



New Census Data Tell Us That Poverty Fell in 2013

September 16, 2014

Children and Young Adults Still Face the Greatest Risks

According to 2013 Census data released today, the overall poverty rate fell by half a percentage point, to 14.5 percent. Poverty for children fell by nearly 2 percentage points. Yet children (especially young children) once again experienced the highest rates of poverty in the United States. Young adults were close behind. Four years after the Great Recession officially ended, nearly one in five children and young adults lived in poverty.

Young children, black and Hispanic children, and young adults were particularly likely to be poor and, most alarmingly, black children and young adults did not share in the gains that other groups experienced last year.

The Census Bureau reports that one of the major factors driving the improvements was the increase in full-time, year-round employment. This is a positive sign. However, many workers still did not earn enough to lift themselves and their families out of poverty. For that reason, it is important to adopt strong public policies targeting the particular challenges facing families and young adults, as well as staying the course on broad-based economic improvement.

The good news is that the 2013 poverty rates for children and young adults reversed the sharp uptick that came with the Great Recession. The bad news is that even before the recession, these rates were at unacceptably high levels. High poverty for these populations poses risks for the nation's future, because young people's experiences early in life and early in a career can affect all that comes later. Child poverty is linked

to negative child and adult outcomes, with poor children doing less well in school, experiencing poorer health, and having worse employment and earnings records as adults. And the longer children live in poverty, the worse their adult outcomes are.ⁱ For young adults, living in poverty also makes it more difficult for them to access quality education and training programs, especially those living in high-poverty communities where these opportunities are particularly scarce.ⁱⁱ When they do enroll, low-income young adults are more likely to have to work excessive hours while in school, thus prolonging the time it takes to earn a degree and putting them at risk of not completing.ⁱⁱⁱ

Adopting strong public policies that target these persistent problems can make a difference, as the Census report and other recent studies demonstrate. For example, the Census data show that, in 2013, Social Security benefits lifted 14.7 million seniors out of poverty, unemployment insurance lifted 1.2 million people from poverty, and if Supplemental Nutrition Assistance Program (SNAP) benefits were counted as income, almost 3.7 million fewer people would have been counted as poor. Similarly, newly released data from another federal survey shows a dramatic increase in health insurance coverage in early 2014, driven by provisions of the Affordable Care Act.^{iv} This coverage means that poor and low-income youth can get the help they need to treat medical and mental health problems, which supports them in completing their education and moving up at work.

The next steps to address widespread poverty among children, young adults, and young families include:

- strengthening the safety net and work support programs;
- improving the circumstances of low-wage work;
- ensuring parents can work and raise children; and
- improving pathways to education and careers for youth and young adults.

As we design these strategies, we need to pay particular attention to the children and young adults who are most likely to be poor and/or whose circumstances have improved the least—including very young children, children in families with part-time and part-year workers, and black and Hispanic children and young adults.

One in five U.S. children is poor, and two in five live in low-income households.

Almost 20 percent of children are poor. In 2013, almost 15 million children in the U.S. were living in poverty, according to the official measure, defined as living in families with income under \$18,769 for a single-parent family of three.^v This is still slightly worse than in 2007 (the last year before the Great Recession).

Almost 9 percent of children—6.5 million—were in “deeply poor” families with cash incomes under half of the poverty level (around \$9,300 in 2013 for a family of three).

Children are more likely than adults to be poor. The poverty rate among adults ages 18 to 64 was 14 percent in 2013. While children made up roughly 23.5 percent of our total population, they

comprised nearly one-third of the nation’s poor and deeply poor.

Racial and ethnic minority children are disproportionately poor and disproportionately living in deep poverty. In 2013, the poverty rate for black children (38.3 percent) and Hispanic children (30.4 percent) was much higher than that of non-Hispanic white children (10.7 percent). The largest group of poor children was Hispanic (5.4 million), followed by black children (4.2 million) and non-Hispanic white children (4.1 million). About 2.3 million Hispanic children, 2.1 million black children, and 1.7 million non-Hispanic white children lived in deep poverty.

Young children are the most likely to be poor. Twenty-two percent of children under age five, or more than 5 million young children, were poor. This is a slight decrease from 2012, but an increase of about 600,000 over 2007. Children under age three had the highest poverty rates, and the prevalence of poverty was highest during these earliest, most formative years of children’s lives—with potentially lasting consequences for education, health, and other key outcomes.^{vi} From 2012-2013, poverty fell among young Hispanic and non-Hispanic white children, but rose among young black children.

Two out of every five children live in low-income households. Forty-two percent of children under age 18 and 45 percent of children under age 5 lived in low-income families (households under 200 percent of the poverty threshold, or about \$37,500 for a family of 3 in 2013). Low-income families reported frequent challenges keeping food on the table, paying mortgage and utility bills, and meeting other expenses such as health care and child care.^{vii}

Many children in poverty have working parents.

Most poor and low-income children have parents who work hard but for very little pay.

Over 70 percent of poor children lived in families with at least one worker. More than 30 percent of poor children—and over half of low-income children—lived in families with at least one worker employed full time, year round. Among Hispanic children, the largest single group of poor children, 37 percent had at least one full-time, full-year worker and about three-fourths lived in families with at least one worker.

Because women earn less than men, children in single-mother households are at greater risk of poverty, even when their mothers work.

And even when single mothers worked full time, year round, nearly 18 percent of their children were poor. Poor families paying for child care spent an estimated 30 percent of their income on child care, compared to 8 percent for families above poverty.^{viii}

Many poor children live in two-parent families, especially Hispanic children. While children living in single-parent families were far more likely to be poor, 5.5 million children with married parents were also poor in 2013. Ten percent of all children in married-couple families and 20 percent of Hispanic children in married-couple families were poor, down slightly from last year.

Parents' low-wage work compounds developmental risk for children.

The nature of employment among the working poor makes it difficult to raise children. Fully 40 percent of low-income parents have no access to paid time off (no sick days or medical leave, no parental leave, no vacation^{ix}), making it difficult to care for newborn or sick children. Unstable and nonstandard work schedules, increasingly a

characteristic of low-wage work, makes securing stable child care difficult and problematic for parents trying to balance home and work obligations.^x A recent survey found that among early career (26- to 32-year-olds) hourly workers, nearly one-third of mothers with children under age 13 received one week or less advance notice of their job schedules.^{xi} Low-wage work may add to parental stress that negatively impacts children's development.^{xii}

One in five young adults is poor, as are two in five families with children that are headed by young adults.

Young adults account for a significant share of the poor and are poorer than other adults.

Nineteen percent of young adults ages 18-24, or 5.8 million individuals, were poor. While the poverty rate for this age group has improved since its peak in 2010 (22.2 percent), it remained 2 percentage points higher in 2013 than its pre-recession level of 17.3 percent in 2007. Additionally, 41.6 percent of young adults were low-income in 2013. And the deep poverty rate for young adults (10.2 percent) was higher than all other age groups, with the exception of young children.

Youth of color are disproportionately poor. In 2013, the poverty rate was highest among black and Hispanic young adults, with 32 percent and 21.3 percent respectively living in poverty. Even more alarmingly, the poverty rate for black young adults rose by 1.7 percentage points from 2012 to 2013. However, non-Hispanic whites were still the largest group of poor young adults. Minority youth were also far more likely than non-Hispanic whites to live in conditions of concentrated poverty, where 40 percent or more of community residents live in poverty. These communities tend to have far fewer employment opportunities and a

lack of public transportation, making it difficult for these young people to find work outside their communities.^{xiii}

Almost 40 percent of families with children that are headed by young adults are poor. Single parents and young families accounted for a large share of the young adults in poverty in 2013.

Poverty matters for them and for their children. The stress associated with living in poverty and the challenges of working in low-wage, inflexible jobs impacts parents' ability to devote time and care to their children's educational and social-emotional needs. Children born to poor parents, particularly those without high school credentials, are substantially more likely to be persistently poor.^{xiv}

Many young adults who are poor are working.

Of the young adults ages 18 to 24 who were poor in 2013, 45 percent were working. Young workers are more likely to have low-wage jobs and often struggle to get full-time hours. Although workers under age 25 represented only about one-fifth of hourly paid workers in 2013, they made up about half of those paid the federal minimum wage or less.^{xv} Access to work is critical during these years and is a predictor of future employment and earnings.

Many young adults, regardless of attachment to school, are poor and low-income. Young people (ages 18 to 24) without a high school diploma were more likely to be poor (27.4 percent) than those with just a high school diploma (21.1 percent) and no additional education. Among those who had at least some college but not a four-year degree, the poverty rate was just 16.7 percent. It is estimated that by 2020, two-thirds of jobs will require a postsecondary education. Workers with higher levels of education consistently fare better in the labor market; they experience lower rates and shorter durations of unemployment, earn higher incomes, and work more hours.^{xvi} Even for those

enrolled in school, 17.6 percent were poor and 36.6 percent were low-income in 2013. Poor and low-income students face many hurdles to completing their education; financial aid may not be sufficient to meet the full costs of their educational and family expenses, and for those students with children, access to child care and associated costs may hinder their progress toward and completion of a degree.

Public policy solutions

To turn around these disturbing trends, we need to build on the lessons of successful policies to reduce poverty and improve opportunity for children, youth, and families. Key steps include:

- **Build on and strengthen income and work supports programs that have demonstrated effectiveness,** such as the Earned Income Tax Credit (EITC), Child Tax Credit (CTC), Unemployment Insurance, and Supplemental Nutrition Assistance Program (SNAP, or food stamps).^{xvii}
 - In 2013, SNAP lifted almost 3.7 million Americans out of poverty.
 - At the federal level, key steps to strengthen the safety net include expansion of the EITC to childless adults, including young adults ages 21 to 24, who are not currently covered. This would provide low-wage young adults who are not custodial parents with a crucial boost to their earnings.^{xviii}
 - Unless Congress acts, critical improvements to the CTC and EITC first passed in 2009 will expire after 2017. If these changes expire, children in families with working parents earning below \$14,000 would not be eligible for

- any benefit from the CTC.
- At the state level, a key step is ensuring that low-income individuals and families, including those who work hard at low-wage jobs, get the full package of public benefits for which they qualify. Through improvements in technology, policy, local office processes, and cross-program alignment, states can ensure that a far greater share of families get and keep SNAP, health insurance under Medicaid, and help paying for child care—providing them with the stability to keep jobs, move up at work, and raise healthy children. Among the states taking these steps, six (Colorado, Idaho, Illinois, North Carolina, Rhode Island, and South Carolina) are working closely with CLASP and its national partners through the Work Support Strategies initiative to implement ambitious improvements and share them with others.^{xix}
- **Improve the circumstances of low-wage work and increase access to quality jobs.** The large share of low-income children who live in families with workers suggests that low wages, insufficient and uncertain hours, and unstable work are a critical part of the poverty problem.
 - Key steps at the national, state, and local levels include improving labor market standards (including raising the minimum wage); allowing all workers to earn paid sick days; providing paid family and medical leave; and giving workers access to adequate hours, as well as predictable and stable schedules.^{xx} A recent survey found that one in five low-wage working mothers has
- lost a job in the past four years because she was sick or needed to care for a family member.^{xxi} Governments should also enforce existing laws, such as minimum wage and overtime laws, rules against wage theft, misclassification of employees, unsafe working conditions, and provisions of the Family and Medical Leave Act (FMLA).
- Another approach is to reward employers that provide higher-quality jobs. Recent executive orders have taken steps to ensure that federal contracting dollars are directed toward high-road employers. Further actions could extend to other aspects of job quality, such as paid leave, part-time parity, and fair scheduling. Similarly, economic and workforce development incentives should be directed toward high-road employers.
- **Ensure that parents can work and raise children, and implement two-generational policy solutions to help parents and children escape poverty.**
 - At the federal, state, and local levels, increase resources and support policy improvements that expand access to affordable, quality child care and early education to support the healthy development of children and parents' ability to work. States should consider the needs of poor families as they begin to implement new provisions in the Child Care and Development Block Grant Act of 2014, which is likely to be adopted by Congress.^{xxii}
 - Given the extremely high rates of poverty among young parents, as well evidence of the damage that

poverty can do to both generations, it is key to implement policy approaches that help children thrive and parents succeed economically. These two-generational approaches include: strategies to pair high-quality child care with education and employment opportunities for parents; job quality improvements, such as paid family leave, combined with home visiting for children in the first year of life; and health and mental health initiatives, such as treatment of maternal depression, that can improve parenting and help adults move ahead in their own lives.^{xxiii}^{xxiv}

- **Improve pathways to education and careers for youth and young adults, including young people of color and out-of-school youth, who face the most obstacles.**

- Through federal, state, and local policy improvements, dismantle the barriers that prevent many of these vulnerable young people from gaining access to high-quality K-12 education to support academic success and prepare them well for postsecondary opportunities. For example, many African American and Latino students attend resource-poor schools that do not effectively prepare them for postsecondary success.^{xxv} Moreover, African American males are 2.5 times more likely to be suspended and three times more likely to be expelled than their white counterparts. Students who are suspended repeatedly have a greater likelihood of dropping out of school; they are three times more likely to drop out

by 10th grade than those who were never suspended.^{xxvi}

- Reform federal and state higher education policies to help students overcome financial and non-financial barriers that impede postsecondary enrollment and completion. Increasing need-based aid, such as Pell grants, is an effective strategy to make higher education affordable. Grant aid can be even more effective when coupled with interventions and comprehensive financial supports designed to tackle the challenges associated with juggling work and school (e.g. child care, transportation, food assistance).^{xxvii}
- Create a sustainable system of workforce services that provides opportunities for young adults to enter and advance in the workplace, including focusing federal and state resources on quality career pathways and strategies that help low-income youth and young adults access training, earn credentials, and gain work experience, including paid employment.^{xxviii} Fully implementing and funding these opportunities in the newly authorized Workforce Innovation and Opportunity Act is a great step for states and communities to build pathways out poverty for poor and low-income youth who have barriers to economic success.

Addressing high poverty rates among children and young adults is central to the nation's future. As the Census report illustrates, strong public policies can help us turn around longstanding challenges, such as poverty among seniors and lack of health

insurance among children, youth, and adults. The 2013 Census data highlight the urgency of turning our public policy attention to the young people who experience the highest rates of poverty, including the youngest children, children and young adults of color, and families supported by unstable, low-wage jobs. Solutions exist if we are ready to adopt them.

ⁱ Greg J. Duncan and Katherine Magnuson, *The Long Reach of Early Childhood Poverty*, 2011, <http://www.stanford.edu/group/scspi/media/pdf/pathways/winter2011/PathwaysWinter11Duncan.pdf> and Caroline Ratcliffe and Signe-Mary McKernan, *Child Poverty and Its Lasting Consequence*, Urban Institute, 2012, <http://www.urban.org/UploadedPDF/412659-Child-Poverty-and-Its-Lasting-Consequence-Paper.pdf>.

ⁱⁱ Kisha Bird, *Against All Odds: Community and Policy Solutions to Address the American Youth Crisis*, Journal of Law and Social Change, Vol. 15, <http://www.clasp.org/resources-and-publications/files/Bird15U.Pa.J.L.Soc.Change2012233.pdf>.

ⁱⁱⁱ *Comments on House Hearing "Keeping College Within Reach: Sharing Best Practices for Serving Low-Income and First Generation Students"*, Center for Postsecondary and Economic Success at CLASP, 2014, <http://www.clasp.org/federal-policy/legislation-and-reauthorizations/CLASP-Comments-on-House-Hearing-Keeping-College-Within-Reach.pdf>.

^{iv} Robin A. Cohen and Michael E. Martinez, *Health Insurance Coverage: Early Release of Estimates from the National Health Interview Survey January-March 2014*, <http://www.cdc.gov/nchs/data/nhis/earlyrelease/insur201409.pdf>

^v The poverty thresholds used by Census for statistical purposes are slightly different than the guidelines issued by HHS and used for program administration. For the thresholds, see:

<http://www.census.gov/hhes/www/poverty/data/threshld/index.html>

For the guidelines and more explanation of the differences, see:

<http://aspe.hhs.gov/poverty/index.cfm>

^{vi} Olivia Golden, Marla McDaniel, Pamela Loprest, and Alexandra Stanczyk, *Disconnected Mothers and the Wellbeing of Children: A Research Report*, Urban Institute, 2013,

<http://www.urban.org/publications/412815.html>.

^{vii} Gregory Acs and Pamela Loprest, *Who Are Low-Income Working Families?*, Urban Institute, 2005,

<http://www.urban.org/publications/311242.html> and Gregory Acs and Pamela Loprest, *Making Work Pay Enough: A Decent Standard of Living for Low-Income Working Families*, Urban Institute, 2008, http://www.urban.org/UploadedPDF/411710_work_pay.pdf.

^{viii} William G. Gale, *Who's Minding the Kids*, Urban Institute, 2004, <http://www.urban.org/publications/1000703.html>.

^{ix} Katherin Ross Phillips, *Access to Leave Among Working Parents*, Urban Institute, 2004, <http://www.urban.org/publications/310977.html>.

^x Liz Ben-Ishai, Hannah Matthews and Jodie Levin-Epstein, *Scrambling for Stability: The Challenges of Job Schedule Volatility and Child Care*, Center for Law and Social Policy, 2014,

<http://www.clasp.org/resources-and-publications/publication-1/2014-03-27-Scrambling-for-Stability-The-Challenges-of-Job-Schedule-Volat-.pdf>.

^{xi} Susan J. Lambert, Peter J. Fugiel, Julia R. Henly, *Precarious Work Schedules among Early-Career Employees in the U.S: A National Snapshot*, EINet at the University of Chicago, August 2014, http://ssascholars.uchicago.edu/work-scheduling-study/files/lambert.fugiel.henly_precarious_work_schedules.august.2014.pdf.

^{xii} Pamela Joshi and Karen Bogen, *Nonstandard Schedules and Young Children's Behavioral Outcomes Among Working Low-Income Families*, Journal of Marriage and Family, 69, 2007.

^{xiii} *KIDS COUNT Data Snapshot on High-Poverty Communities*, Annie E. Casey Foundation, 2012,

<http://www.aecf.org/m/resourcedoc/AECF-ChildrenLivingInHighPovertyCommunities-2012-Full.pdf>.

^{xiv} Caroline Ratcliffe and Signe-Mary McKernan, *Child Poverty and Its Lasting Consequence: Summary*, Urban Institute, 2012

<http://www.urban.org/UploadedPDF/412658-Child-Poverty-and-Its-Lasting-Consequence-Summary.pdf>

^{xv} *Characteristics of Minimum Wage Workers*, U.S Bureau of Labor Statistics, Report 1048, 2014,

<http://www.bls.gov/cps/minwage2013.pdf>.

^{xvi} Anthony P. Carnevale, Nicole Smith, and Jeff Strohl, *Recovery: Job Growth and Education Requirements Through 2020*, Georgetown Public Policy Institute Center on Education and the Workforce, 2013,

<https://georgetown.app.box.com/s/tl10zkxt0puz45hu21g6>.

^{xvii} Olivia Golden, Testimony to the House Committee on the Budget, *A Progress Report on the War on Poverty: Reforming Federal Aid*, Hearing, June 10, 2014,

<http://www.clasp.org/resources-and-publications/publication-1/06-10-14-House-Budget-Testimony-O-Golden.pdf>.

^{xviii} Helly Lee and Andrea Barnes, *EITC Expansion Proposals: What's at Stake for Young Workers*, CLASP, 2014,

<http://www.clasp.org/resources-and-publications/publication-1/2014-09-16-Youth-EITC-Young-Workers-FINAL.pdf>.

^{xix} Olivia Golden, ed., *New Perspectives on Transforming States' Health and Human Services: Practical Commentaries on the First Year of the Work Support Strategies Initiative*, The Urban Institute, 2013, <http://www.urban.org/UploadedPDF/412833-New-Perspectives-on-Transforming-States-Health-and-Human-Services.pdf>.

^{xx} Liz Ben-Ishai and Elizabeth Lower-Basch, *Job Creation & Quality*, CLASP, 2014, <http://www.clasp.org/resources-and-publications/publication-1/A-job-creation-and-job-quality-agenda-for-Labor-Day-1.pdf>.

^{xxi} Hart Research Associates, *Hard Work, Hard Lives: Survey Exposes Harsh Reality Faced by Low-Wage Workers in the US*, Oxfam America, 2013,

<http://www.oxfamamerica.org/static/media/files/low-wage-worker-report-oxfam-america.pdf>

^{xxii} Hannah Matthews, *Congress Moves Forward on Child Care Reauthorization Bill*, CLASP, 2014,

<http://www.clasp.org/issues/child-care-and-early-education/in-focus/congress-moves-forward-child-care-reauthorization-bill>.

^{xxiii} Stephanie Schmit, Hannah Matthews, and Olivia Golden, *Thriving Children, Successful Parents: A Two-Generation Approach to Policy*, Center for Law and Social Policy, 2014, <http://www.clasp.org/resources-and-publications/publication-1/Two-Gen-Brief-FINAL.pdf>.

^{xxiv} Stephanie Schmit, Olivia Golden, and William Beardslee, *Maternal Depression: Why It Matters to an Anti-Poverty Agenda for Parents and Children*, Center for Law and Social Policy, 2014.

^{xxv} *Data Snapshot: College and Career Readiness*, Civil Rights Data Collection U.S Department of Education Office for Civil Rights, Issue Brief No. 3, March 2013, <http://ocrdata.ed.gov/Downloads/CRDC-College-and-Career-Readiness-Snapshot.pdf>.

^{xxvi} Rhonda Bryant, *Empty Seats: Addressing the Problem of Unfair Discipline for Boys of Color*, Center for Law and Social Policy, 2013, http://www.clasp.org/resources-and-publications/publication-1/EmptySeats_final.pdf.

^{xxvii} *Comments on the Higher Education Affordability Act*, Center for Postsecondary and Economic Success at CLASP, 2014, <http://www.clasp.org/documents/CLASP-comments-on-HEAA-08.29.14.pdf>.

^{xxviii} *Shared Vision, Strong Systems: The Alliance for Quality Career Pathways Framework Version 1.0*, Center for Law and Social Policy, 2014, <http://www.clasp.org/issues/postsecondary/pages/aqcp-framework-version-1-0>.