Troubling Trends

Child Poverty Growing Rapidly in Low Poverty States

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Each autumn, the United States Census Bureau releases poverty and income data from the previous year. Recent years have seen a dramatic increase in child poverty – culminating in a twenty-year high of 22 percent in 2010. The 2011 data[1] showed a national child poverty rate of 21.9 percent,[2] essentially unchanged from the year before. Though more than 16 million children lived below the poverty line in 2011 – in households making less than $23,000 annually for a family of four – 2011 marks the first year since 2005 that child poverty has not risen in the United States.

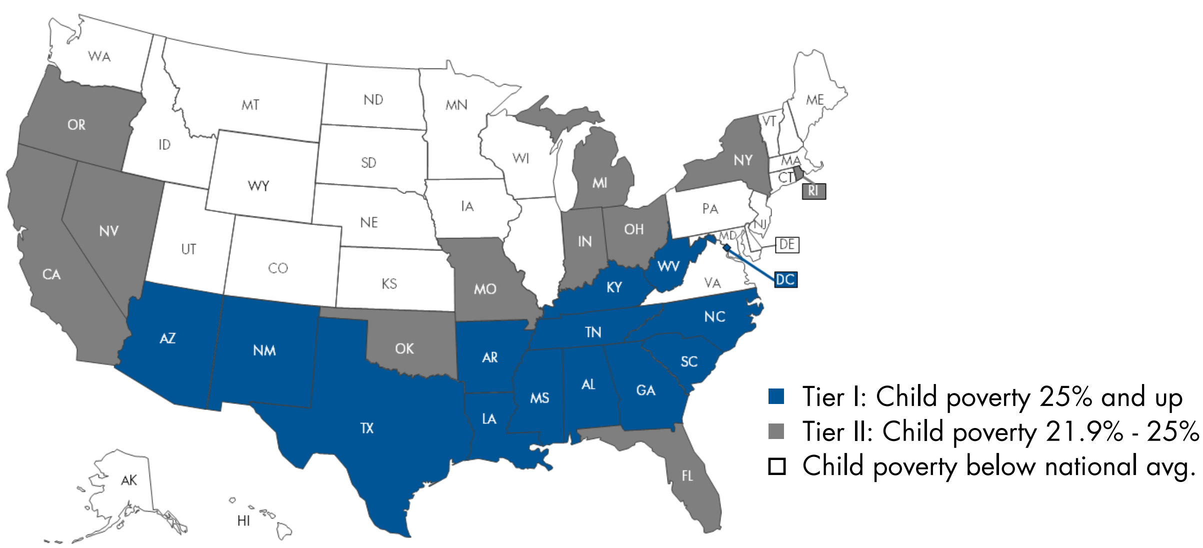
For decades children have seen higher rates of poverty than any other age group in America. This trend continued in 2011: children comprised just over 23 percent of the total population, but more than one-third of all people living below the poverty line. This is in contrast to 2008, when children represented 19 percent of all those in poverty. Though overall child poverty did not rise in 2011, it is clear that children continue to bear the brunt of the recession's effects.

This paper offers a brief analysis of state trends in child poverty – tracking states that experienced the highest overall levels of child poverty in 2011, as well as states that saw the most rapid growth in poverty for their children. It also compares the states with the highest one-year growth poverty with a set of economic hardship indicators in an effort to understand the broader forces affecting children in these states. The paper concludes with a discussion of policy implications, connecting state child poverty and hardship trends and decisions made at the federal level.

CHILD POVERTY AT A STEADY HIGH IN SOUTH AND SOUTHWEST – BUT GROWING FASTEST IN HAWAII, NORTHEAST, AND ALASKA

At first glance, child poverty in 2011 does not appear to differ strikingly from child poverty in 2010. The states with child poverty above the national average, including those deemed 'very high' child poverty (defined as 25 percent or above), displayed in Map 1 below are almost identical to the states with very high child poverty in 2010. In both years, states with the above average rates are concentrated in the South and Southwestern regions.

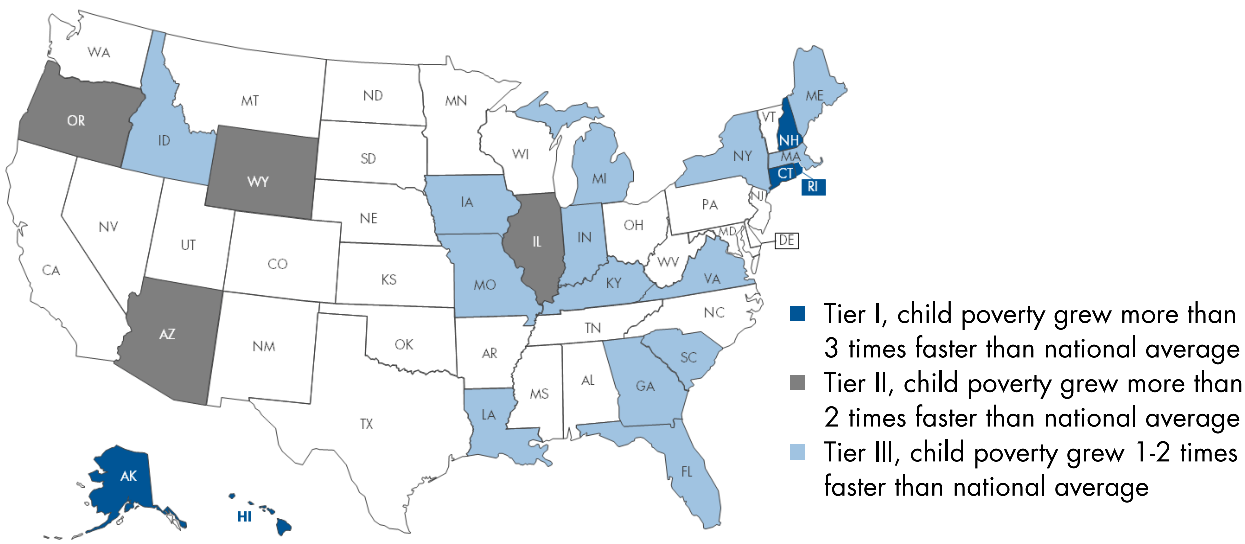
Map 1: 14 States Have at Least 1 in 4 Children in Poverty



Child Poverty Rates, 2011. Data obtained from United States Census Bureau American Community Survey, September 2012.

Upon closer inspection, however, the very states that appear to be doing well in Map 1 are actually the states with the most concerning rates of growth in child poverty over the same period. As seen in Map 2, states with historically low rates of child poverty (and with current rates well below the national rate) experienced the largest percent increase in child poverty from 2010 to 2011. As a result, the top five states that emerge from this analysis – Hawaii, New Hampshire, Connecticut, Rhode Island, and Alaska – all saw their child poverty rates grow at least three times faster than the national rate in one year[3].

Map 2: An Unexpected Story: Child Poverty Growing Fastest in Hawaii, Northeast, and Alaska



Growth in Child Poverty, 2010 to 2011. Calculations based on data obtained from United States Census Bureau American Community Survey, September 2012.

Of the 23 states that experienced higher than the national average rate of growth from 2010 to 2011, Hawaii saw the largest jump, from 13.9 percent child poverty in 2010 to 17 percent in 2011. This is a one-year increase of more than 22 percent – a growth rate of close to five and one-half times the national average. Three Northeastern states follow Hawaii: New Hampshire, Connecticut, and Rhode Island. New Hampshire's overall child poverty rate of 12 percent remains the lowest of the three (and significantly lower than the national rate of 21.9 percent), but reached its 2011 rate after jumping by 20 percent from the previous year. And while Connecticut and Rhode Island still maintain relatively low child poverty rates, the share of children living in poverty in both states grew roughly four times faster than the national average.

Highlighting this trend may seem at odds with the fact that children in these high growth states may still fare better in general than children in very high child poverty states. Indeed, child poverty in Tier I and Tier II states in Map 1 remains unacceptably high – and has been for a number of years. But it is presence of continued high child poverty in these states, primarily in the South and Southwest, that makes the rapid growth of child poverty in other areas a point of particular concern. Current child poverty rates of 12, 13, or 14 percent growing at a rate of 20 percent or more each year – if left unchecked – will quickly turn some of the best performing states for children into some of the worst. If such trends continue, the number of overall very high child poverty states would become the majority of states in America, pushing child poverty to a tipping point and threatening the well-being of future generations.

CHILD POVERTY IN THE CONTEXT OF OTHER ECONOMIC HARDSHIPS

This section aims to put the rapid growth in child poverty in context. Table 1 compares the high growth states to a set of three other economic indicators specific to children – food insecure households; children with unemployed parents; and children affected by foreclosure. Not surprisingly, children in almost every high growth child poverty state experienced at least one of the other hardship measures, with over 60 percent of these states experiencing two or more hardships.

Table 1: Children in Fastest Growing Child Poverty States Face Varying Range of Economic Hardships, 2010-2011[4]

Child Poverty Growth Over the National Average	Food Insecurity Growth Over the National Average	Children with Unemployed Parents Growth Over the National Average	Number of Children Affected by Foreclosure Over the National Average, as of 2011
Hawaii	✓	✓	
New Hampshire			✓
Connecticut		✓	✓
Rhode Island	✓	✓	✓
Alaska	✓	✓	
Arizona	✓		✓
Illinois	✓		✓
Oregon			
Wyoming	✓		
Idaho	✓	✓	✓
New York	✓	✓	
South Carolina		✓	
Massachusetts	✓		✓
Iowa			
Georgia	✓	✓	✓
Indiana			✓
Florida		✓	✓
Missouri			✓
Maine		✓	
Michigan		✓	✓
Virginia		✓	✓
Louisiana	✓	✓	
Kentucky	✓		
Total: 23	Total: 12	Total: 13	Total: 13

Poverty and food insecurity are closely related. Being "food insecure" is defined by the United States Department of Agriculture as experiencing reduced or disrupted eating patterns due to the lack of money and other resources for food. Families with low food security often cannot afford to eat balanced meals, may run out of food before they have money to buy more, and experience these deprivations frequently.[5] Currently nearly 1 in 6 households with children nationwide experience hunger. The states with the highest growth in food insecure households are reflected in Table 1 – of which 12 are states that also saw high one-year growth in child poverty.

The rise in unemployment throughout the recession has undoubtedly contributed to rising poverty. While gauging the direct impact of unemployment on children can be difficult, a series of First Focus-commissioned papers by researcher Julia Isaacs estimated the percentage of children in each state living with at least one unemployed parent in 2010 and 2011.[6] As national unemployment declined in 2011, so too did the number of affected children – though not uniformly across the states. As a result, more than half of the high child poverty growth states also had an above average growth in children with unemployed parents in 2011.

Food insecurity and parental unemployment are hardships more the result of the recession – unlike the mortgage and foreclosure crisis nationwide, which was a contributing factor. Children are often overlooked in housing industry statistics, but a 2012 report[7] by Julia Isaacs and First Focus calculated the number of children affected by foreclosures in each state as of 2011. 13 of the high growth child poverty states, including two-thirds of the Northeastern states listed, had an above average rate of children affected by foreclosure.

These hardship indicators provide some insight into the environments facing children in states with rapidly growing child poverty[8]. Further analysis is needed to truly understand the factors behind the state-specific trends and will likely be the subject of future First Focus research.

CONGRESS CAN REDUCE CHILD POVERTY, BUT MUST ACT TO CONTINUE INVESTMENTS IN CHILDREN

The above analysis reveals that a diverse – and somewhat unexpected – set of states share concerning child poverty trends. It is a set of states encompassing areas with traditionally high levels of child poverty (such as Mississippi or New Mexico) as well as areas where children usually tend to fare better than the national average (such as Connecticut).

Research indicates that three-quarters of all public spending on children originates at the state and local level.[9] As such, it is clear that state decisions matter. But given the wide spectrum of states currently unable to stem the tide against rising child poverty post-recession, the role of federal investment in children is more important than ever. States with traditionally high overall rates of child poverty also tend to be states with lower levels of public spending on children, lower levels of revenue to fund such public support, and also areas that collect a significant amount of state revenue in ways detrimental to lower-income families.[10] This, combined with the fact that states with historically low levels of child poverty now see rapid increases, suggests that states cannot protect and support children entirely on their own. Public investments in children must be first and foremost a federal initiative.

Measuring the Impact of Investing in Children

Federal investments in children are a proven success. Complicating our analysis, however, is that the Census Bureau's official poverty measure does not currently capture the impact of these investments. The official poverty measure does not take into account income assistance from public programs, such as tax credits, housing, or nutrition assistance – nor does it account for expenses a family regularly pays out (and therefore does not have available to spend on basic needs) such as taxes, transportation, and medical expenses. As a result, the numbers in the figures above reflect child poverty in the absence of federal and state investments.

Supplemental poverty measures based on recommendations from the National Academy of Sciences[11] show that federal investments prevent millions of children from falling into poverty each year – and lessen the impact of poverty for millions more. Studies show that two family tax credits – the Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC) – together kept 5 million children from falling below the poverty line in 2010.[12] Unemployment insurance kept 3.2 million households from poverty in the same year.[13] The Supplemental Nutrition Assistance Program (SNAP, formerly known as Food Stamps), kept two million children from poverty in 2010 – and lifted 1.3 million children from deep poverty (defined as less than 50 percent of the federal poverty level).[14]

Investments in children at the federal level are also important because they often spur corresponding investments at the state and local levels. Complementing the success of family tax credits nationally, 24 states (including the District of Columbia) currently operate earned income tax credits, three states operate child tax credits, and 28 states (including the District of Columbia) operate their own child care tax credits.[15] In other policy areas, a number of states use federal eligibility criteria for programs such as SNAP, Medicaid, and the Children's Health Insurance Program (CHIP), as a starting point from which they expand access to these services for more children – by streamlining application and enrollment processes or allowing one program's eligibility criteria to automatically qualify a child for another program, eliminating administrative costs and hassle for families.

The official 2011 poverty numbers reveal what the reality for millions of children would be without the safety net, demonstrating the need for continued investment in public supports. Continuing this investment requires Congressional action in both the short- and longer-term.

In the Short Term

Congress needs to take action to continue a number of key federal investments in children due to expire in the coming months.

- **Family Tax Credits –** On December 31, 2012, the current versions of the EITC, CTC, Child and Dependent Care Tax Credit (CDCTC), and American Opportunity Tax Credit (AOTC) will expire. Without Congressional action, millions of children could lose full or partial access to these valuable credits.[16] Many of these credits were vastly improved in 2009 through the American Recovery and Reinvestment Act (ARRA) and research indicates that the ARRA improvements to the EITC and CTC alone prevented close to 1 million children from falling into poverty in 2010. The looming expiration of these provisions is not the only threat to family tax credits, though. Proposals to restrict certain children – largely, children of immigrants – from accessing some of these credits have surfaced over the past year. Rather than create additional barriers to policies and programs designed to safeguard children with the greatest needs, Congress must preserve and expand upon proven strategies that improve our children's economic well-being.

- **Child Nutrition –** Important nutrition assistance for children also requires impending Congressional action. The Supplemental Nutrition Assistance Program (SNAP) serves more than 20 million children each year and 71 percent of all SNAP benefits go to families with hungry children.[17] As a result, any changes to funding in SNAP and other child nutrition programs would reduce children's access to healthy food.[18] Continuing current levels of investment in SNAP and other child nutrition supports is necessary to reduce child poverty across the nation.

- **Income Assistance –** Due to expire in March 2013 is the federal income assistance program for very low-income families, Temporary Assistance for Needy Families (TANF). TANF funding has declined in two distinct ways over the years, however. As TANF is structured as a fixed amount block grant and not adjusted for inflation, the real value of TANF funding to the states has eroded by nearly one-third since its inception in 1996. In mid-2011, Congress reduced TANF funding further through the elimination of the Supplemental Grants – funding originally established to progressively bring expenditures in the poorest states closer to the cross-state average of spending on low-income children. Congress has a critical opportunity in the short-term to prevent further cuts by restoring the Supplemental Grants, and an important responsibility in the longer-term to reauthorize TANF in ways that clarify its purposes, equalize resources, and strengthen accountability.[19]

In the Longer Term

Troubling trends across states indicate the need for national strategy and target to end child poverty. Poverty reduction targets are already in place in a few American states and cities, but the nation would benefit enormously from the setting of a national target to end child poverty within a generation. In addition to establishing an accountable policy goal, a national target would also serve to provide an overarching, coordinating strategy for the current collection of safety net and investment programs currently in place to support children and families – a number of which are detailed above. A national strategy can also help track the state-level implementation of child poverty reduction policies, all of which would be based on assessments of local need and capacity.

Mobilizing the resources and effort to tackle child poverty in America is possible. Articulating our positive vision for America's children at the national level is the first step.

APPENDIX: PERCENTAGE OF CHILDREN BELOW THE FEDERAL POVERTY LINE, BY YEAR

STATE	2008	2009	2010	2011
Alabama	21.7	24.7	27.7	27.6
Alaska	11	12.8	12.9	14.5
Arizona	20.8	23.4	24.4	27.2
Arkansas	24.9	27.2	27.6	28.1
California	18.5	19.9	22	22.8
Colorado	15.1	17.4	17.4	17.9
Connecticut	12.5	12.1	12.8	14.9
Delaware	13.6	16.5	18.1	17.5
District of Columbia	25.9	29.4	30.4	30.3
Florida	18.3	21.3	23.5	24.9
Georgia	20.1	22.3	24.8	26.3
Hawaii	10	13.8	13.9	17
Idaho	15.8	18.1	19	20.4
Illinois	17	18.9	19.4	21.6
Indiana	18.3	20	21.7	23
Iowa	14.4	15.7	16.3	17.3
Kansas	14.5	17.6	18.4	18.8
Kentucky	23.5	25.6	26.3	27.4
Louisiana	24.7	24.2	27.3	28.8
Maine	15.8	17.1	17.8	18.8
Maryland	10.2	11.6	13	13.5
Massachusetts	12	13.1	14.3	15.2
Michigan	19.4	22.5	23.5	24.8
Minnesota	11.4	14.1	15.2	15.4
Mississippi	30.4	31	32.5	31.8
Missouri	18.6	20.7	20.9	22.1
Montana	20.6	21.4	20.1	19.7
Nebraska	13.4	15.2	18.2	18.1
Nevada	15	17.6	22	22.1
New Hampshire	9	10.8	10	12
New Jersey	12.5	13.5	14.5	14.7
New Mexico	24.2	25.3	30	30.7
New York	19.1	20	21.2	22.6
North Carolina	19.9	22.5	24.9	25.6
North Dakota	15.3	13	16.2	14.6
Ohio	18.5	21.9	23.3	24.2
Oklahoma	22.6	22.2	24.7	23.4
Oregon	18.1	19.2	21.6	23.6
Pennsylvania	16.8	17.1	19.1	19.6
Rhode Island	15.5	16.9	19	21.9
South Carolina	21.7	24.4	26.1	27.8
South Dakota	17.6	18.5	18.2	18.2
Tennessee	21.8	23.9	25.7	26.3
Texas	22.5	24.4	25.7	26.6
Utah	10.5	12.2	15.7	15.9
Vermont	13.2	13.3	16.7	14.9
Virginia	13.8	13.9	14.5	15.3
Washington	14.3	16.2	18.2	18.3
West Virginia	23	23.6	25.5	25.8
Wisconsin	13.3	16.7	19.1	18.2
Wyoming	11.6	12.6	14.3	15.6
United States	**19**	**20.7**	**22**	**21.9**

ENDNOTES

[1] Released September 2012.
[2] A note on the data – the 2011 Current Population Survey (CPS) national child poverty rate is 21.9%. The 2011 American Community Survey (ACS) national child poverty rate is 22.5%. The Census Bureau recommends using the CPS data for national figures, and so this paper does. The state numbers reflect ACS data.
[3] It should be noted that the sample size for these states are smaller than most, which impacts the margin of error. See the American Community Survey 2011 Accuracy of the Data Document for more information: www.census.gov/acs/www/Downloads/data_documentation /Accuracy/ACS_Accuracy_of_Data_2011.pdf.
[4] Table 1: Growing Child Poverty in the Context of Other Economic Hardship Indicators, 2010 to 2011. Food insecurity calculations based on data obtained from the United States Department of Agriculture Economic Research Service "Household Food Security in the United States" report series. Data for children with unemployed parents and children affected by foreclosure obtained from First Focus publications authored by Julia Isaacs – see end notes 6 & 7 for more information.
[5] United States Department of Agriculture, Economic Research Service (Accessed September 2012) "Definitions of Food Security: http://www.ers.usda.gov/topics/food-nutrition-assistance/food-security-in-the-us/definitions-of-food-security.aspx.
[6] Isaacs, Julia (December 2011) "The Recession's Ongoing Impact on Children: Indicators of Children's Economic Well-Being Through 2011" First Focus: http://www.firstfocus.net/library/reports/the-recession%E2%80%99s-ongoing-impact-on-america%E2%80%99s-children.
[7] Isaacs, Julia (April 2012) "The Ongoing Impact of Foreclosures on Children" First Focus: http://www.firstfocus.net/library/reports/the-ongoing-impact-of-foreclosures-on-children.
[8] For more information on the connection between child poverty and other economic indicators, please see the Julia Isaacs report "The Recession's Ongoing Impact on Children: Indicators of Children's Economic Well-Being Through 2011" as cited in endnote 6.
[9] Isaacs, Julia, Katherine Toran, Heather Hahn, Karina Fortuny and C. Eugene Steuerle (July 2012) "Kids Share: Report on Federal Expenditures on Children Through 2011" First Focus: http://www.firstfocus.net/ks.
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[15] Figures obtained from National Women's Law Center, Washington DC. (September 2012)
[16] Curran, Megan (August 2012) "Making Children A Priority in the 2012 Tax Debate: How Families Fare in the Senate and House Tax Bills" First Focus: http://www.firstfocus.net/library/fact-sheets/making-children-a-priority-in-the-2012-tax-debate.
[17] United States Department of Agriculture Food and Nutrition Service (April 2012). "Building a Healthy America: A Profile of the Supplemental Nutrition Assistance Program."
[18] McHugh, Meghan and David Seith (September 2012) "How Children Fare in 2012 Farm Bill Proposals" First Focus Campaign for Children: http://www.ffcampaignforchildren.org/sites/default/files/SNAP%20SBS_0.pdf.
[19] Seith, David (September 2012) "Costly Consequences: The Real Impact of Congress' Elimination of the TANF Supplemental Grants" First Focus: http://www.firstfocus.net/library/reports/costly-consequences-the-real-impact-of-congress-elimination-of-the-tanf-supplemental.