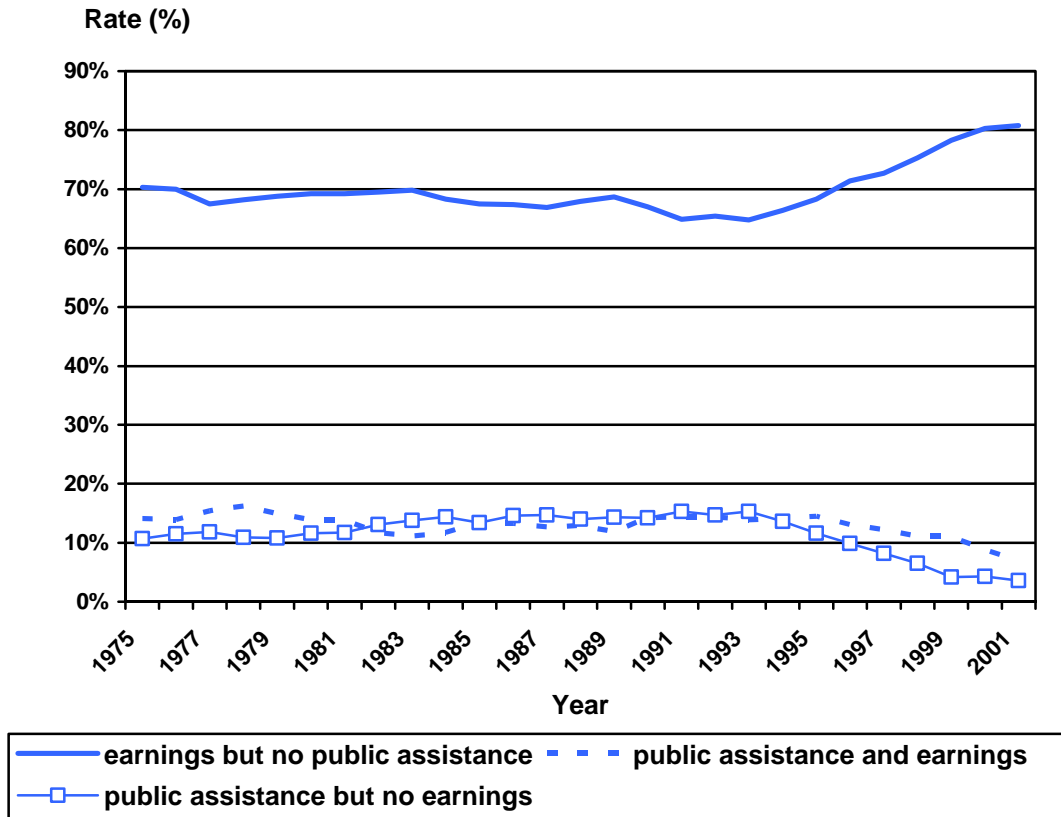
<sup>22</sup> Earnings include wages, salary, self-employment, and farm income. There could be negative earnings defined above but in the current context we only count those with positive earnings. For sources of income other than earnings and public assistance, please see footnote 18.

<sup>23</sup> Public assistance includes SSI and welfare income.



income families that relied on public assistance but no earned income in 2001, compared to 15 percent in 1993, which was the highest level since 1975. (See Figure 8.)

**Figure 8. Percentage Distribution of Children in Low-Income Families by Sources of Family Income**



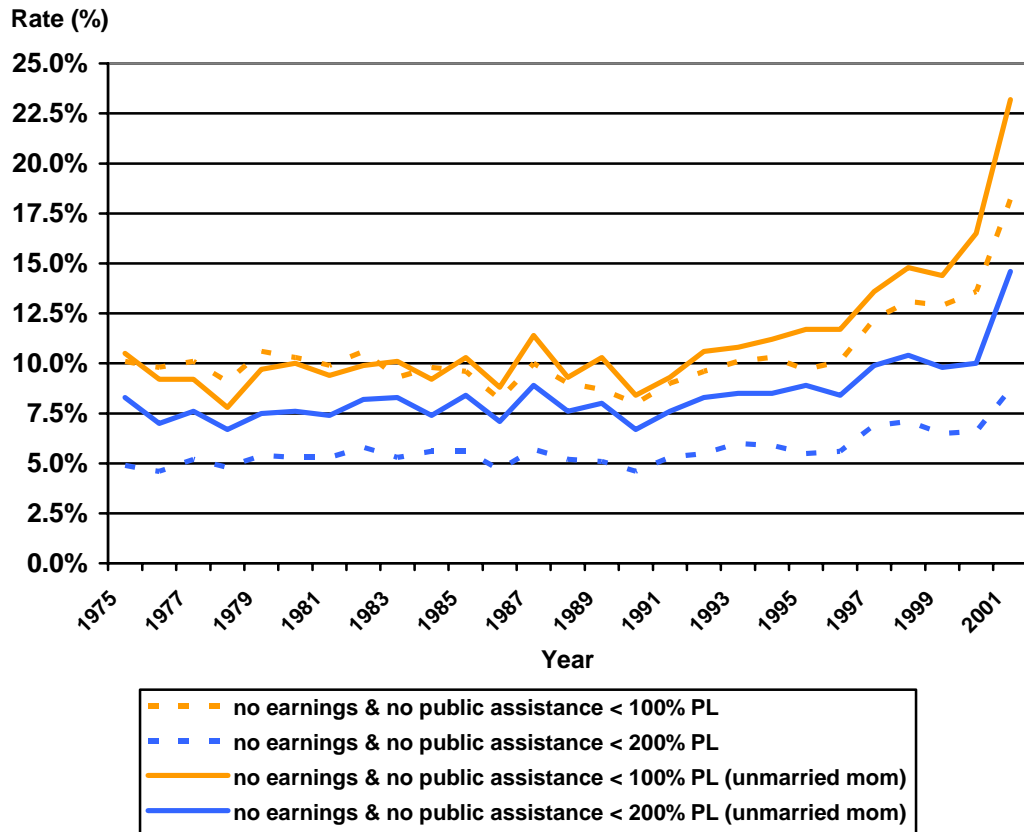
The trends for poor children have changed over time with a pattern very similar to children in low-income families. The strong economy of the 1990s and the work requirements of federal and state welfare reforms contributed to the steep rise in low-income parents – particularly unmarried mothers – participating in the workforce.

While the percentage of children of low-income families living in working families increased across the board regardless of living arrangement, the most significant change was among these children in unmarried-mother families. The percentage of children in low-income families that were unmarried-mother families relying on earnings from employment and not receiving any public assistance increased to 68 percent in 2001 from 40 percent in 1991. The percentage of children in low-income families that were unmarried-mother families relying on public assistance and without any earned income decreased to 7 percent in 2001 from 31 percent in 1991<sup>24</sup>.

<sup>24</sup> Cf. Zedelewski et al. (2003) “Families coping without earnings or government cash assistance.”

- The proportion of children in families without earnings and not receiving public assistance among all children in low-income families has doubled since 1991.

**Figure 9. Proportion of Children in Families without Earnings and Public Assistance among Children in Low-Income and Poor Families, Unmarried-mother vs. All Families, 1975-2001**



The increase in parental employment among low-income families has been accompanied by a weakened safety net for families without earnings.<sup>25</sup> The proportion of children in low-income families with neither family income from earnings nor from public assistance increased dramatically during the 1990s. Among children in poverty in 1991 only about 8 percent were in families without either earnings or public assistance. By 2001, the percentage of poor children in this category had more than doubled to reach 18 percent, the highest level since 1975. The proportion of children in low-income families (under 200 percent of the poverty line), without earnings or public assistance in 2001 (9 percent) was also almost twice as high as the proportion in 1991 (5 percent). The increase in the proportion of poor children in unmarried-mother households without earnings or public assistance is even

<sup>25</sup> It is worth a further study to find out how much children in families without earnings and public assistance for the whole year were in fact relying on economic resources not uncovered by the CPS data. However, it is very unlikely the dramatic increases started in the 1990s were solely a result of data quality changes.

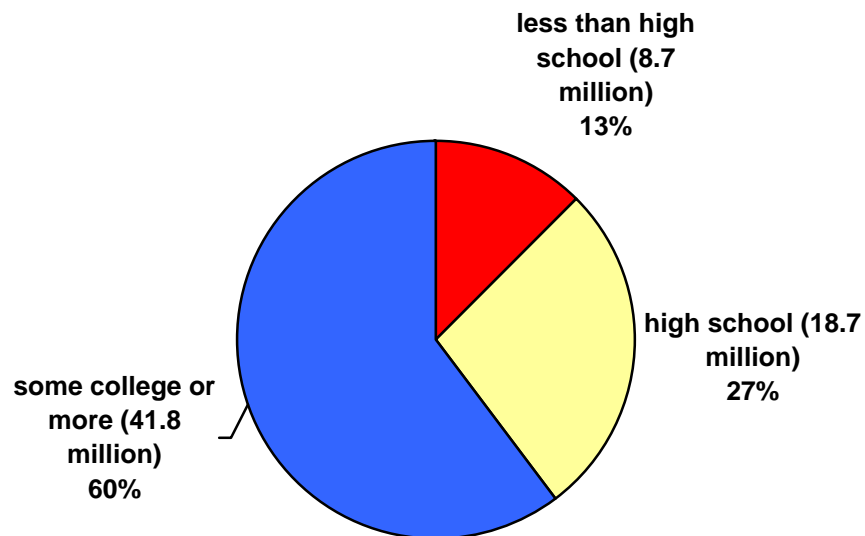
more notable. The proportion of children in this category increased two and a half times from 9 percent in 1991 to 23 percent in 2001. (See Figure 9.)

## PARENTAL EDUCATION

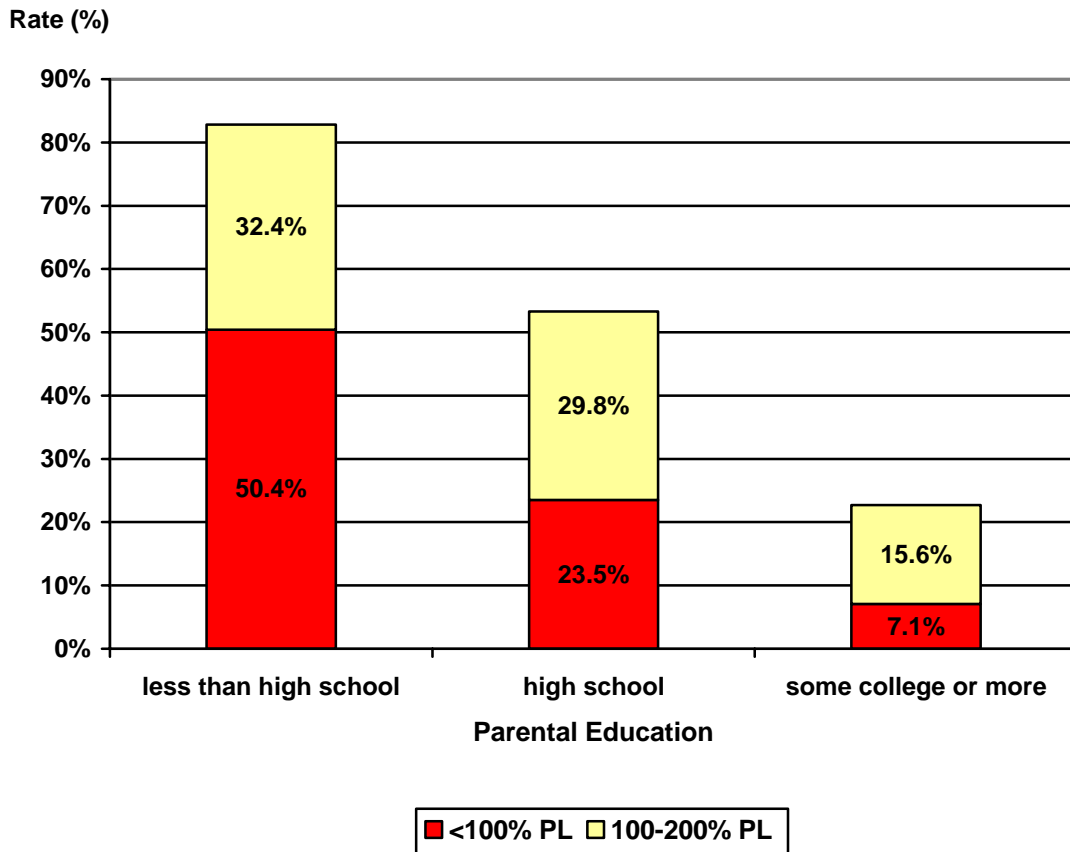
- **Most children whose parents do not have a college education live in low-income families.**

Parental education strongly predicts the earning ability of parents and largely determines the economic security of their children. Based on the average for 1997 to 2001, 40 percent of children lived with parents without any college education. (See Figure 10.) Among children whose better-educated parent did not finish high school, more than 80 percent lived in low-income families (under 200 percent of the poverty line). Half of these children lived under the poverty line. Among children whose more-educated parent was a high school graduate, more than one half (53 percent) were low-income. About a third of the children whose more-educated parent was a high school graduate lived in near-poor families (between 100-200 percent of the poverty line). Children whose more-educated parent was a high school graduate were much less likely to be poor or extremely poor than children whose parents did not finish high school. However, about one in five children whose more-educated parent had at least some college education lived in low-income families and the near-poverty rate for these children was about 16 percent. (See Figure 11.)

**Figure 10. Number and Percentage Distribution of Children by Parental Education, 1997-2001**



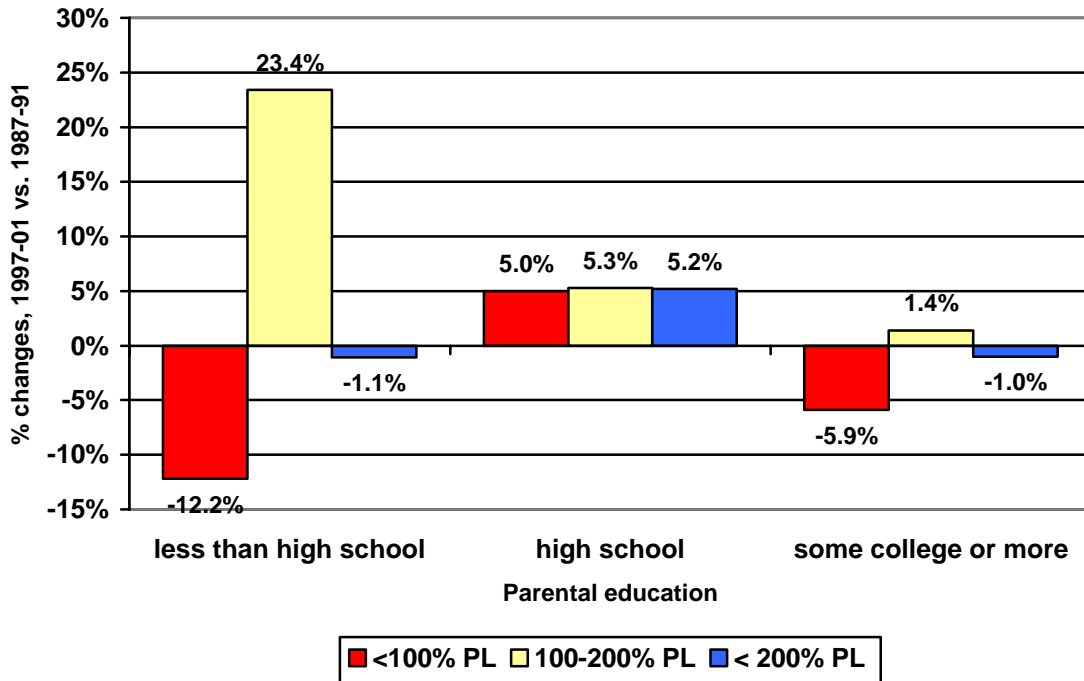
**Figure 11. Low-Income, Poverty, and Near-Poverty Rates for Children by Parental Education, 1997-2001**



- **Children whose parents did not finish high school have become less likely to reside in poor families but much more likely to live in near-poor families than a decade ago.**

Children whose more-educated parents did not attend college have become more likely to live in near-poor families (with incomes between 100-200 percent of the poverty line) in recent years than children in that category a decade ago. While there has been a net improvement in the low-income rate among children whose more-educated parent did not have a high school diploma, their chance of being in a near-poor family increased by 23 percent (from 26 percent in 1987-1991 to 32 percent in 1997-2001). Children whose parents did not finish high school have become only slightly more likely to be above 200 percent of the poverty line than a decade ago (16 percent in 1987-1991 compared to 17 percent in 1997-2001). At the same time, the chance of living in a low-income family among children with parents who completed high school but did not attend college increased more than 5 percent--from 51 percent in 1987-1991 to 53 percent in 1997-2001. (See Figure 12 and Table 1b.)

**Figure 12. Changes in Low-Income, Poverty, and Near-Poverty Rates for Children by Parental Education, 1997-2001 vs. 1987-1991**



- **In recent years, children with less-educated parents are more likely to be in near-poor working families.**

Tables 1 and 1b show that the majority of children in low-income families have at least one working parent, regardless of their parents’ education level, and for most of these children, at least one parent works full-time. In 1997-2001, 78 percent of children in low-income families that did not have any parent with a high school diploma lived with at least one employed parent. About two-thirds of these working parents had full-time jobs. Ninety-one percent of children with at least one parent who completed high school were in working families and 97 percent of children with at least one parent who went to college were in working families.

Low-income rates for children are more strongly associated with their parents’ education level than their parents’ employment status. Children whose parents did not finish high school were four times as likely to be in low-income families as children with one or more college educated parents. And children whose parents completed high school but did not attend college were more than twice as likely (53 percent vs. 23 percent) to be in low-income families than children with at least one college-educated parent.

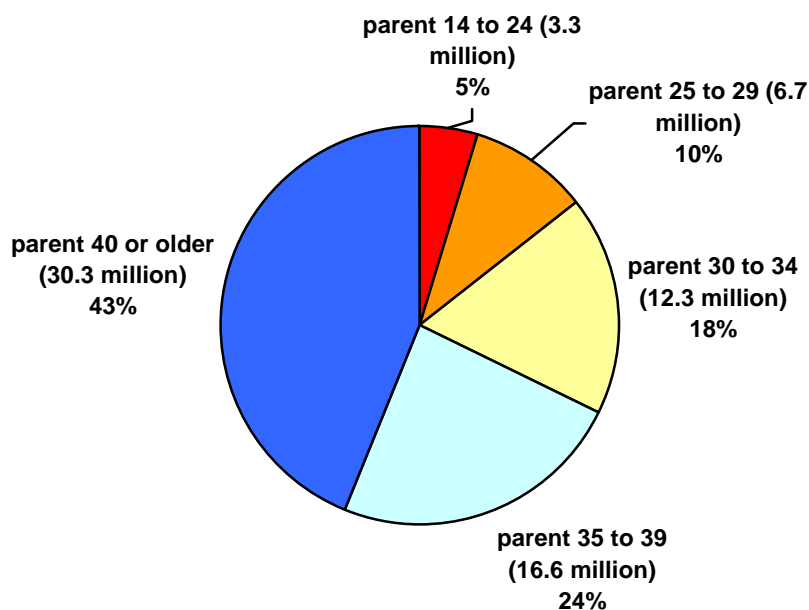
In the last decade, there has been an increase in the labor force participation of less educated parents. For example, the largest increase (33 percent) in the proportion of full-time employment was among parents who did not have a high school diploma. Unfortunately, in the last decade, we also found a growing share of children in working families became low-income in all parental education levels. By comparing the years 1987-1991 and 1997-2001, we found a 12 percent increase in the low-income rate and a 38 percent increase in the poverty rate for children whose parents worked full-time and had a high-school diploma (but no college education). For children whose parents did not have a high school diploma but worked full-time year round, we found a 8 percent increase in the low-income rate, and the increase in the chance for children whose parents entered college to live in a low-income family was about 7 percent. There has been no noteworthy improvement in economic security among children whose parents worked part-time, either. The chances of living in a low-income family increased for children whose parents are working part-time and have only a high-school diploma. Children whose parents completed high school or entered college but worked part-time were also more likely to be poor in recent years than children with such parents a decade ago. (see Tables 1, and 1b).

<Tables 1 and 1b are about here>

#### PARENTAL AGE

- Most children with parents younger than age 30 are in low-income families.

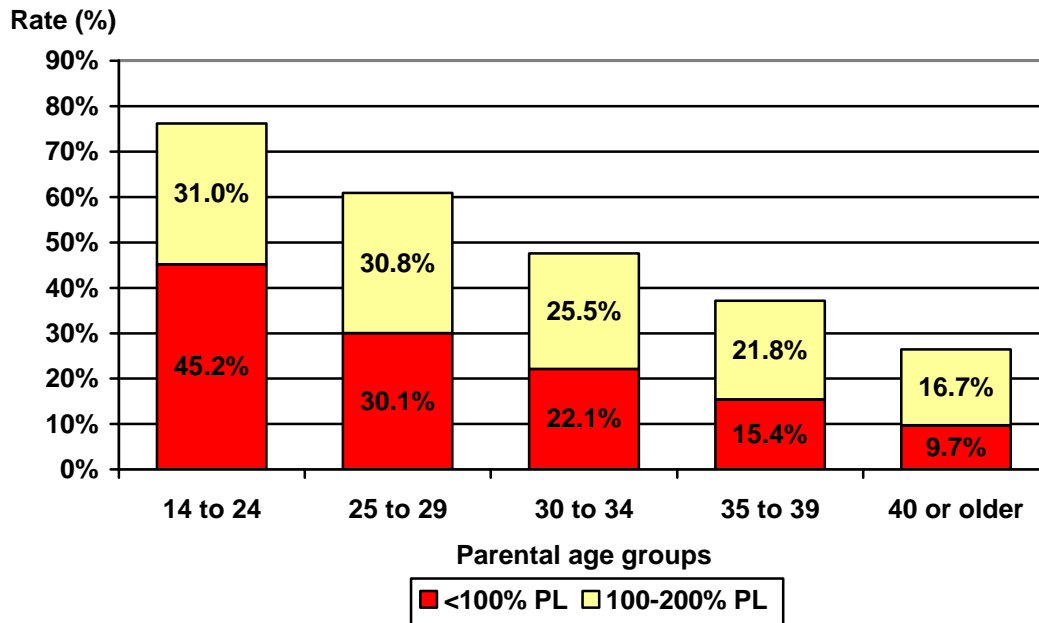
**Figure 13. Number and Percentage Distribution of all Children by Parental Age, 1997-2001**



It is well documented that earnings are heavily influenced by work experience and education, and, therefore, on average, parental earning abilities tend to be lower among younger parents than among older parents who have had more time to gain education and experience.<sup>26</sup> As a result, children with younger parents are more likely to be living at the edge of poverty. There are 22 million (one in three) children living with parents younger than age 35 among all children living with their parents. (See Figure 13.)

About half of children living with parents between ages 30 to 34 are in low-income families. The majority of children living with parents younger than age 30 are in low-income families. For children whose parents are younger than age 25, the chances of living in a low-income family (under 200 percent of poverty line) are very high. More than three-quarters of these children with young parents are in low-income families, and almost half of them live under the official poverty line. (See Figure 14.)

**Figure 14. Poverty, Near-Poverty and Low-Income Rates for Children by Parental Age, 1997-2001**

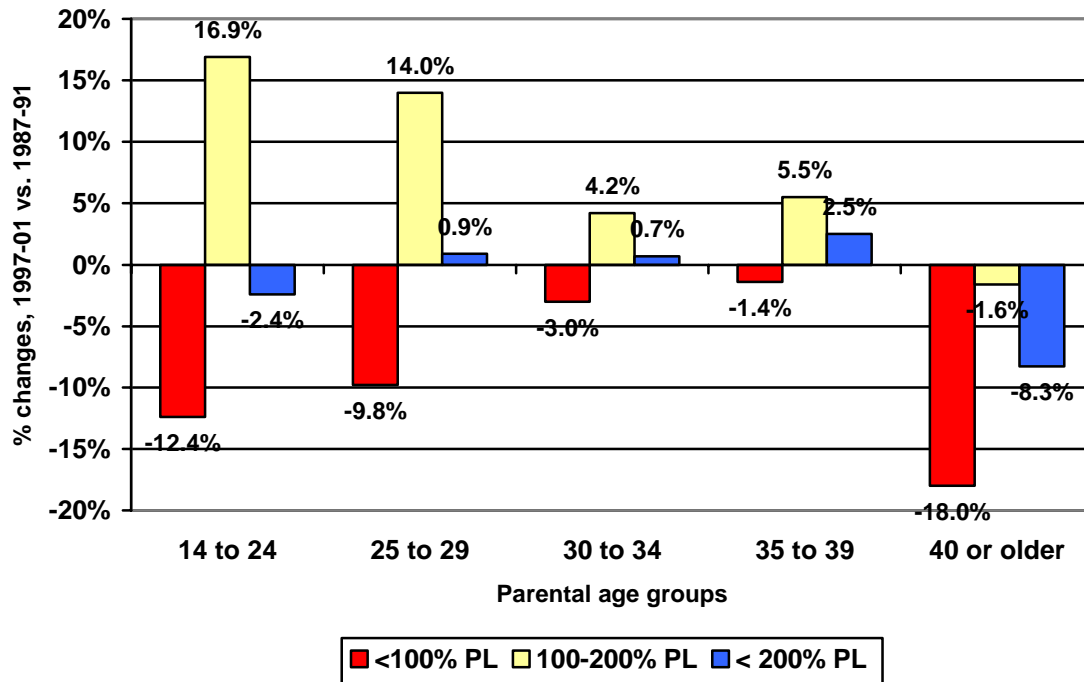


<sup>26</sup> Another way to conceptualize the importance of parental age is the life-cycle stages. The young adulthood years tend to have a higher probability of experiencing poverty. See Rank and Hirschl (2001) “The occurrence of poverty across the life cycle: Evidence from the PSID.”

- **Children with younger parents have become more likely to be near poor than a decade ago**

Between 1997 and 2001, the percentage of children living in low-income families was 76 percent when parents were younger than age 25, 61 percent for parents ages 25 to 29, 48 percent for parents ages 30 to 34, 37 percent for parents ages 35 to 39, and 26 percent for parents age 40 or older. A comparison of these rates with those from a decade ago shows that the improvement varied dramatically by parental age. For the youngest parental group (under age 25), the improvement occurred both among poor and low-income (under 200 percent of the poverty line) families. The decrease in low-income rates for children with parents age 40 or older was the highest (8 percent) among all parental age groups defined above. However, except for the children with parents age 40 or older, the near-poverty rates increased among all of the other parental age groups, and the highest increase in the child near-poverty rate (between 100 to 200 percent of the poverty line) was found among children with parents age younger than 30. (See Figure 15, Tables 2 and 2b).

**Figure 15. Changes in Low-Income, Poverty, and Near-Poverty Rates for Children by Parental Age, 1997-2001 vs. 1987-1991**



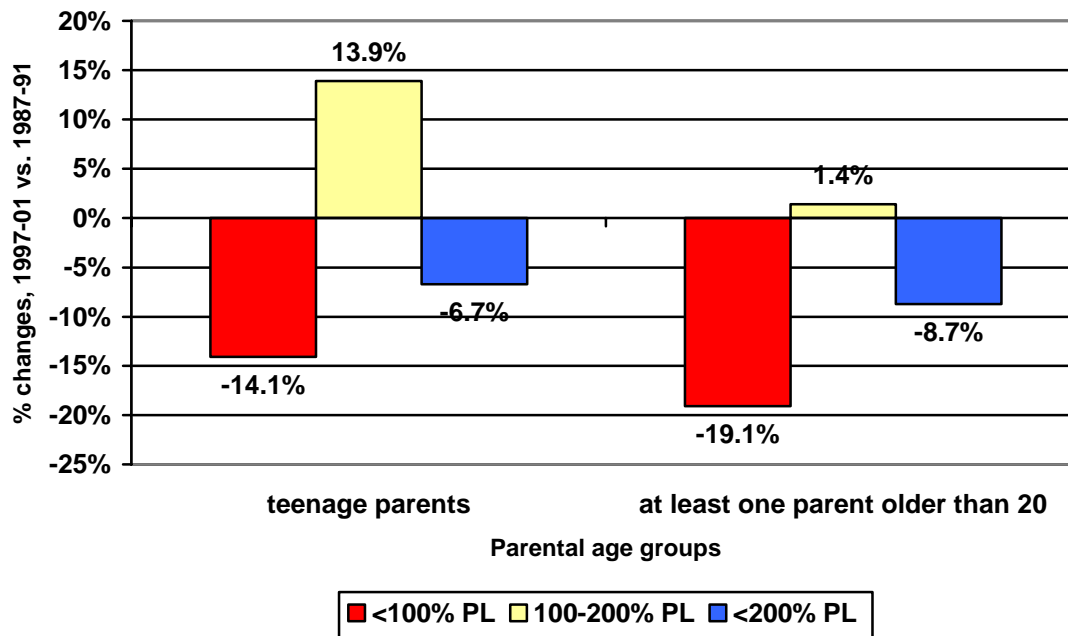
<Tables 2 and 2b about here>



- **Children born to teenage parents are more likely to be near-poor but less likely to be poor or low-income in recent years than they were a decade ago.**

Between 1997 and 2001, 74 percent of children born to teenage parents lived in low-income families. Two-thirds of these were in poverty. A comparison between children born to teenage parents during 1997-2001 and those born a decade earlier finds such children were less likely to live in low-income or poor families but more likely to be near-poor.<sup>27</sup> (See Figure 16.)

**Figure 16. Changes in Poverty, Near-Poverty and Low-Income Rates for Children under Age One by Parental Age, 1997-2001 vs. 1987-1991**



<sup>27</sup> Teenage parents are identified by the age difference between children and their older parent in the family. This excludes teen parents no longer living with children at the time of their CPS interview or married to an older spouse before their child's first birthday. These biases may result in an underestimation of the association of teen birth and current poverty. For more details on the debate about whether it is unwed status or early childbearing that causes child poverty see Wu and Wolfe, eds., (2001) *Out of Wedlock: Consequences of Nonmarital Fertility*, Foster (1998) "The economic impact of nonmarital childbearing: How are older, single mothers faring?" Bonars and Grogger (1994) "The economic consequences of unwed motherhood: Using twin births as a natural experiment," and Geronimus and Korenman (1992) "The socioeconomic consequences of teen childbearing reconsidered."

- **Children living with full-time employed parents under age 40 are more likely to be low income now than they were a decade ago, although younger parents are more likely to be employed now than a decade ago.**

The decreases in child poverty from 1987-1991 to 1997-2001 by parental age were largely related to an increase in parental employment. The increase was larger for younger parents. For the youngest parental group (ages 14-24), the increase in full-time employment was 27 percent and in part-time employment was 16 percent. This high rate of increase in parental employment among younger parents was due in part to the relatively high proportion of families without any working parents among children living with young parents during the 1987-1991 period. For example, the proportion of children whose older parent was younger than age 25 and who did not have a working parent declined by more than a third from 35 percent to 21 percent. The proportion of children without a working parent decreased dramatically for all parental age groups while greater reductions were found among children living with parents younger than age 35. However, the decreases in child poverty during the same period were not related to the improving economic security of employed parents. On the contrary, age-specific low-income, poverty and near-poverty rates increased, between 1987-1991 and 1997-2001 for all parental age groups with full-time and year-round working parents, except for parents older than age 40 (most of these increases being statistically significant). (See Tables 2 and 2b.)

#### LIVING ARRANGEMENT

- **Children who lived with unmarried mothers are more than twice as likely to live in low-income families than are those who lived with two parents.**

More than half of the children born in the 1990s will spend some part of their childhood living in an unmarried-parent family.<sup>28</sup> In 1997-2001, among all children who lived with parents, about 30 percent of them lived in an unmarried-parent family and the large majority of these children lived with unmarried mothers. (See Figure 17.)

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<sup>28</sup> Bumpass and Lu (2000) "Trends in cohabitation and implications for children's family contexts in the United States."

Figure 17. Number and Percentage Distribution of Children by Living Arrangement, 1997-2001

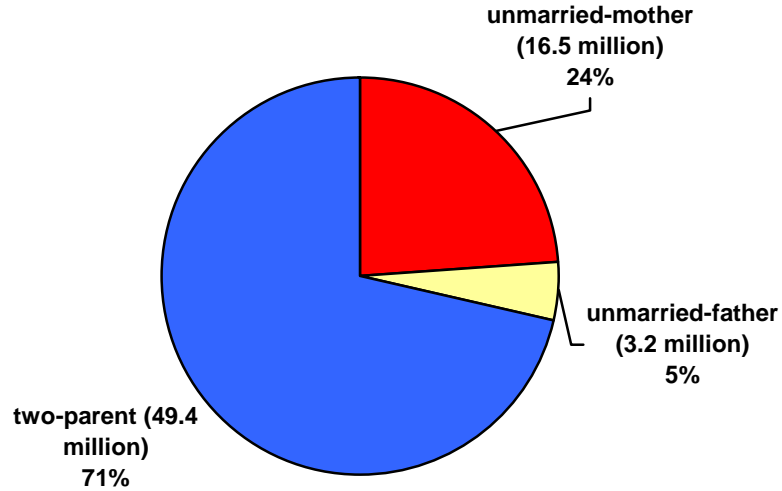
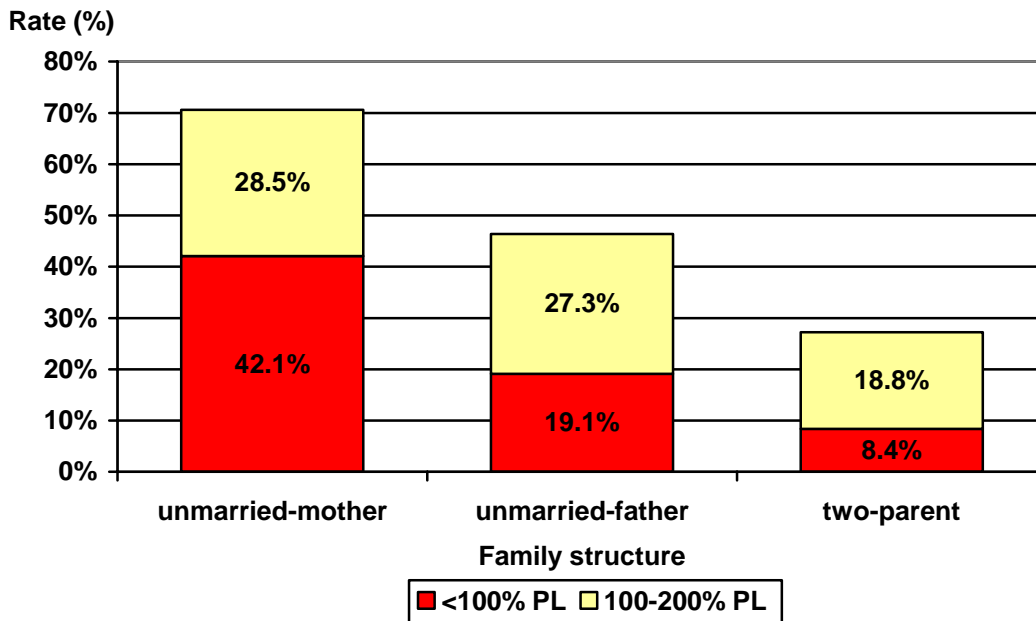


Figure 18. Low-Income, Poverty, and Near-Poverty Rates for Children by Living Arrangement, 1997-2001



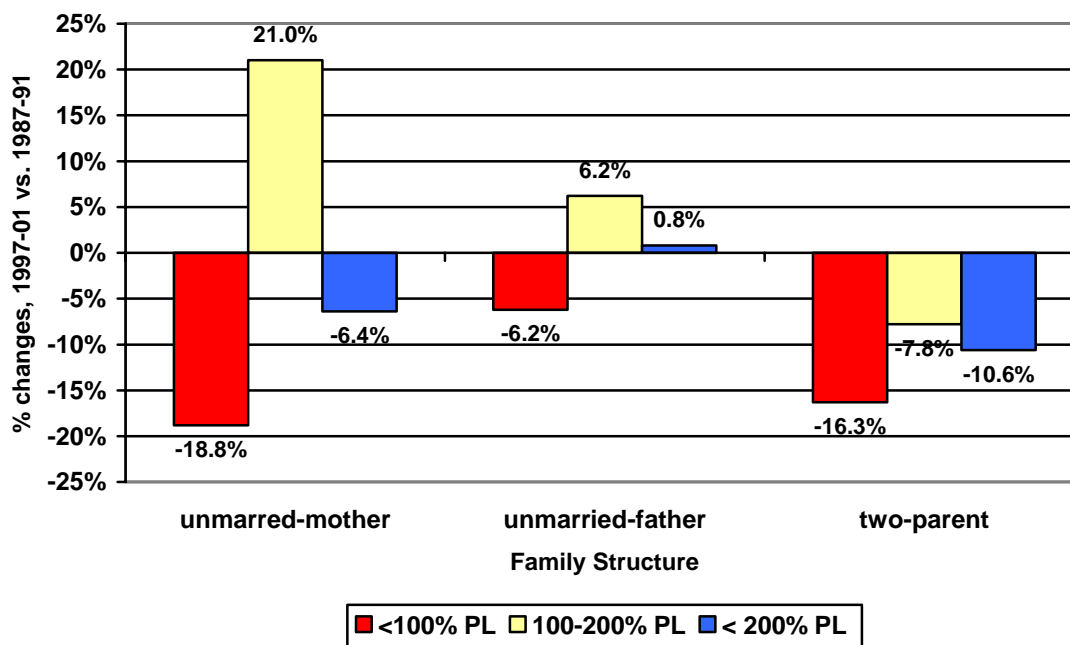
Children living in unmarried-parent families have substantially higher low-income rates than other groups, in part, because two-parent families have more adults to help secure family economic resources. During 1997-2001, 71 percent of children who lived with unmarried mothers were in low-income families. Compared to the rate of children who lived with

married parents (27 percent), it is more than twice (2.6 times) as high. Children who lived with unmarried fathers were also far more likely to be in low-income families (46 percent) than were those who lived with married parents. The difference in poverty between children living with an unmarried parent and children living with two parents is even greater, with five times as many children of unmarried mothers living in poverty as children in two-parent families. (See Figure 18.)<sup>29</sup>

- **Children who live with unmarried mothers have become more likely to reside in near-poor families but less likely to live in low-income families than 10 years ago.**

From 1987-1991 to 1997-2001, the chances of being in a low-income family for children living with two parents decreased from 30 to 27 percent. Children who lived with unmarried mothers became more likely to live in near-poor families (increasing from 24 to 29 percent), although they also became less likely to reside in low-income families. During the same period, the low-income rate for children who lived with unmarried fathers did not improve as much as that observed among children in other living arrangements. (See Figure 19.)

**Figure 19. Changes in Low-Income, Poverty, and Near-Poverty Rates for Children by Living Arrangement, 1997-2001 vs. 1987-1991**



<sup>29</sup> Lerman (2002), “Marriage and the economic well-being of families with children: A review of the literature,” provides one of the most recent reviews on how living arrangement can affect the economic well-being of children. Iceland (2003) “Why poverty remains high: The role of income growth, economic inequality, and changes in family structure, 1949-1999”, however, found that changes in family structures contributed much less to changes in child poverty in the 1990s than in earlier years.

- **Children in unmarried-parent working families were more likely to live in low-income families in 1997-2001 than they were in 1987-1991, although their parents were more likely to be employed full-time.**

Over the past decade, parental employment increased in all the family types covered in this report, with the largest increase among unmarried-mother families. The proportion of children living with unmarried mothers without an employed parent has decreased from 36 percent in 1987-1991 to 22 percent in 1997-2001, the largest absolute percentage change among all family types. However, this increase in parental employment has not been accompanied by any improvement in the chances of escaping poverty or low-income status among unmarried-parent working families. The chance of being in a low-income family among children living with an unmarried parent who worked full time and year round has significantly increased. The rise in the chances of being poor is especially notable among children in unmarried-mother (14 percent) and in unmarried-father (39 percent) families. The only significant improvements in the chances of being low-income given parental employment status are found among two-parent full-time working families and children in unemployed unmarried-mother families. (See Tables 3 and 3b.)

<Tables 3 and 3b about here>

## RACIAL AND ETHNIC COMPOSITION

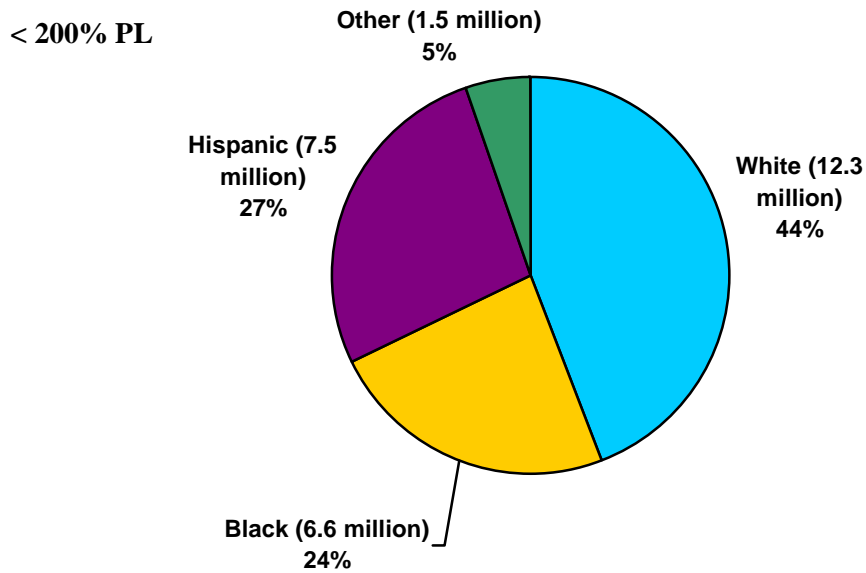
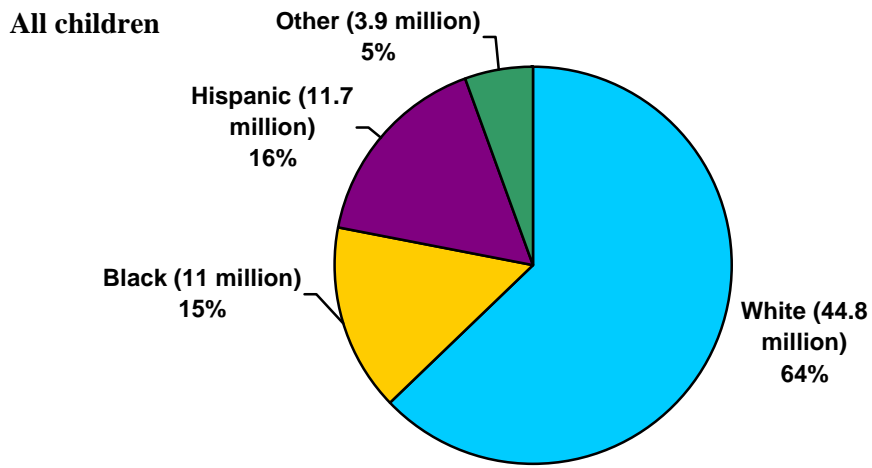
- **A disproportionately high percentage of minority children are in low-income families but whites are still the largest low-income group.**

Minority children are disproportionately likely to be in low-income families, while more children in low-income families are white than black or Hispanic. Over a third (36 percent) of the 70 million children in the United States during 1997-2001 were minorities—black, Hispanic, Native American, Asian American, or from other non-white racial and ethnic backgrounds. These children represent more than a half (56 percent) of all children in low-income families, and nearly two-thirds (65 percent) of children in poverty. Forty-four percent of children in low-income families were white (about 12 million), 27 percent were Hispanic (about 8 million), and 24 percent were black (about 7 million). Most near-poor children are white (8 million or 51 percent of those with family incomes between 100 and 200 percent of the poverty line).<sup>30</sup> The 5 million white children in poverty are still the plurality of poor children (35 percent), followed by the black and Hispanic poor children (about 4 million each). (See Figure 20.)

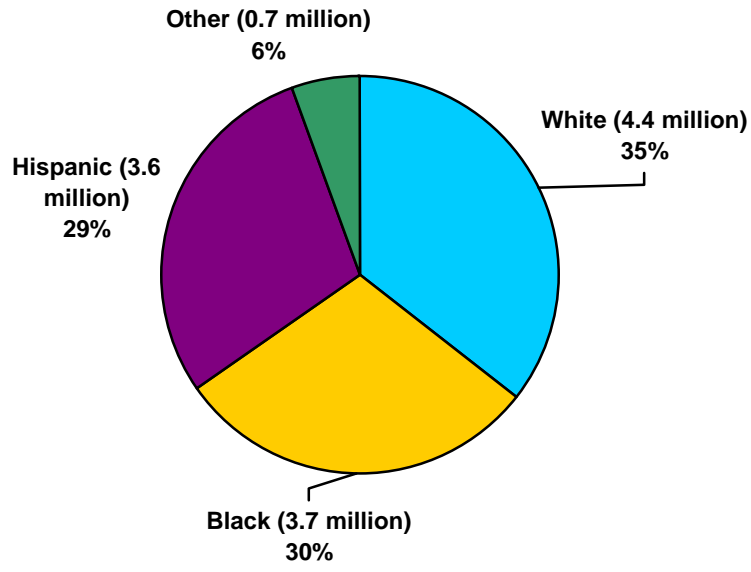
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<sup>30</sup> The estimates for race/ethnicity are based on samples that represent all children no matter whether they live with their parents or not, while in our other analyses with parental characteristics include only those live with their parent(s), step/foster parent(s).

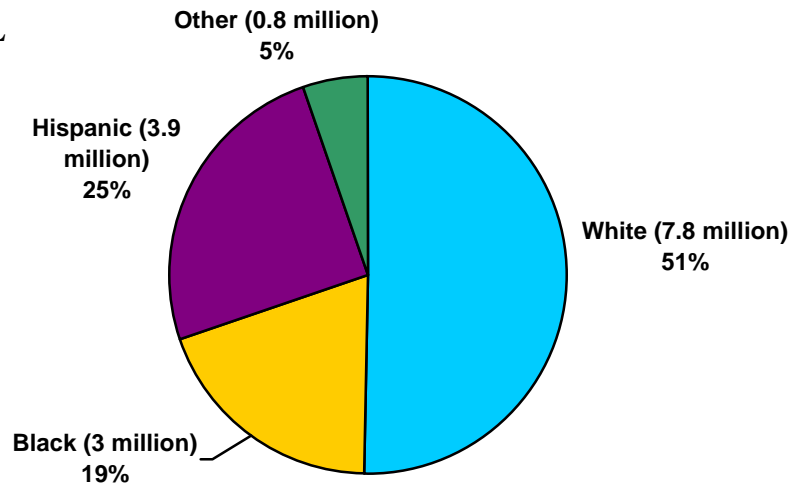
Figure 20. Racial-Ethnic Composition of Children in Low-Income Families by Low-Income, Poverty, and Near-Poverty Status, 1997-2001



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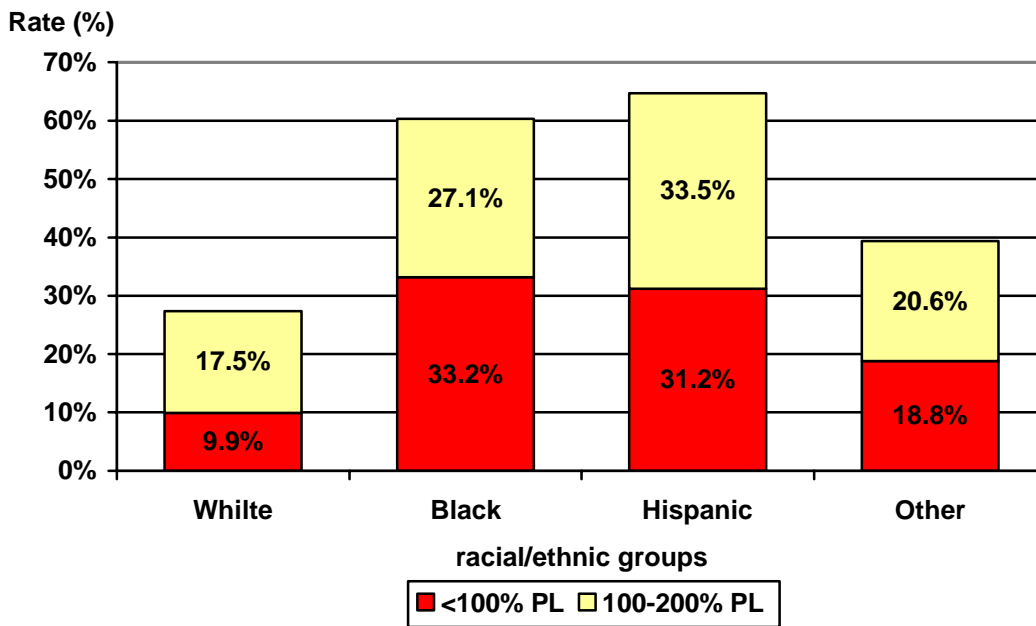
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- **Among children in all racial and ethnic groups, Hispanics are the most likely to live at the edge of poverty, and blacks are the most likely to live in poverty.**

The likelihood of living in low-income families varies widely across racial and ethnic groups. Between 1997 and 2001, 60 percent of black and 65 percent of Hispanic children lived in low-income families. In contrast, white children were less than half as likely to live in low-income families. (See Figure 21.)

**Figure 21. Low-Income, Poverty, and Near-Poverty Rates for Children by Race and Ethnicity, 1997-2001**

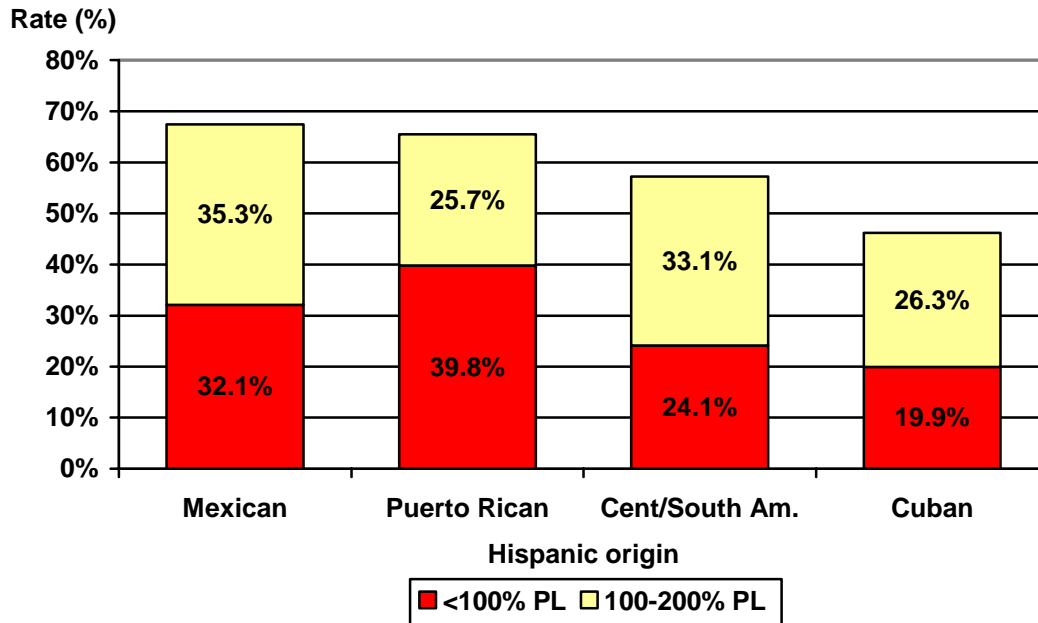


- **The chances of Hispanic children living in low-income families vary substantially by place of origin.**

In the late 1990s, among Hispanic children, Cuban children had the lowest chance (46 percent) of living in low-income families, as compared to more than half of the children of other Hispanic origins. Central and South American children had the second lowest chance of living in low-income families (57 percent). Mexican and Puerto Rican children had the highest chance of living in low-income families (about 65 percent for both). While the chance of living in low-income families for Puerto Rican children was not higher than those of the Mexican children, Puerto Rican children were most likely to live in poverty (40 percent) among all Hispanic children. (See Figure 22.)



Figure 22. Low-Income, Poverty, and Near-Poverty Rates for Children by Hispanic Origin, 1997-2001



- **Minority children have become less likely to live in poverty but more likely to live in near-poor families.**

From the late 1980s to the late 1990s, children of all racial and ethnic groups became less likely to live in low-income families. Black children experienced the largest gains in reducing their poverty and extreme poverty rates. However, both black and Hispanic children became more likely to live in near-poor families, between 100 and 200 percent of poverty line. (See Figure 23.) Among Hispanic children, Puerto Ricans and Cubans experienced a greater increase in near-poverty rate than other Hispanic children, while Puerto Rican children also experienced the largest decrease in low-income and poverty rates. (See Figure 24.)

Figure 23. Changes in Low-Income, Poverty, and Near-Poverty Rates for Children by Racial/Ethnic Group, 1997-2001 vs. 1987-1991

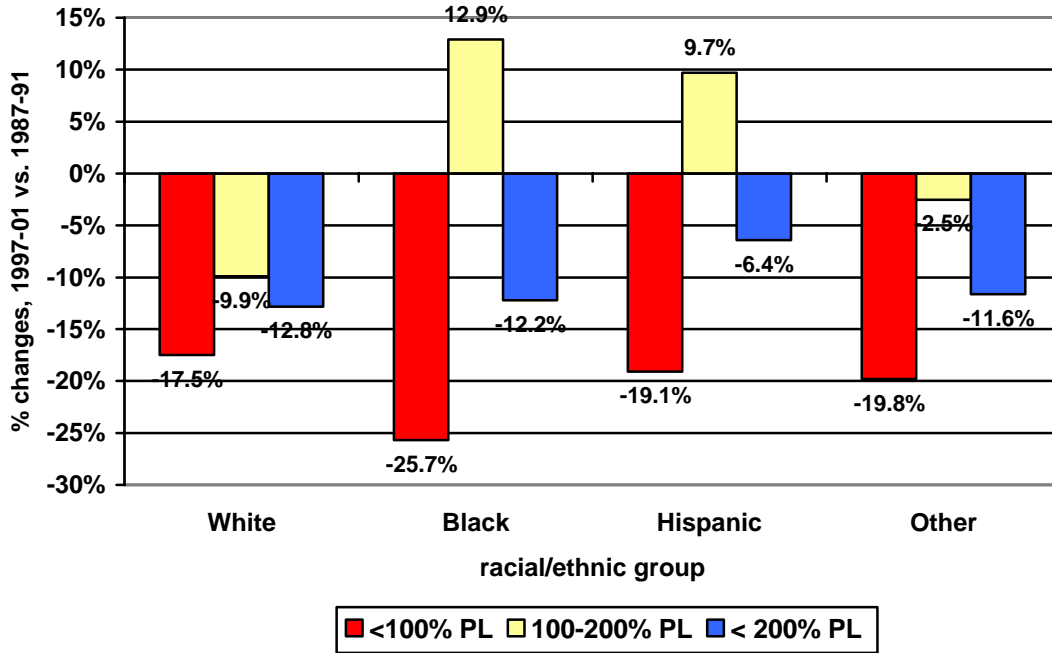
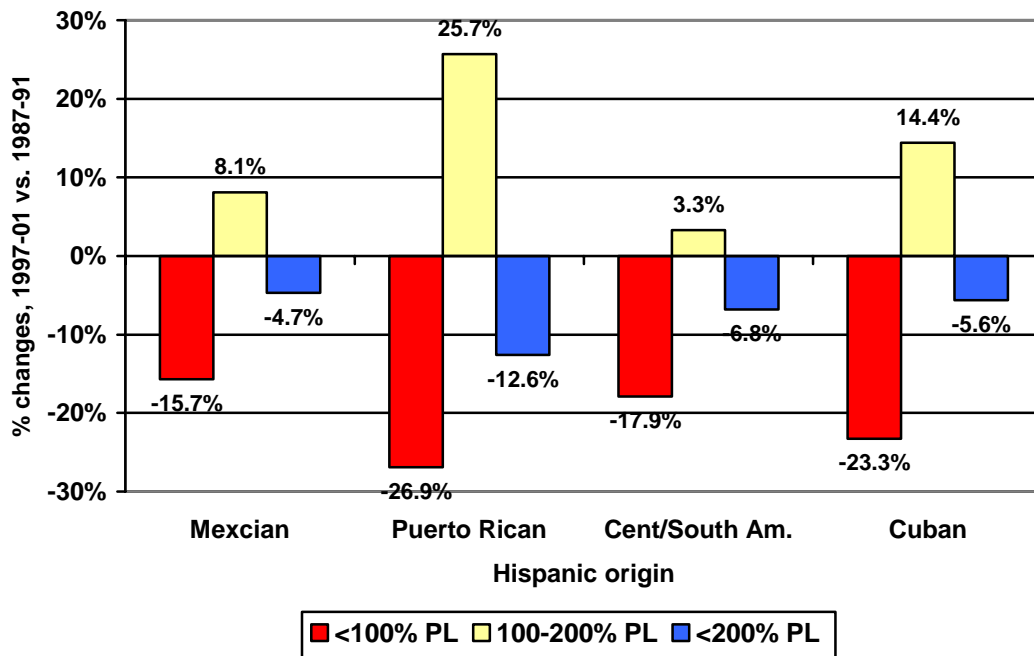


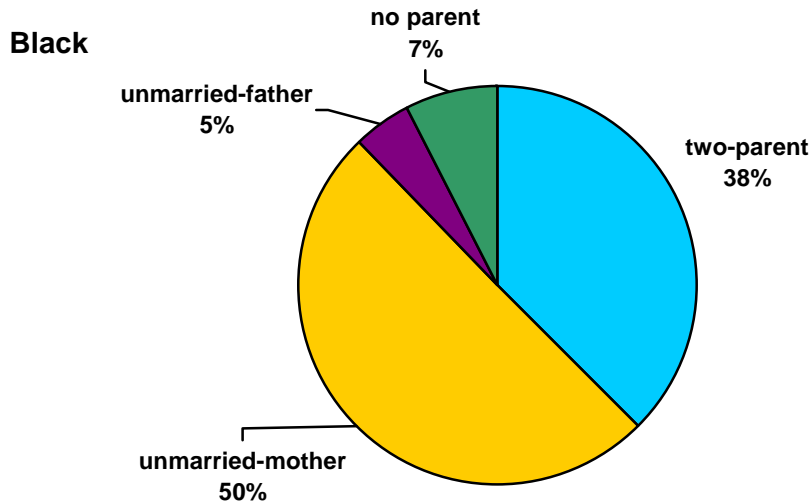
Figure 24. Changes in Low-Income, Poverty, and Near-Poverty Rates for Children by Hispanic Origin, 1997-2001 vs. 1987-1991



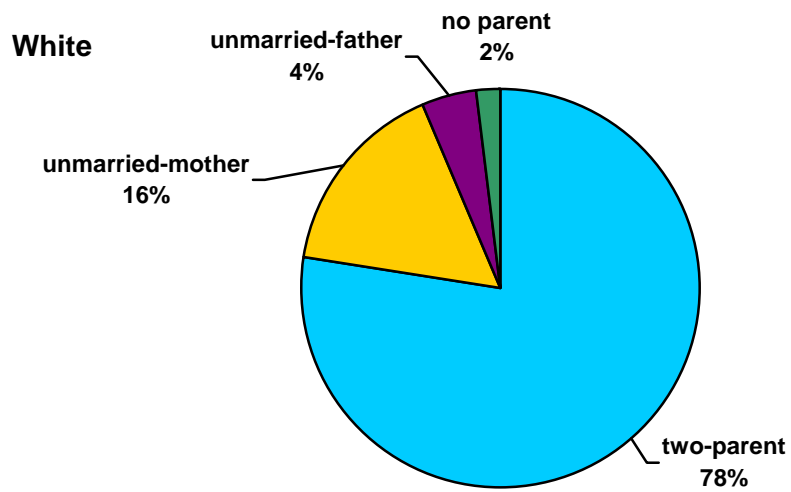
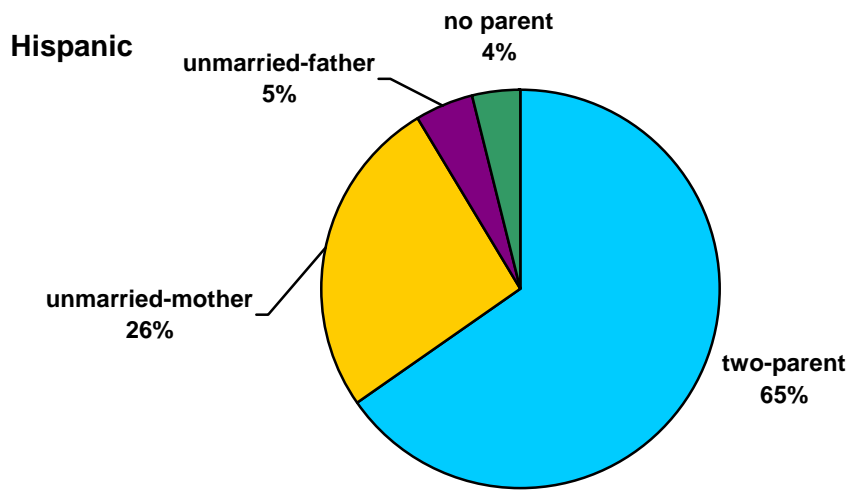
- **Three of every five black children live with an unmarried parent.**

It has been documented in previous studies that differences in the living arrangements of black and white children account for a substantial amount of the variation in their economic security.<sup>31</sup> A decomposition of living arrangements by race/ethnicity during 1997-2001 illustrates an up-to-date living arrangement pattern among white and minority children. Thirty-eight percent of black children lived in homes in which both of their parents were present. The corresponding figures were 65 percent for Hispanics and 78 percent for whites. Of those young children not living with both parents, the large majority were living with unmarried mothers. Black children were more likely to live with an unmarried mother -- 51 percent -- than any other group. The corresponding figure among Hispanic children was 26 percent and for non-Hispanic white children, 16 percent. These account in part for the disproportionately high poverty rates of minority children (See Figure 25.)

**Figure 25. Percentage of Children by Living Arrangement, Race and Ethnicity, 1997-2001**



<sup>31</sup> See Litcher and Landale (1995) "Parental work, living arrangement, and poverty among Latino children," and Eggebeen and Litcher (1991) "Race, living arrangement, and changing poverty among American children."



- **Minority parents have narrowed the gap in full-time employment with white parents.**

Parental full-time employment rates increased for all racial/ethnic groups.<sup>32</sup> The rate of increase in full-time employment was much faster among black and Hispanic parents than it was among white parents and the overall employment gap between minority and white parents declined substantially from 1987-1991 to 1997-2001. The reductions in part-time employment accompanied by the increases in full-time employment for Hispanic and white parents also helped to improve child economic security. There was no important rise or fall in child poverty or near-poverty rates for working families within each racial/ethnic group, except a minor improvement in the low-income rate for black children whose parents worked part time. The greatest reductions in low-income and in near-poverty rates among working families with children by race/ethnicity were among white parents employed full-time. Finally, each racial/ethnic group also showed notable improvements in economic security for children whose parents were not employed. (See Tables 4 and 4b.)

<Tables 4 and 4b about here>

## CHILDREN OF IMMIGRANTS

- **Most children of immigrants and more than two-thirds of Hispanic children of immigrants live in low-income families.**<sup>33</sup>

It is well documented that children of immigrants<sup>34</sup> are more likely to face economic hardship than other children. Between 1997 and 2001, one in five children in the United States (13 million) had at least one foreign-born parent. Compared with children of native-born parents, children of immigrants were 53 percent more likely to live in poverty (24 percent vs. 15 percent) and were 49 percent more likely to be in low-income families (52 percent vs. 35 percent). The family economic security of Hispanic children of immigrants was even worse. Seventy percent of Hispanic children of immigrants lived in low-income families. Hispanic children of immigrants were 23 percent more likely to live in low-income families than Hispanic children of native-born parents (70 percent vs. 57 percent). (See Figure 26.) However, the latter were just as likely to live in extremely poor families as the Hispanic children of immigrants.<sup>35</sup>

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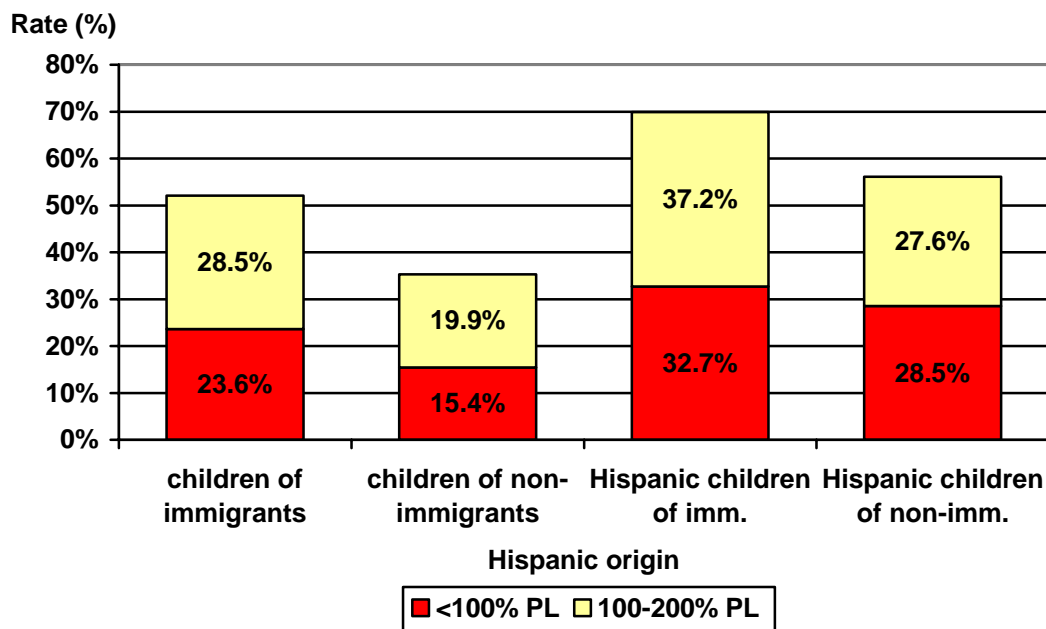
<sup>32</sup> Due to sample size limitations, Table 4 does not distinguish among children of various Hispanic origins, such as Cubans and Puerto Ricans.

<sup>33</sup> Most children of immigrants are citizens. Please also see Elmelech et al. (2002) *Children of Immigrants: A Statistical Profile*, for discussion about children of immigrants.

<sup>34</sup> In this report, children of immigrants are defined as having at least one parent born outside the United States.

<sup>35</sup> The extreme poverty rate is not included in Figure 26. The statement about extreme poverty is true whether or not Puerto Rican children are included in the analysis.

Figure 26. Child Low-Income, Poverty, and Near-Poverty Rate by Hispanic Origin and Parental Immigration Status, 1997-2001



- The chances of living in low-income families among children of immigrants vary by state.

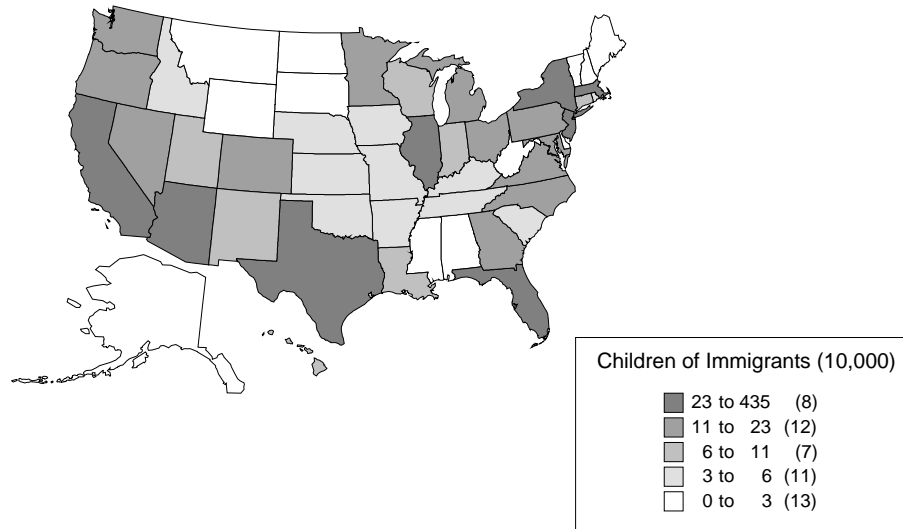
The majority of children of immigrants were concentrated in California (33 percent of all children of immigrants or 4.3 million), Texas (11 percent or 1.5 million), and New York (10 percent or 1.4 million). The concentration has changed slightly since 1990 (California had 25 percent, Texas 11 percent, and New York 12 percent), and Texas has replaced New York as the state with the second largest share of children of immigrants.<sup>36</sup> (See Figure 27.)

Between 1997 and 2001, more than 20 percent of children in each of nine states (California 48 percent, New York 31 percent, Arizona 30 percent, Nevada 29 percent, Florida 28 percent, Texas 27 percent, New Jersey 25 percent, Hawaii 25 percent, and Rhode Island 21 percent)<sup>37</sup> were from immigrant families. (See Figure 28.)

<sup>36</sup> Cf. Hernandez (1999) *Children of Immigrants: Health, Adjustment, and Public Assistance*.

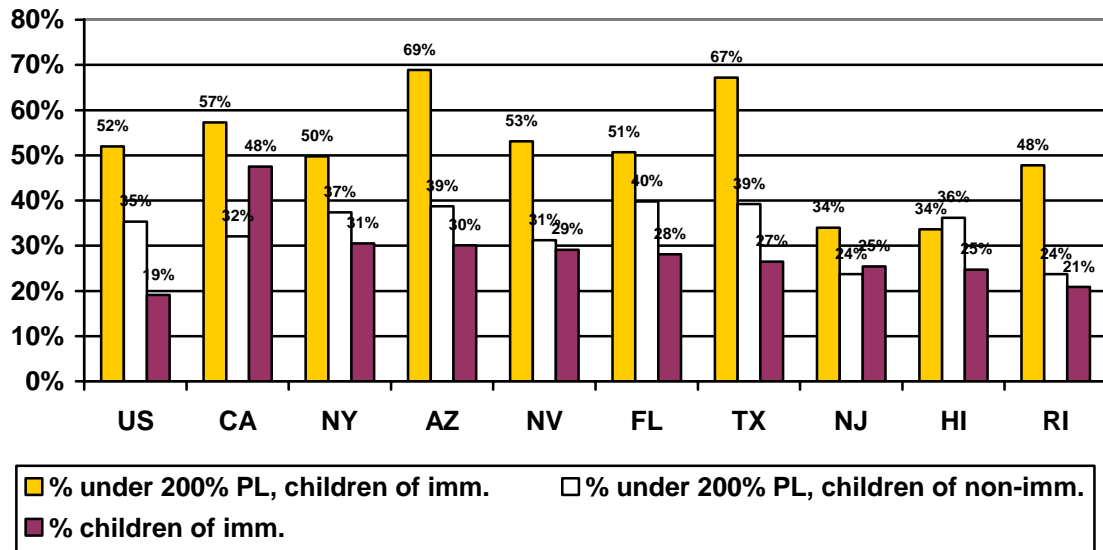
<sup>37</sup> The national average was 19 percent. See Appendix for detailed tables for Figures 27 and 28.

**Figure 27. Children of Immigrants by State, 1997-2001**



The average low-income rate among children of immigrants and children of native-born parents varies greatly by state. While in no state do children of native-born parents have a statistically higher low-income rate than children of immigrants, Hawaii has the most similar low-income rates between children of immigrants and non-immigrants (34 percent for children of immigrants and 36 percent for children of non-immigrants) among the nine states listed above. Other states on that list that have lower than average ratios of low-income rates for children of immigrants vs. non-immigrant children are Florida (51 percent vs. 41 percent), New York (50 percent vs. 37 percent), and New Jersey (34 percent vs. 24 percent). Of the nine states with more than one-fifth of all children living with immigrant parents, Rhode Island has the most dissimilar low-income rate between children of immigrants and non-immigrants (48 percent for children of immigrants and 24 percent for children of non-immigrants). (See Figure 28.)

**Figure 28. Percentage of Children in Low-Income Families by Immigration Status and State, for States with More than Twenty-Percent Children of immigrants 1997-2001**



### STATE VARIATION

The low-income, poverty and near-poverty rates of children vary substantially by state. Average child low-income rates from 1997 to 2001 ranged from lows of 23 and 27 percent in Maryland and Connecticut to highs of 53 to 56 percent in New Mexico, Washington D.C., and Arkansas. Louisiana, Mississippi, and West Virginia also had low-income rates of 50 percent or more. For the same period, average child poverty rates ranged from lows of 10 percent in Maryland and Connecticut to highs of 31 and 28 percent in Washington D.C. and New Mexico. A band of southwestern and southern states from California to Texas as well as Mississippi and West Virginia had poverty and near-poverty rates significantly higher than the national average.<sup>38</sup> (See Figures 29 and 30.)

Over the last decade, low-income rates have decreased nationally. The child low-income rates decreased significantly in sixteen states. These statistically significant improvements ranged from a high of 30 percent in South Dakota to a low of 10 percent in Florida. The only state with a significant increase in the child low-income rate was Wyoming where the rate increased from 33 percent to 40 percent.

<sup>38</sup> Following the convention of the Census Bureau, we use a 90 percent confidence interval as our hypothesis test criterion. Please see Proctor and Datar (2002) *Ibid*, and Bennett and Lu (2000) *Child Poverty in the States: Levels and Trends from 1979 to 1998*.



Variation in state poverty rates is similar to that in state low-income rates. No state showed a statistically significant increase in its child poverty rate between 1987-1991 and 1997-2001. Fifteen states experienced significant decreases in poverty. The gains against poverty ranged from as high as 49 percent in Indiana to 14 percent in Florida.

There was even more state variation for children living in near-poor families, although there was no significant overall change in the average national near-poverty rate (21.4 percent vs. 21.8 percent, for 1987-1991 and 1997-2001, respectively). Child near-poverty rates increased significantly in six states -- Connecticut (from 11.2 percent to 16.3 percent, a 46 percent increase<sup>39</sup>), Wyoming (from 18.7 percent to 26.5 percent, a 41 percent increase), Louisiana (from 19.1 percent to 25.4 percent, a 33 percent increase), Georgia (from 19.4 percent to 24.2 percent, a 25 percent increase), New Jersey (from 13.0 percent to 15.9 percent, a 22 percent increase), and California (from 21.8 to 24.0, a 10 percent increase). The increases in near-poverty rates did not result in any significant increases in state low-income rates, except in Wyoming. Only three states had statistically significant decreases in their child near-poverty rate. They are South Carolina (from 30.4 to 22.4 percent, a 26 percent decrease), Utah (from 30.4 percent to 24.1 percent, a 21 percent decrease), and Idaho (from 31.3 percent to 26.1 percent, a 16 percent decrease).

In some states the changes in poverty and near-poverty rates were in different directions. For example, Louisiana and New Jersey experienced significant decreases in their poverty rates (Louisiana, from 33.6 percent to 24.3 percent, a 28 percent decline, New Jersey, from 14.6 percent to 11.3 percent, a 22.9 percent decrease), but their near-poverty rates increased. The near-poverty rate in North Dakota slightly decreased (from 23.4 percent to 22.4 percent), but its poverty rate increased during the same period (from 15.3 percent to 19.1 percent, a 25 percent increase), while it was not statistically significant.

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<sup>39</sup> The following calculations for percentage increase or decrease were based on values with six digits of decimal places.

Figure 29. Child Low-income (< 200% PL) Rate by State, 1997-2001

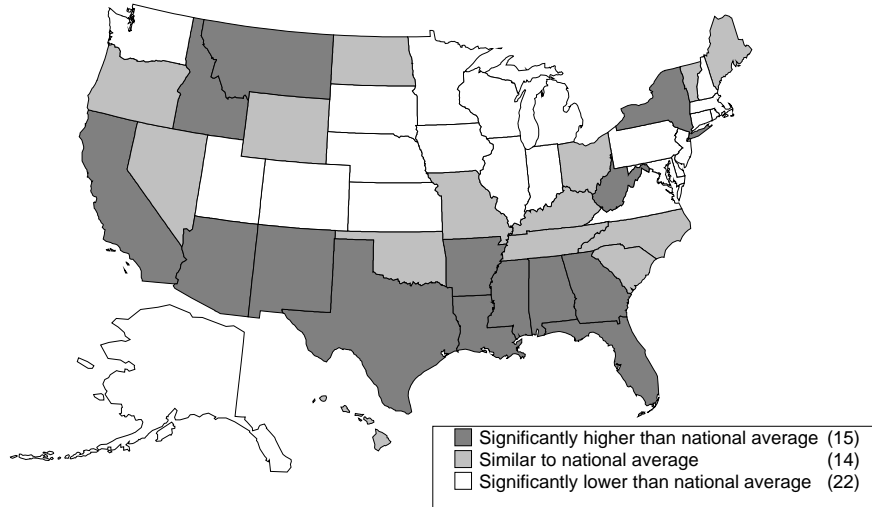
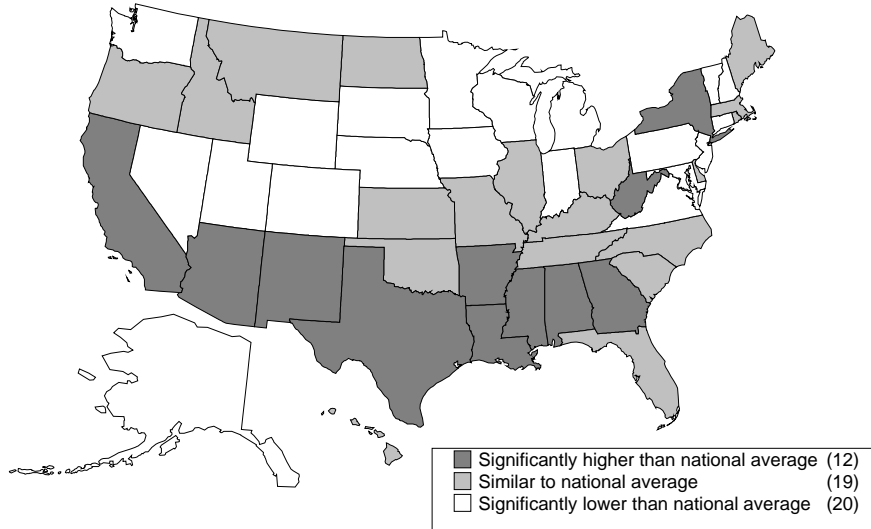
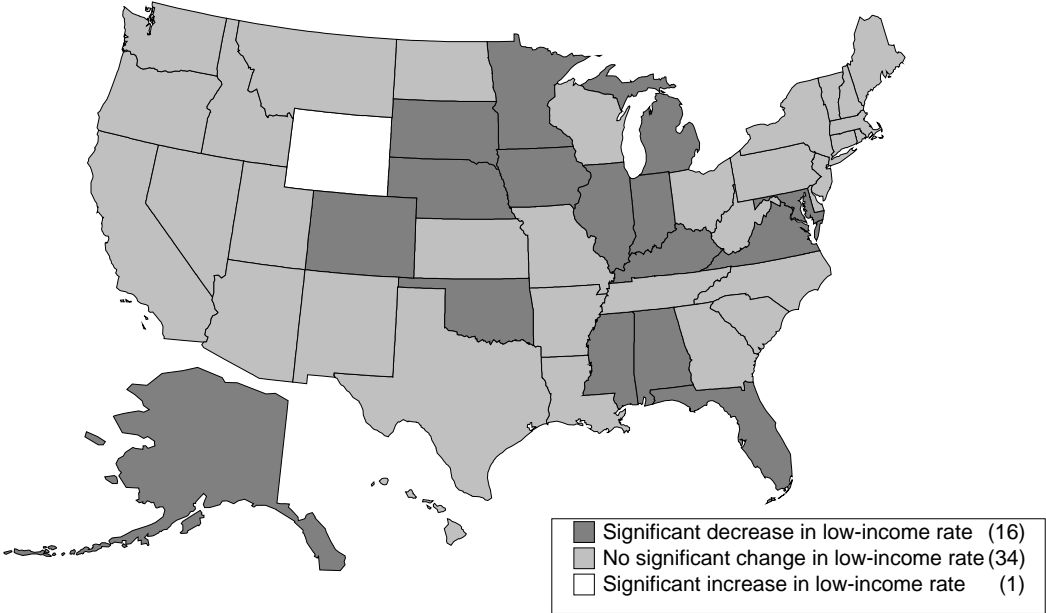


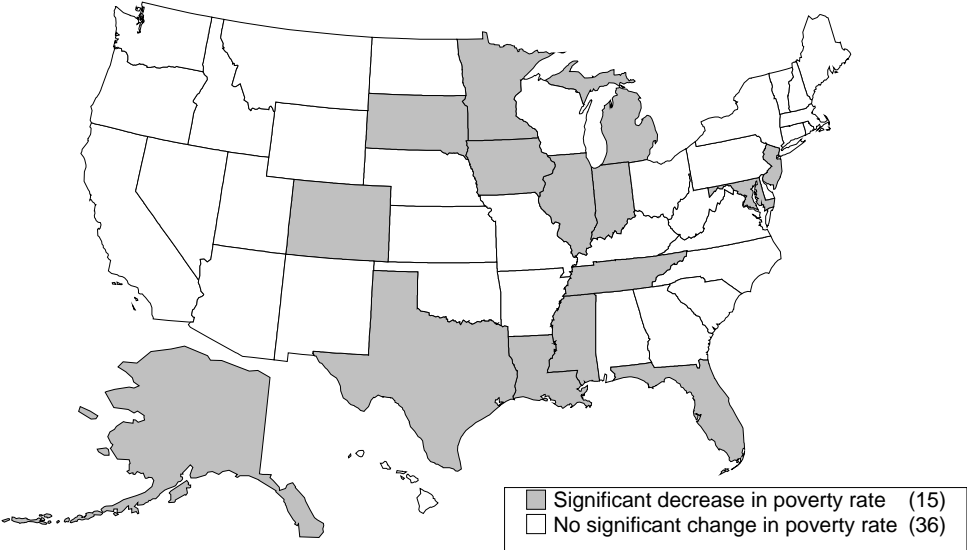
Figure 30. Child Poverty (< 100% PL) Rate by State, 1997-2001



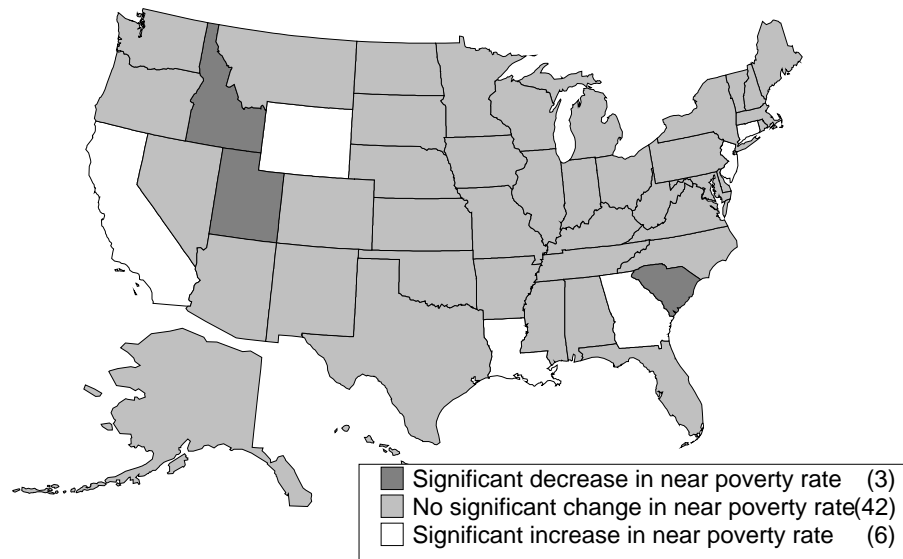
**Figure 31. Changes in Child Low-Income Rate (<200% PL) by State, 1997-2001 vs. 1987-1991**



**Figure 32. Changes in Child Poverty (< 100% PL) Rate by State, 1997-2001 vs. 1987-1991**



**Figure 33. Changes in Child Near-Poverty Rate (100-200% PL) by State, 1997-2001 vs. 1987-1991**



#### CHILD ECONOMIC SECURITY BEYOND THE OFFICIAL MEASURE OF POVERTY

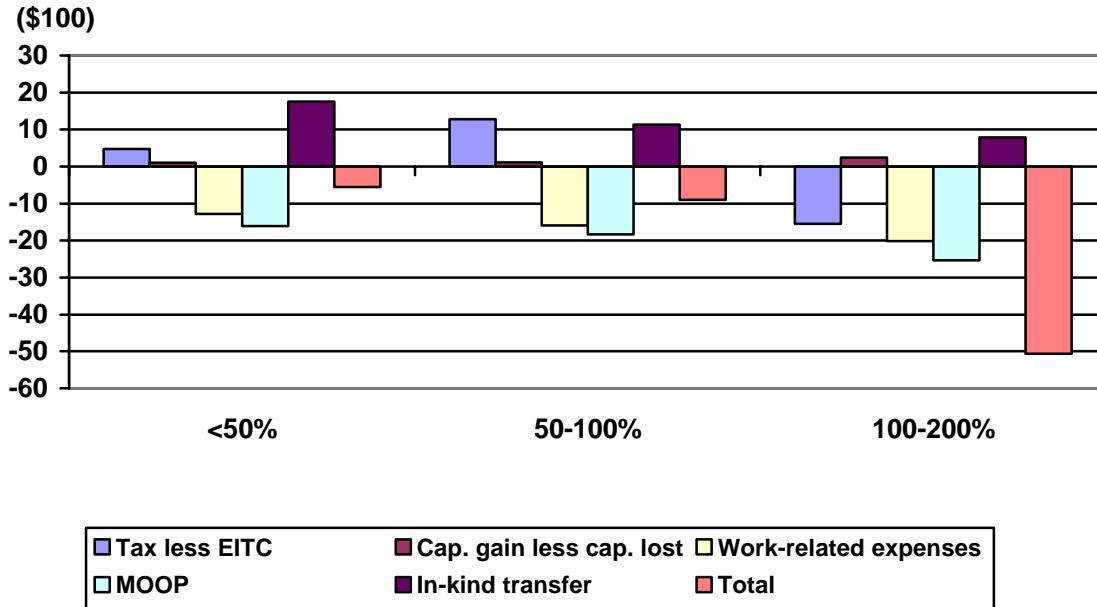
- **Taxes and medical- and work-related expenses substantially reduce real family income for children living in near-poor families.**<sup>40</sup>

More children and families would be included in the low-income category if family income levels were adjusted to reflect a broader range of taxes, benefits, and work-related expenses. Figure 33 shows how including government benefits such as in-kind transfers and the EITC and subtracting federal and state taxes, social security payroll taxes, and work-related and out-of-pocket medical expenses (MOOP) would substantially affect our economic portrait of America's children in low-income families.<sup>41</sup>

<sup>40</sup> The experimental measure of poverty was based on a version developed by the Census Bureau. This version is only available for years between 1990 and 2000---See Dalaker (2001), *Ibid.* There is a newer version of the experimental measure of poverty---See Proctor and Dalaker (2002), *Ibid.*---but it is not yet available for public use and the comparable measure for years before 1997 has not yet been developed. In order to compare changes during the 1990s, we decided to use the one measure applicable to all years between 1990 and 2000.

<sup>41</sup> Several experimental poverty measures that have been examined by the Census Bureau include the above-mentioned elements. The measurement used by this report is based on the measurement proposed by the National Academy of Sciences---See Short (2001) *Ibid.*, Short et al. (1999), *Ibid.*, and Citro and Michael (1995), *Ibid.* Studies by the Census Bureau show the differences based on various experimental measurements of poverty are minor, and the measure proposed by the National Academy of Sciences produces child poverty rates in the

**Figure 33. Components Contributing to the Differences between Family Income Defined by the Official and Experimental Measures of Poverty in 2000, by Income-to-needs Ratio Groups Defined by the Official Measure of Poverty**



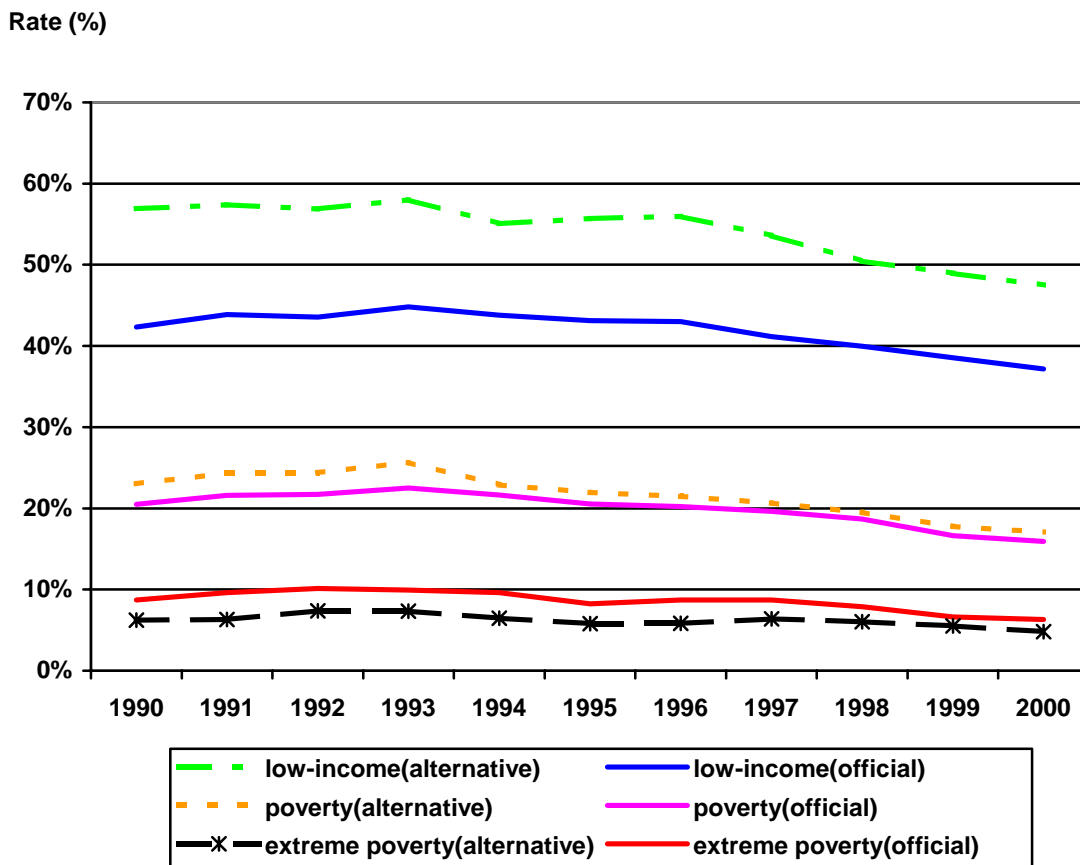
For extremely poor families and poor families with incomes between 50 and 100 percent of the poverty line, the EITC and in-kind transfers<sup>42</sup> help offset the cost of work-related and medical out-of-pocket expenses. Children in extremely poor families benefit more from in-kind transfers than other children. In turn, children in families between 50 and 100 percent of the poverty line, on average, benefit more from the EITC than other children. Children living at the edge of the official poverty line were disadvantaged by their families paying more in taxes, MOOP, and work-related expenses as well as receiving less from in-kind transfers. For children at the edge of poverty, the annual net effect of including the taxes and benefits mentioned above can be a reduction in real income of thousands of dollars per family.

medium range of all experimental measurements of poverty---Cf., Dalaker (2001), *Ibid.*, and Short et al. (2002) "Defining and redefining poverty".

<sup>42</sup> In-kind transfers include food stamps, subsidized school lunches, and home energy assistance programs. Work-related expenses include but are not limited to child care costs. For a description of how the Census Bureau estimated work-related expenses and MOOP using the strategy recommended by The National Academy of Sciences, please see Short et al. (2002) *Ibid.* and Short (2001) *Ibid.*

- Based on a more inclusive alternative measure of family income and expenses, half of U.S. children live in low-income families.

Figure 34. Comparison of Low-Income, Poverty, and Extreme-Poverty Rates for Children, Official vs. Experimental Measure of Poverty 1990-2000.



The use of an experimental measure of income has differing effects on various categories of low-income families. The extreme poverty rate based on the experimental measure is slightly lower than the official rate. On the other hand, the poverty rate based on the experimental measure is slightly higher than the official poverty rate. Finally the near-poverty rate is substantially higher—as much as 10 percentage points—when the alternative measure is used. Poverty rates based on the experimental measure decreased during the 1990s just as official poverty rates did. Still, when the alternative measure is used, about half of all children were in low-income families in 2000.

### III. CONCLUSION AND DISCUSSION

This report provides a portrait of the nearly 40 percent of U.S. children who live in low-income families in the United States. The number of children in low-income families (those in families with incomes below 200 percent of the poverty line) declined from a high of

31 million in 1993 to 27 million in 2000. While there was a notable reduction in the number of children in low-income families during the period of sustained economic growth from 1993 to 2000 the number of children in low-income families was still about the same in 2000 as in 1990. The low-income rate in 2001 was a little lower than in 1990. The changes in economic conditions for children in low-income families become clearer when we compare changes in child poverty and near-poverty rates over time. The child poverty rate improved more quickly than the near-poverty rate (the percentage of children with family incomes between 100 and 200 percent of the poverty line) during the 1993-2000 period. Another way to describe the improvement in the overall low-income rate is that the proportion of near-poor children among all children in low-income families increased during the 1990s. This indicates that more children living in low-income families in the late 1990s had more family economic resources than children in low-income families of a decade earlier.

Several parental and family characteristics such as low parental education, young parental age, single parenthood, minority, and immigration status are key risk factors for child poverty. During 1997-2001, most children whose parents did not have any college education were in low-income families compared to about 23 percent of children whose parents had at least some college education. By 2001, about half of all children without a parent age 35 or older lived in low-income families. Seventy percent of children who lived with an unmarried-mother and about half the children who lived with an unmarried father were low income during the same period, compared to a 27 percent low-income rate for children in two-parent families. Minority children were over two times more likely to live in low-income families than non-minority children in 2001. However, the low-income rate among white children was as high as 27 percent in 1997-2001. As a result, the majority of children in low-income families are white, and most of the children in near-poor families (51 percent) are also white. Most children of immigrants are in low-income families, and the low-income rate is as high as 70 percent among Hispanic children of immigrants. The variation in low-income rates by state is substantial. In 1997 to 2001, the average low-income rate ranged from lows of 10 percent in Maryland and Connecticut to highs of 31 and 28 percent in Washington D.C. and New Mexico.

The changes in low-income rates by parental or family characteristics or geographic variation during the 1990s are mostly encouraging. While many social groups had similar child low-income rates at the beginning and end of the 1990s, children of unmarried-mother, two-parent families, and children with parents younger than age 25 or older than age 40 all had much lower low-income rates. Child low-income rates improved significantly across all racial/ethnic groups during the 1990s but the reduction for Hispanic children (from 31 percent to 27 percent, a 6 percent reduction) was only about a half of that experienced by non-Hispanic black or white children. An exception to these gains by many social groups was an increase in the likelihood of living in a low-income family during the 1990s for children whose more educated parent had only a high school degree. Changes in child low-income rates by state are also generally encouraging. Sixteen states lowered their child poverty rates during 1997-2001 compared with 1987-1991. The remaining states did not change their low-income rates much during the same periods, except Wyoming where the low-income rate increased significantly.

The decrease in the overall low-income rate for children in the 1990s is associated with an increase in full-time and year-round employment for parents. During 1997-2001, 85

percent of children in low-income families live with working parents. The increase in the proportion of children in families with a parent employed full-time year round between 1987-1991 and 1997-2001 occurred for all social groups explored in this report. The greatest increases in parental employment were for families with high risk factors, such as those without any parent who graduated from high school, those without any parent older than age 24, unmarried-mother families, and minority families. As parental employment increased for these high risk families, the proportion of children who relied solely on public assistance (with no parental earnings) among all children in low-income families fell to as low as 4 percent in 2001, less than a third of its 1993 level of 15 percent.

While the increase in parental employment after 1993 helped to reduce child low-income rates, the increased parental employment and reduced welfare receipt have not been accompanied by significant improvement in economic security for children in working families. By holding the risk factors (parental age, parental education, and living arrangement) constant, parental full-time employment appeared to do less to protect economically vulnerable families during 1997-2001 than it did a decade earlier. In other words, the low-income rate did not improve for working families during the 1990s, but it did improve overall because more families became employed. The groups that suffered the most in reduced economic security given parental employment status during the 1990s were those in the medium risk ranks (children in families with parents between ages 25 to 39, with parents who only had a high-school diploma, and in father-only families), while working families in the groups with the highest risk of low-income status also suffered.

The increase in parental employment among children in low-income families during the 1990s was accompanied by a weakened safety net for families without earnings. As a result, the proportion of children living in low-income families that was from families without income from earnings or from public assistance nearly doubled during the 1990s.

This report also compares the estimates of low-income, poverty, and extreme poverty rates between 1990 and 2000 based on the official definition of poverty with those based on an experimental measure of poverty and family income developed by the Census Bureau. Our results show that the estimates for low-income rates based on the official definition of poverty are conservative. The low-income rate based on the experimental measure of poverty was as high as 50 percent in the late 1990s. By decomposing the sources that cause the gap between the official and experimental measures of poverty, our analyses also show that near-poor families (i.e., those with incomes between 100 to 200 percent of the poverty line) with children are facing extra burdens that are caused by relatively fewer public benefits and higher taxes and work related costs.

*Living at the Edge* was written to give its readers a better understanding of how widespread economic hardship is in America today and to identify key challenges that the nation must face in order to extend economic security and opportunity to more of its children and families. We want to emphasize the following four policy implications of our findings.

- *Policymakers and Policy Influencers Must Recognize the Seriousness and Scope of the Problem.* When almost two in five children live in low-income families that is a problem simply too



large to ignore. Efforts to improve the economic security of children in the U.S. are vital to the well-being of America's families and the future of its children.

- *Economic Insecurity Is an American Problem That Affects All Types of Families.* America's children in low-income families do not conform to stereotypes. The overwhelming majority of children in low-income families are in working families and millions of children in low-income families are in two-parent families. The largest racial/ethnic group of children in low-income families is white, followed by Hispanics and blacks. Economic insecurity is a mainstream problem that affects all Americans but of course hits some groups harder than others. The highest child poverty and low-income rates are in immigrant, African American or Hispanic families, and families with younger, less-educated, or unmarried parents. Policies that promote strong economic growth and increased parental employment will help children in all types of low-income families, but there is also a need to develop solutions that focus on the challenges facing the family types that are particularly economically vulnerable.
- *Parental Employment Is Very Important but Often Insufficient for Economic Security.* Large increases in parental employment appear to have been the biggest single factor behind the improved economic conditions for children in low-income families from 1993 through 2000. Policies that help to increase or at least sustain parental employment levels are central to efforts to strengthen family economic security. But as important as employment is, it is not always enough. A larger percentage of children in low-income families had employed parents in 2000 than ever before. More than one in four children with parents with full-time jobs are in low-income families and 85 percent of low-income families had at least one employed parent. Policymakers need to understand that work is often insufficient to prevent economic hardship. The rewards of work need to be increased and the costs of work reduced. The expansion of the EITC in 1993, the increased minimum wage in 1996, and the expansion of health insurance coverage and child care subsidies during the late 1990s all helped more working families to enhance their economic security. As valuable as those initiatives have been it is clear that much more is needed if more working families with children are to achieve economic sufficiency.
- *The Double Bind on Near-poor Families Needs To Be Relieved.* The growing share of low-income families with incomes between 100 percent and 200 percent of the poverty line often earn too much to benefit fully from government programs or to avoid paying a significant amount of payroll and sales taxes. The net effect of reduced benefits and increased taxes can result in an "implicit marginal tax rate" on near-poor families that can take up to about 40 cents of every additional dollar they earn. Compared to poor families, near-poor families with incomes between 100 percent and 200 percent of the poverty line are also hit especially hard by work-related expenses and out of pocket medical expenses. Federal and state governments should dramatically restructure their benefit phase outs and tax thresholds to help more families with children make a successful journey from economic hardship to economic security.

After the implementation of the 1996 federal welfare overhaul, state governments have more flexibility in providing assistance to needy families with children. However, the National Governors Association reported that aggregate state budget cutbacks and tax and fee increases of over \$30 billion were needed in the 2003 fiscal year in order to close growing budget deficits. The \$14.5 billion in state spending reductions are the most made in any year since 1979.<sup>43</sup> These deficits have pressured states to cut back programs that help low-income families at a time when they are particularly vulnerable due to a weakened national economy. Federal initiatives to strengthen the national economy should anticipate the potential for economic contraction resulting from reduced state spending and tax increases. In particular, federal help for the states should include targeted assistance to help them meet the needs of their most economically vulnerable families during the current period of severe economic and fiscal difficulties. Federal help for state programs to help their most economically vulnerable families should also allow for a wide range of state needs and approaches to promoting family economic security.

If policymakers truly wish to leave no child behind, they must be sure to pay attention to both poor children and the many near-poor children at the edge of poverty who are also disadvantaged by economic hardship. A sustained national focus on the economic insecurity facing two-fifths of America's children has the potential to pay significant dividends for the nation's future workforce and citizenry. We hope this report will help our nation achieve this focus as it addresses the other important economic and security challenges of a new era.

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<sup>43</sup> State spending reductions and tax increases are reported in National Governors Association and National Association of State Budget Officers (2003) *The Fiscal Survey of States*.

**Table 1. Distribution of Parental Education and Employment Status among All Children, Child Poverty and Near-Poverty Rates by Parental Education and Employment Status, and Their Changes, 1997-2001 vs. 1987-2001**

Parental education and employment status	Percentage Distribution		All children	Number (in millions)		Poverty rate			Near-poverty rate		
			% change <sup>44</sup>			%	% change				% change
	(1)	(2)	(2)-(1)/(1)*100	1987-1991	1997-2001	(3)	(4)	(4)-(3)/(3)*100	(5)	(6)	(6)-(5)/(5)*100
	1987-1991	1997-2001		1987-1991	1997-2001	1987-1991	1997-2001		1987-1991	1997-2001	
<b>Less than HS</b>	<b>100%</b>	<b>100%</b>		<b>9.4</b>	<b>8.7</b>	<b>57.4%</b>	<b>50.4%</b>	<b>-12.2% **</b>	<b>26.3%</b>	<b>32.4%</b>	<b>23.4% **</b>
At least one parent worked full-time, year round	37.3%	49.6%	32.9% **	3.5	4.3	24.1%	27.5%	13.8% **	43.1%	45.2%	5.0%
Parents worked part-time	27.1%	28.2%	3.9%	2.5	2.5	65.5%	66.5%	1.6%	24.2%	24.2%	-0.3%
No parent employed	35.6%	22.3%	-37.4% **	3.3	1.9	86.2%	81.1%	-6.0% **	10.2%	14.3%	40.8% **
<b>HS graduate</b>	<b>100%</b>	<b>100%</b>		<b>20.9</b>	<b>18.7</b>	<b>22.4%</b>	<b>23.5%</b>	<b>5.0% *</b>	<b>28.3%</b>	<b>29.8%</b>	<b>5.3% **</b>
At least one parent worked full-time, year round	68.6%	71.4%	4.2% **	14.3	13.3	7.4%	10.1%	37.6% **	29.4%	31.2%	6.1% **
Parents worked part-time	21.2%	20.1%	-5.1% **	4.4	3.8	43.8%	49.7%	13.4% **	31.3%	30.2%	-3.5%
No parent employed	10.3%	8.5%	-17.6% **	2.1	1.6	78.7%	74.6%	-5.3% **	15.2%	17.7%	16.3%
<b>Some college or more</b>	<b>100%</b>	<b>100%</b>		<b>32.5</b>	<b>41.8</b>	<b>7.5%</b>	<b>7.1%</b>	<b>-5.9%</b>	<b>15.3%</b>	<b>15.6%</b>	<b>1.4%</b>
At least one parent worked full-time, year round	83.9%	86.3%	2.9% **	27.3	36.1	2.3%	2.5%	9.3%	13.0%	13.8%	6.1% **
Parents worked part-time	12.5%	10.9%	-12.5% **	4.0	4.6	25.0%	28.9%	15.6% **	30.1%	28.1%	-6.7% **
No parent employed	3.6%	2.8%	-23.7% **	1.2	1.2	67.8%	62.7%	-7.6% **	17.9%	19.8%	10.7%

\* p<.10 \*\*p<.05, HS=High School

<sup>44</sup> The percentage changes presented in all the tables were calculated by using estimates with a higher precision than the ones presented in each table. The difference of the percentage changes by using estimates presented in the table may be subject to rounding errors.

**Table 1b. Distribution and Changes in Child Low-Income Rates by Parental Education and Employment Status, 1997-2001 vs. 1987-1991**

Parental education and employment status	Low-income rate		% change (2)-(1)/(1)*100
	%		
	(1) 1987-1991	(2) 1997-2001	
<b>Less than HS</b>	<b>83.7%</b>	<b>82.8%</b>	<b>-1.1%</b>
At least one parent worked full-time, year round	67.2%	72.7%	8.1% **
Parents worked part-time	89.7%	90.7%	1.1%
No parent employed	96.4%	95.4%	-1.0%
<b>HS graduate</b>	<b>50.7%</b>	<b>53.3%</b>	<b>5.2% **</b>
At least one parent worked full-time, year round	36.7%	41.3%	12.4% **
Parents worked part-time	75.1%	79.9%	6.3% **
No parent employed	93.9%	92.3%	-1.8% *
<b>Some college or more</b>	<b>22.9%</b>	<b>22.6%</b>	<b>-1.0%</b>
At least one parent worked full-time, year round	15.4%	16.4%	6.6% **
Parents worked part-time	55.2%	57.0%	3.4%
No parent employed	85.7%	82.5%	-3.8% **

\*p<.10, \*\*p<.05, HS=High School

**Table 2. Distribution of Parental Age and Employment Status among All Children, Child Poverty and Near-Poverty Rates by Parental Age and Employment Status, and Their Changes, 1997-2001 vs. 1987-1991**

Parental Age and employment status	All children		Poverty rate			Near-poverty rate					
	Percentage Distribution		% change	Number (in millions)		%	% change	%	% change		
	(1)	(2)	(2)-(1)/(1)*100	1987-1991	1997-2001	(3)	(4)	(4)-(3)/(3)*100	(5)	(6)	(6)-(5)/(5)*100
	1987-1991	1997-2001		1987-1991	1997-2001	1987-1991	1997-2001		1987-1991	1997-2001	
<b>Age 14-24</b>	<b>100%</b>	<b>100%</b>		<b>3.3</b>	<b>3.3</b>	<b>51.6%</b>	<b>45.2%</b>	<b>-12.4% **</b>	<b>26.5%</b>	<b>31.0%</b>	<b>16.9% **</b>
At least one parent worked full-time, year round	29.4%	37.4%	27.0% **	1.0	1.2	15.3%	18.2%	18.5%	43.1%	46.2%	7.2%
Parents worked part-time	35.6%	41.3%	15.8% **	1.2	1.4	55.0%	56.3%	2.3%	25.9%	24.4%	-5.9%
No parent employed	34.9%	21.4%	-38.8% **	1.1	0.7	78.7%	71.2%	-9.5% **	13.1%	17.1%	30.3% **
<b>Age 25-29</b>	<b>100%</b>	<b>100%</b>		<b>7.7</b>	<b>6.7</b>	<b>33.4%</b>	<b>30.1%</b>	<b>-9.8% **</b>	<b>27.0%</b>	<b>30.8%</b>	<b>14.0% **</b>
At least one parent worked full-time, year round	57.3%	64.0%	11.7% **	4.4	4.3	8.9%	11.8%	33.2% **	31.8%	34.9%	9.7% **
Parents worked part-time	24.8%	25.5%	2.8%	1.9	1.7	51.4%	55.3%	7.5% *	29.1%	28.0%	-3.8%
No parent employed	17.9%	10.5%	-41.3% **	1.4	0.7	86.8%	80.7%	-7.0% **	9.0%	13.1%	45.7% **
<b>Age 30-34</b>	<b>100%</b>	<b>100%</b>		<b>14.0</b>	<b>12.3</b>	<b>22.7%</b>	<b>22.1%</b>	<b>-3.0%</b>	<b>24.4%</b>	<b>25.5%</b>	<b>4.2%</b>
At least one parent worked full-time, year round	70.2%	75.4%	7.5% **	9.8	9.2	6.6%	9.3%	41.4% **	25.2%	26.3%	4.2%
Parents worked part-time	18.8%	17.4%	-7.0% **	2.6	2.1	45.2%	51.6%	14.3% **	31.1%	28.3%	-8.9%
No parent employed	11.0%	7.1%	-35.5% **	1.5	0.9	87.5%	85.2%	-2.7%	8.2%	9.6%	18.1%
<b>Age 35-39</b>	<b>100%</b>	<b>100%</b>		<b>15.9</b>	<b>16.6</b>	<b>15.7%</b>	<b>15.4%</b>	<b>-1.4%</b>	<b>20.7%</b>	<b>21.8%</b>	<b>5.5% *</b>
At least one parent worked full-time, year round	78.1%	81.5%	4.4% **	12.4	13.5	5.1%	6.6%	28.6% **	19.7%	21.2%	7.1% **
Parents worked part-time	15.1%	13.4%	-11.5% **	2.4	2.2	39.4%	44.1%	11.7% **	29.5%	29.0%	-1.7%
No parent employed	6.8%	5.1%	-25.0% **	1.1	0.8	83.4%	81.4%	-2.3%	12.1%	13.7%	13.7%
<b>Age 40+</b>	<b>100%</b>	<b>100%</b>		<b>21.9</b>	<b>30.3</b>	<b>11.8%</b>	<b>9.7%</b>	<b>-18.0% **</b>	<b>17.0%</b>	<b>16.7%</b>	<b>-1.6%</b>
At least one parent worked full-time, year round	79.8%	84.0%	5.3% **	17.5	25.4	4.1%	3.8%	-6.8%	14.5%	14.7%	1.6%
Parents worked part-time	13.3%	11.0%	-17.7% **	2.9	3.3	29.6%	30.5%	3.0%	28.8%	28.4%	-1.2%
No parent employed	6.9%	5.1%	-26.7% **	1.5	1.5	67.2%	62.7%	-6.6% **	22.9%	24.2%	5.8%

\* p<.10 \*\*p<.05

**Table 2b. Distribution and Changes in Child Low-Income Rates by Parental Age and Employment Status, 1997-2001 vs. 1987-1991**

Parental age and employment status	Low-income rate		% change (2)-(1)/(1)*100
	%		
	(1) 1987-1991	(2) 1997-2001	
<b>Age 14-24</b>	<b>78.1%</b>	<b>76.2%</b>	<b>-2.4%*</b>
At least one parent worked full-time, year round	58.4%	64.4%	10.2%**
Parents worked part-time	80.9%	80.6%	-0.4%
No parent employed	91.8%	88.3%	-3.8%**
<b>Age 25-29</b>	<b>60.4%</b>	<b>60.9%</b>	<b>0.9%</b>
At least one parent worked full-time, year round	40.7%	46.7%	14.8%**
Parents worked part-time	80.5%	83.2%	3.4%**
No parent employed	95.8%	93.8%	-2.1%*
<b>Age 30-34</b>	<b>47.2%</b>	<b>47.5%</b>	<b>0.7%</b>
At least one parent worked full-time, year round	31.8%	35.6%	11.9%**
Parents worked part-time	76.3%	79.9%	4.8%**
No parent employed	95.7%	94.8%	-0.9%
<b>Age 35-39</b>	<b>36.4%</b>	<b>37.3%</b>	<b>2.5%</b>
At least one parent worked full-time, year round	24.9%	27.8%	11.6%**
Parents worked part-time	68.9%	73.0%	6.0%**
No parent employed	95.4%	95.1%	-0.3%
<b>Age 40+</b>	<b>28.8%</b>	<b>26.4%</b>	<b>-8.3%**</b>
At least one parent worked full-time, year round	18.5%	18.5%	-0.3%
Parents worked part-time	58.4%	59.0%	0.9%
No parent employed	90.1%	87.0%	-3.5%**

\*p<.10, \*\*p<.05

**Table 3. Distribution of Living Arrangement and Parental Employment Status among All Children, Child Poverty and Near-Poverty Rates by Living Arrangement and Parental Employment Status, and Their Changes, 1997-2001 vs. 1987-1991**

Living arrangement and parental employment status	All children				Poverty rate			Near-poverty rate			
	Percentage Distribution		% change	Number (in millions)		%	% change	%	% change		
	(1)	(2)	(2)-(1)/(1)*100	1987-1991	1997-2001	(3)	(4)	(4)-(3)/(3)*100	(5)	(6)	(6)-(5)/(5)*100
	1987-1991	1997-2001		1987-1991	1997-2001	1987-1991	1997-2001		1987-1991	1997-2001	
<b>Married Two-Parent Families</b>	<b>100%</b>	<b>100%</b>		<b>46.4</b>	<b>49.4</b>	<b>10.1%</b>	<b>8.4%</b>	<b>-16.3% **</b>	<b>20.4%</b>	<b>18.8%</b>	<b>-7.8% **</b>
At least one parent worked full-time, year round	84.0%	89.0%	6.0% **	39.0	44.0	4.7%	4.9%	3.8%	18.5%	17.5%	-5.5% **
Parents worked part-time	13.3%	9.4%	-29.2% **	6.2	4.7	32.6%	32.4%	-0.4%	31.7%	30.8%	-2.8%
No parent employed	2.7%	1.5%	-42.4% **	1.2	0.8	68.3%	69.1%	1.1%	22.6%	20.0%	-11.4%
<b>Unmarried-Mother Families</b>	<b>100%</b>	<b>100%</b>		<b>14.4</b>	<b>16.5</b>	<b>51.8%</b>	<b>42.1%</b>	<b>-18.8% **</b>	<b>23.6%</b>	<b>28.5%</b>	<b>21.0% **</b>
At least one parent worked full-time, year round	33.5%	45.4%	35.5% **	4.8	7.5	13.3%	15.2%	14.4% **	35.5%	37.2%	4.7%
Parents worked part-time	30.3%	32.8%	8.2% **	4.3	5.4	55.5%	56.2%	1.2%	25.9%	25.2%	-2.6%
No parent employed	36.2%	21.8%	-39.7% **	5.2	3.6	84.3%	76.6%	-9.1% **	10.6%	15.4%	46.2% **
<b>Unmarried-Father Families</b>	<b>100%</b>	<b>100%</b>		<b>2.0</b>	<b>3.2</b>	<b>20.4%</b>	<b>19.1%</b>	<b>-6.2%</b>	<b>25.7%</b>	<b>27.3%</b>	<b>6.2%</b>
At least one parent worked full-time, year round	64.0%	69.3%	8.4% **	1.3	2.2	5.7%	7.9%	39.4% **	25.9%	26.9%	3.9%
Parents worked part-time	24.3%	21.1%	-13.2% **	0.5	0.7	39.2%	37.4%	-4.7%	27.3%	29.5%	8.1%
No parent employed	11.7%	9.6%	-18.4% **	0.2	0.3	61.6%	60.1%	-2.3%	21.2%	25.3%	19.3%

\* p<.10 \*\*p<.05

**Table 3b. Distribution and Changes in Low-Income Rates by Living Arrangement and Employment Status, 1997-2001 vs. 1987-1991**

Living arrangement and parental employment status	Low-income rate		
	%		% change
	(1) 1987-1991	(2) 1997-2001	(2)-(1)/(1)*100
<b>Married two-parent families</b>	30.5%	27.3%	-10.6% **
At least one parent worked full-time, year round	23.2%	22.4%	-3.6% *
Parents worked part-time	64.3%	63.3%	-1.6%
No parent employed	90.9%	89.1%	-2.0%
<b>Unmarried-mother families</b>	75.4%	70.6%	-6.4% **
At least one parent worked full-time, year round	48.8%	52.4%	7.3% **
Parents worked part-time	81.4%	81.4%	0.0%
No parent employed	94.9%	92.1%	-3.0% **
<b>Unmarried-father families</b>	46.1%	46.4%	0.8%
At least one parent worked full-time, year round	31.5%	34.8%	10.3% *
Parents worked part-time	66.5%	66.9%	0.5%
No parent employed	82.8%	85.4%	3.2%

\*p<.10, \*\*p<.05



**Table 4. Distribution of Race/Ethnicity and Parental Employment Status among All Children, Child Poverty and Near-Poverty Rates by Race/Ethnicity and Parental Employment Status, and Their Changes, 1997-2001 vs. 1987-1991**

Race and parental employment status	All children		Poverty rate			Near-poverty rate					
	Percentage Distribution		% change	Number (in millions)		%	% change	%	% change		
	(1)	(2)	(2)-(1)/(1)*100	1987-1991	1997-2001	(3)	(4)	(4)-(3)/(3)*100	(5)	(6)	(6)-(5)/(5)*100
	1987-1991	1997-2001		1987-1991	1997-2001	1987-1991	1997-2001		1987-1991	1997-2001	
<b>White</b>	<b>100%</b>	<b>100%</b>		<b>44.0</b>	<b>44.0</b>	<b>12.0%</b>	<b>9.9%</b>	<b>-17.5%**</b>	<b>19.4%</b>	<b>17.5%</b>	<b>-9.9%**</b>
At least one parent worked full-time, year round	78.9%	83.4%	5.7%**	34.7	36.7	3.5%	3.4%	-3.5%	17.3%	15.5%	-10.4%**
Parents worked part-time	15.6%	12.7%	-18.3%**	6.9	5.6	32.6%	33.8%	3.7%	30.2%	28.9%	-4.2%
No parent employed	5.6%	3.9%	-29.5%**	2.4	1.7	71.5%	66.4%	-7.1%**	17.9%	19.6%	9.3%
<b>Black</b>	<b>100%</b>	<b>100%</b>		<b>9.2</b>	<b>10.2</b>	<b>44.6%</b>	<b>33.2%</b>	<b>-25.7%**</b>	<b>24.0%</b>	<b>27.1%</b>	<b>12.9%**</b>
At least one parent worked full-time, year round	49.1%	62.3%	27.1%**	4.5	6.4	11.4%	10.7%	-6.2%	31.6%	30.9%	-2.1%
Parents worked part-time	23.5%	23.6%	0.3%	2.2	2.4	61.8%	61.0%	-1.2%	25.3%	24.1%	-4.9%
No parent employed	27.4%	14.1%	-48.7%**	2.5	1.4	87.5%	80.8%	-7.7%**	9.3%	13.3%	43.5%**
<b>Hispanics</b>	<b>100%</b>	<b>100%</b>		<b>7.0</b>	<b>11.2</b>	<b>38.6%</b>	<b>31.2%</b>	<b>-19.1%**</b>	<b>30.5%</b>	<b>33.5%</b>	<b>9.7%**</b>
At least one parent worked full-time, year round	58.9%	70.0%	18.9%**	4.1	7.8	17.7%	17.0%	-3.9%	36.3%	37.2%	2.5%
Parents worked part-time	22.8%	19.2%	-16.0%**	1.6	2.1	54.3%	54.3%	-0.1%	30.7%	30.7%	-0.1%
No parent employed	18.3%	10.8%	-40.9%**	1.3	1.2	84.3%	79.4%	-5.9%**	11.5%	15.0%	30.0%**

\* p<.10 \*\*p<.05

**Table 4b. Distribution and Changes in Low-Income Rates by Race and Parental Employment Status, 1997-2001 vs. 1987-1991**

Race and parental employment status	Low-Income rate		
	%		% change
	(1) 1987-1991	(2) 1997-2001	(2)- (1)/(1)*100
<b>White</b>	<b>31.4%</b>	<b>27.4%</b>	<b>-12.8% **</b>
At least one parent worked full-time, year round	20.7%	18.8%	-9.2% **
Parents worked part-time	62.8%	62.7%	-0.1%
No parent employed	89.4%	86.0%	-3.8% **
<b>Black</b>	<b>68.7%</b>	<b>60.3%</b>	<b>-12.2% **</b>
At least one parent worked full-time, year round	43.0%	41.6%	-3.2%
Parents worked part-time	87.1%	85.1%	-2.3% *
No parent employed	96.8%	94.1%	-2.8% **
<b>Hispanic</b>	<b>69.1%</b>	<b>64.7%</b>	<b>-6.4% **</b>
At least one parent worked full-time, year round	54.0%	54.2%	0.4%
Parents worked part-time	85.1%	85.0%	-0.1%
No parent employed	95.8%	94.4%	-1.5% *

\*p<.10, \*\*p<.05

**Appendix Table 1. Definition of Variables and Subgroups<sup>45</sup>**

<b>Variables</b>	<b>Subgroups</b>
<i>Parental Employment</i>	Three employment statuses are defined by the parent who maintained the highest level of employment in the previous year: Full-time year round (working at least 35 hours per week for at least 50 weeks in the previous year), part-time (any work less than the level defined above), and no work.
<i>Parental Age</i>	Four age groups are defined by the age of the oldest parent residing in the household: <24, 25-29,30-34, 35-39, and 40 or older
<i>Parental Education</i>	Three educational levels are defined by the most educated parent living in the household: Less than high school, high school graduate only, and some college education or more.
<i>Living arrangement</i>	Three living arrangements are defined: Married two-parent families (with two biological/adoptive parents or step parents), unmarried-mother families, and unmarried-father families.
<i>Race and Ethnicity</i>	Three major race and ethnicity groups are defined: Hispanic (regardless of race), non-Hispanic white, and non-Hispanic black

<sup>45</sup> For part of our following discussion on Hispanic children, we also distinguish between Mexican, Puerto Rican, Cuban, and other Central or South Americans.

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