


data snapshot
KIDS COUNT

FEBRUARY 2015

MEASURING ACCESS TO OPPORTUNITY
in the United States

The nation's child poverty rate is an important indicator of well-being for children, families and our country as a whole. Poverty has a profoundly negative impact on children's educational achievement and puts them at a greater risk of experiencing chronic health conditions. Child poverty costs our society an estimated $500 billion a year in lost productivity and earnings, as well as health- and crime-related costs.[1]

However, the official poverty measure — created half a century ago — falls short of accurately estimating current need and fails to account for the impact of the largest antipoverty programs. Federal, state and local governments provide important investments in the nation's future by supporting the healthy development, education, nutrition and safety of children. Yet the official rate does not give us the information we need to determine whether those investments are working. When investing public dollars, policymakers need to know how effective current policies are in reducing poverty and should use the best measurement available.

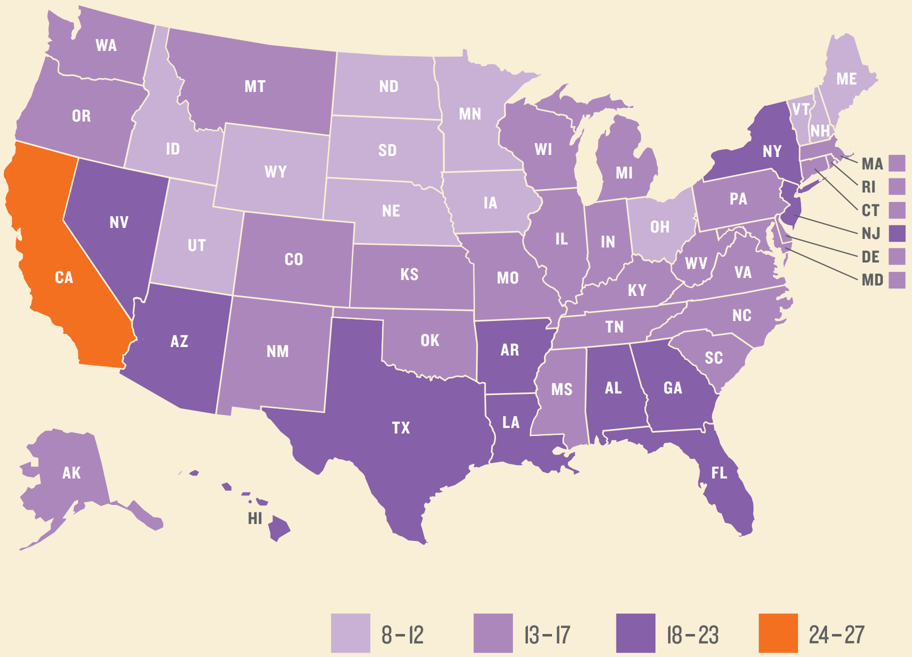
A New Measure of Poverty

Researchers have found that, on average, families need an income of roughly twice the official poverty threshold, currently about $24,000 per year for a family of four, to cover the entire cost of basic expenses for housing, food, transportation, health care and child care.[2] The official federal

FIGURE 1

Percentage of Children Living in Poverty, Using the Supplemental Poverty Measure: 2011–2013

The child poverty rates by state vary dramatically, using the SPM. Regional patterns differ from the traditional poverty measure.



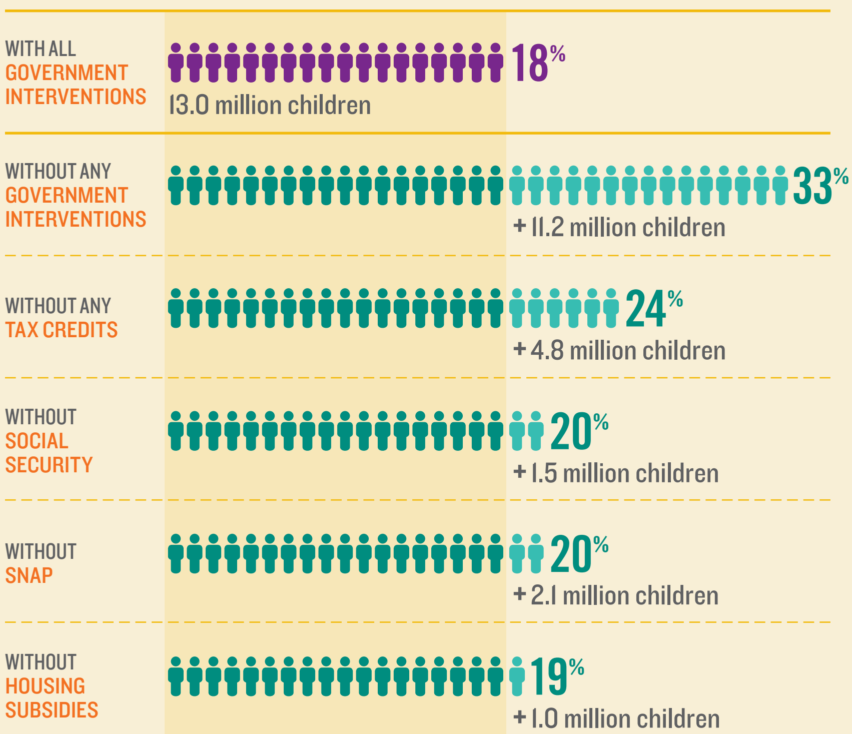
SOURCE Population Reference Bureau's analysis of the U.S. Census Bureau, Supplemental Poverty Measure Public Use Research files, 2012–2014.

poverty measure is based on a formula that calculated the minimum cost to feed a family a nutritionally adequate diet and multiplied that amount by three, as food in the 1960s accounted for roughly one-third of the average family's budget.[3] Today, food costs represent less than 10 percent of a typical family's budget. The official poverty measure fails to account for important non-cash assistance such as the Supplemental Nutrition Assistance Program (SNAP) or housing subsidies and does not include tax credits that many low-income families receive. It also isn't adjusted for geographic differences in the cost of living.[4]

FIGURE 2

Supplemental Child Poverty Rates With and Without Government Intervention: 2011–2013

The Supplemental Poverty Measure gauges the effectiveness of government programs in alleviating economic hardship.



SOURCE Population Reference Bureau's analysis of the U.S. Census Bureau, Supplemental Poverty Measure Public Use Research files, 2012–2014.
NOTE For this and all other SPM analyses in this report, child support payments were included as part of government intervention.

To better understand how families are faring, the U.S. Census Bureau created the Supplemental Poverty Measure (SPM) in 2011. It is based on decades of research culminating in recommendations made by a National Academy of Sciences panel in the mid-1990s. The SPM measures the impact of a number of important social programs such as SNAP and the Earned Income Tax Credit (EITC) and accounts for rising costs and other changes that affect a family's budget. Unlike the official poverty measure, the SPM is adjusted for geographic variations in the cost of living. This new measure is an important advance in understanding child poverty and the effects of safety net programs and tax policies on families. In fact, by using the SPM, researchers determined that the rate of children in poverty has declined since 1990, while the official measure shows no real change.[5]

Impact of Major Interventions on Poverty for Children

The SPM allows us to gauge the effectiveness of government programs in alleviating economic hardship. The data show that without any government interventions, the child poverty rate would nearly double from 18 percent to 33 percent. These programs have reduced economic hardship for millions of children. For example, tax credits (EITC and Child Tax Credit) alone have decreased the child poverty rate by nearly one-third. Social Security, SNAP and housing subsidies also have contributed to significantly fewer children living in poverty.

Like the official poverty measure, the SPM shows that children of color are more likely than white children to live in poverty. The child poverty rates among Latinos (29 percent) and African Americans (29 percent) were approximately three times that of whites (10 percent), using the SPM. Poverty rates for American Indian children (26 percent) and Asian and Pacific Islander children (16 percent) also are significantly higher than the rate for white children.[6]

Need for and Impact of Investments Vary by State

The child poverty rates by state vary dramatically, using the SPM. Regional patterns

TABLE 1

Effect of Safety Net Resources on Child Poverty, Using the Supplemental Poverty Measure: 2011–2013

	Percentage Without Interventions	Percentage With Interventions	Difference	
			Percentage	Number
United States	33	18	-15	-11,215,000
Alabama	33	18	-15	-173,000
Alaska	25	16	-9	-18,000
Arizona	40	22	-18	-285,000
Arkansas	37	18	-19	-132,000
California	40	27	-13	-1,267,000
Colorado	25	13	-12	-147,000
Connecticut	25	13	-12	-94,000
Delaware	35	17	-18	-37,000
District of Columbia	50	28	-22	-25,000
Florida	35	21	-14	-579,000
Georgia	36	20	-16	-396,000
Hawaii	37	18	-19	-59,000
Idaho	28	10	-18	-77,000
Illinois	32	16	-16	-477,000
Indiana	29	15	-14	-225,000
Iowa	22	8	-14	-103,000
Kansas	30	15	-15	-103,000
Kentucky	38	15	-23	-225,000
Louisiana	38	20	-18	-201,000
Maine	27	12	-15	-39,000
Maryland	26	14	-12	-151,000
Massachusetts	29	14	-15	-222,000
Michigan	30	15	-15	-341,000
Minnesota	22	10	-12	-158,000
Mississippi	38	15	-23	-173,000
Missouri	30	15	-15	-218,000
Montana	30	13	-17	-39,000
Nebraska	22	11	-11	-48,000
Nevada	38	22	-16	-107,000
New Hampshire	20	11	-9	-25,000
New Jersey	31	19	-12	-242,000
New Mexico	36	16	-20	-102,000
New York	37	20	-17	-739,000
North Carolina	35	17	-18	-436,000
North Dakota	18	10	-8	-14,000
Ohio	29	12	-17	-440,000
Oklahoma	30	14	-16	-151,000
Oregon	31	14	-17	-153,000
Pennsylvania	27	14	-13	-359,000
Rhode Island	33	16	-17	-39,000
South Carolina	31	17	-14	-152,000
South Dakota	22	9	-13	-27,000
Tennessee	33	17	-16	-233,000
Texas	36	19	-17	-1,195,000
Utah	22	11	-11	-98,000
Vermont	24	10	-14	-18,000
Virginia	25	15	-10	-201,000
Washington	28	13	-15	-241,000
West Virginia	30	13	-17	-64,000
Wisconsin	25	14	-11	-153,000
Wyoming	19	8	-11	-15,000

SOURCE Population Reference Bureau's analysis of the U.S. Census Bureau, Supplemental Poverty Measure Public Use Research files, 2012–2014.
NOTE Interventions include Supplemental Nutrition Assistance Program (SNAP)/Food Stamps; Women, Infants, and Children (WIC); School Lunch; Cash Welfare (TANF / AFDC); Housing Subsidies; Low-Income Home Energy Assistance Program (LIHEAP); Social Security; Unemployment Insurance; Workers' Compensation; Supplemental Security Income (SSI); Child Support; Earned Income Tax Credit (EITC); and Child Tax Credit.

differ from the traditional poverty measure. Using the SPM, California has the highest child poverty rate among states, followed by Arizona and Nevada. States with some of the largest child populations, like Florida, New York and Texas, have among the highest child poverty rates, using the SPM. The lowest rates are in the upper Midwest and northern New England.

In every state, anti-poverty programs tracked by the SPM have led to a reduction in the child poverty rate. The federal government funds the vast majority of these programs. Because most federal benefits are not adjusted for differences in regional costs of living, they are likely to have a more significant impact in states where costs of living are relatively low. As a result of state and federal programs and policies, child poverty rates were cut by more than 20 percentage points in Kentucky, Mississippi and the District of Columbia. States where government interventions have had a lower effect on decreasing child poverty include North Dakota, New Hampshire and Alaska.

Moving Forward

The SPM is a powerful tool that more accurately tracks progress in ensuring children's access to opportunity. For example, it can be used to highlight the impact that programs such as the EITC have on decreasing childhood poverty. At the same time, the SPM can help decision makers better focus on the millions of children still growing up in families without sufficient economic resources. It can illuminate both the successes and limitations of safety net resources such as tax credits for working families, SNAP and child care subsidies, which can alleviate economic hardship, but don't go far enough.

In November 2014, the Annie E. Casey Foundation released *Creating Opportunity for Families: A Two-Generation Approach*. In that report, we outlined a series of recommendations to equip families with the tools and skills to get on a path to opportunity. Among them are calls to:

- Support access to high-quality early education programs to ensure that low-income children are on the path to success and invest in effective job training and postsecondary education so more parents can access better-paying jobs.

- Change policies so families can keep more of what they earn by expanding the EITC and by increasing the Child Tax Credit and making it fully refundable.

- Expand programs that help families make ends meet such as SNAP and subsidies for child care and housing and simplify enrollment processes.

- Recognize parents' dual roles as both parent and worker by building on programs that work such as Head Start and education and job training programs for parents.

Finally, we must continue to invest in the development of the SPM. Dedicated funding would support the annual assessment of state-level progress in fighting poverty. We should continue to explore ways to provide local decision makers with better alternatives to the official poverty measure. These steps would help guarantee that we are putting more children on the pathway to success and safeguarding critical investments in the nation's future prosperity.

ENDNOTES

1. Holzer, H., Schanzenbach, D. W., Duncan, G. J., & Ludwig, J. (2008, March). The economic costs of childhood poverty in the United States. *Journal of Children and Poverty, 14*(1), 41–61. Retrieved from http://home.uchicago.edu/ludwigj/papers/HolzerEtAlChildhoodPoverty.pdf

2. The Annie E. Casey Foundation. (2014). *Creating opportunity for families: A two-generation approach*. Baltimore, MD: Author. Retrieved from www.aecf.org

3. The Annie E. Casey Foundation. (2014).

4. Short, K. (2014, October). The Supplemental Poverty Measure: 2013. *Current Population Reports*. Washington, DC: U.S. Census Bureau.

5. Fox, L., Garfinkel, I., Kaushal, N., Waldfogel, J., & Wimer, C. (2014). *Waging war on poverty: Historical trends in poverty using the Supplemental Poverty Measure* (NBER Working Paper Series). Cambridge, MA: National Bureau of Economic Research. Retrieved from www.nber.org/papers/w19789.pdf

6. Population Reference Bureau's analysis of the U.S. Census Bureau, Supplemental Poverty Measure Public Use Research files, 2012–2014.

THE ANNIE E. CASEY FOUNDATION

The KIDS COUNT Data Snapshot series highlights specific indicators of child well-being contained in the KIDS COUNT Data Center (datacenter.kidscount.org). KIDS COUNT, a project of the Annie E. Casey Foundation, is a national and state-by-state effort to track the status of children in the United States.

The Annie E. Casey Foundation is a private philanthropy that creates a brighter future for the nation's children by developing solutions to strengthen families, build paths to economic opportunity and transform struggling communities into safer and healthier places to live, work and grow.