

The Impact of Rising Poverty on the Nation's Young Families and Their Children, 2000 – 2010

Earlier this month, the U.S. Census Bureau released its findings on the annual incomes, earnings, and poverty status of the nation's population in 2010.¹ On the poverty front, the news was not good. For the third straight year in a row, the number of people of all ages living in poverty rose, reaching 46.2 million individuals in 2010, a record high number, equivalent to 15.1% of the national population.

While poverty problems have risen since the onset of the Great Recession in late 2007 for nearly every major age, gender, and race-ethnic group, the increases in poverty have been most severe among the nation's youngest families (those headed by an adult under 30) especially those with one or more own children present in the home. Between 2007 and 2010, the overall poverty rate for U.S. families rose from 9.8% to 11.7%, a gain of nearly two full percentage points. These increases in family poverty rates varied quite widely across different age groups of families and by the presence of children.² Among the nation's older families (head 65 or older), the poverty rate was unchanged between 2007 and 2010 at 5.7% (Table 1). Among families headed by a person 30-64 with no children present, the poverty rate rose by only 1.3 percentage points to 6.7%. Among all young families with a head under 30 years of age, the poverty rate rose by a considerably higher 6 percentage points and among young families with one or more children in the home it rose by nearly 8 percentage points to 37.3% in 2010.

¹ See: U.S. Census Bureau, Income, Poverty, and Health Insurance Coverage in the United States, 2010, Washington, D.C., September 2011.

² The age group is based on the age of the family householder, the person in whose name the home is owned or rented. In a married couple family, the householder can be either the husband or wife.

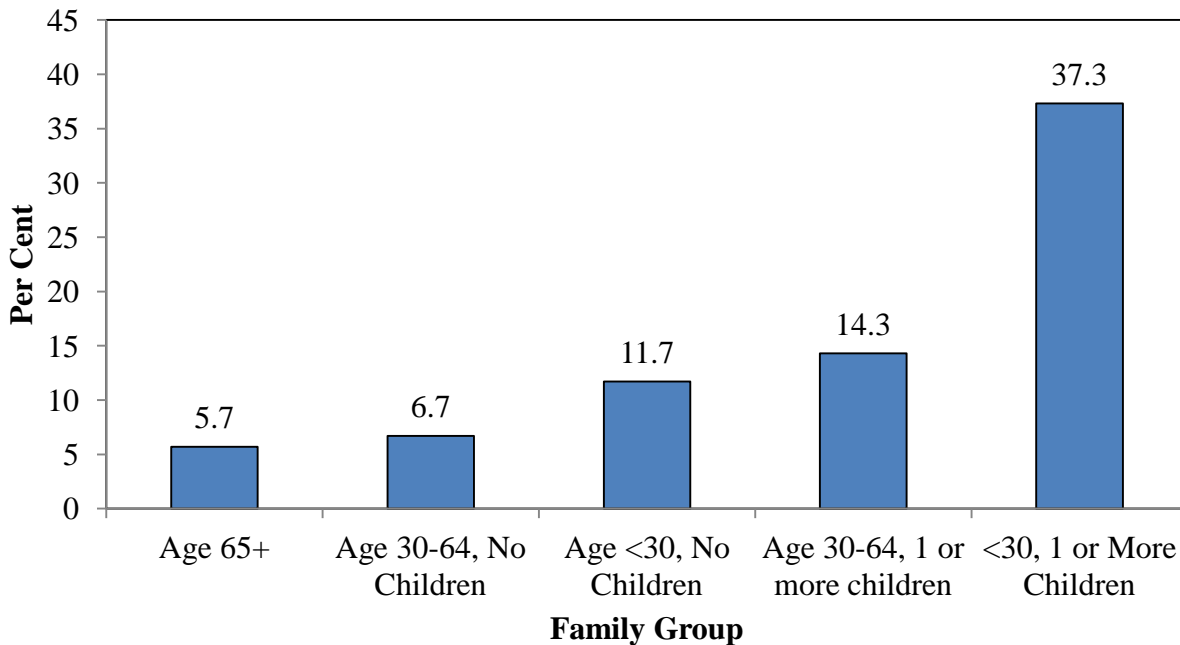
Table 1:
Trends in the Poverty Rates of U.S. Families Between 2007 and 2010 by
Age of Family Head and Presence of Children (in %)

	(A)	(B)	(C)
Age of Family Head/ Presence of Children	2007	2010	Percentage Point Change
<30, All	21.8	27.9	+6.1
• <30, 1 or more children	29.7	37.3	+7.6
• < 30, no children	8.4	11.7	+3.3
30 – 64, 1 or more children	11.7	14.3	+2.6
30 – 64, no children	5.4	6.7	+1.3
65+	5.7	5.7	0
All	9.8	11.7	+1.9

Sources: U.S. Census Bureau, March CPS Surveys 2008 and 2011, public use files, tabulations by authors.

By the end of the decade, family poverty rates in the U.S. varied quite widely across age/presence of children subgroups. These family poverty rates ranged from a low of 5.7% among the nation’s older families to a high of 37.3% among young families with children, a relative difference of 6.5 times from top to bottom.

Chart 1:
Poverty Rates of Families in Selected Age/Presence of Children Subgroups, U.S.: 2010



The deterioration in poverty rates among U.S. families was quite severe over the entire past decade. After making great strides in reducing poverty during the national economic boom from 1993-2000, including among the young, the incidence of poverty was sharply higher among families in 2010 than in 2000 (Table 2). All major family groups faced a higher poverty rate in 2010 than they did in 2000 near the peak of the economic cycle. However, again the size of these poverty rate increases varied widely across age and presence of children groups of families. Among older families, the poverty rate rose by only .4 percentage points, among families with a head 30-64 years old with no children present in the home it rose by only 1.7 percentage points, but if at least one child was present in the home of such families the poverty rate jumped by 4.4 percentage points or nearly 45%. Among the nation’s youngest families with children, the incidence of poverty jumped by close to 12 percentage points to 37.3%, the highest poverty rate ever recorded for this age group dating back to 1967 when it stood at only 14%.

Table 2:
Trends in the Poverty Rates of U.S. Families by Age of Family Head and
Presence of Children in the Home, 2000-2010 (in %)

	(A)	(B)	(C)
Age Group of Family Head, Presence of Children	2000	2010	Percentage Point Change, 2000 – 2010
Under 30, 1 or more children in home	25.7	37.3	+11.6
Under 30, no children in home	5.9	11.7	+5.8
30-64, 1 or more children in home	5.0	6.7	+1.7
65+	5.3	5.7	+.4
All	8.7	11.7	+3.0

Sources: U.S. Census Bureau, March CPS Surveys 2008 and 2011, public use files, tabulations by authors.

Over the past four decades, the age structure of poverty rates in the U.S. has changed dramatically with the elderly typically facing lower poverty rates and the nation’s children becoming more deeply mired in poverty.³ In his late 1980s book Family and Nation, the late U.S. Senator Patrick Moynihan remarked that “It is fair to assume that the U.S. has become the first

³ See: Andrew Sum, Ishwar Khatriwada, et. al. The Poverty and Near Poverty Problems of the Nation’s Young Families Over the 1967-2010 Period, Center for Labor Market Studies and Children’s Defense Fund, forthcoming, September 2010.

society in history where a person is more likely to be poor if young than old”.⁴ Comparing the poverty rates of young families with children with those of the nation’s older families from 1967 to 2010 clearly confirms Moynihan’s argument. In 1967, only 14% of the nation’s young families with children were poor versus approximately 11% of the nation’s older families, a ratio of about 1.3-1. By 1979, this relative family poverty ratio had risen to nearly 2.4 to 1, it would increase further to 4.4 to 1 by 1989; to 4.8 to 1 in 2000 and to 6.5-1 in 2010 the highest such ratio in the past 44 years for which such official poverty data are available.

Table 3:
Comparisons of the Poverty Rates of Young Families with Children and Older Families (65+) for Selected Years Between 1967 and 2010 (in %)

	(A)	(B)	(C)
Year	Young Families With Children	Families with a Head 65 and Older	Young Families With Children/ Older Families
1967	14.1	11.0	1.28
1973	16.1	9.8	1.62*
1979	20.9	8.8	2.37*
1989	28.8	6.6	4.36*
1993	36.5	6.9	5.27*
2000	25.7	5.3	4.85*
2007	39.7	5.7	5.21*
2010	37.3	5.7	6.54*

Sources: March CPS surveys, selected years 1974 to 2011; (ii) 1980 Census of Population and Housing.

The income inadequacy problems of the nation’s young families are not confined simply to those of the poor. The past decade has also witnessed sharp increases in poverty/near poverty and low income problems among the nation’s young families, especially those with children.⁵ By 2010, slightly more than one-third of the nation’s young families were poor or near poor, up by nearly 10 percentage points from the beginning of the decade and a slight majority (51%) had low annual incomes; i.e., below 200% of the poverty line. Among young families with children residing in the home, 4 of every 9 were poor or near poor and close to 2 out of 3 were low income in 2010.

⁴ See: Daniel Patrick Moynihan, Family and Nation, Harcourt/Brace/Jovanovich Publishers, San Diego, 1987.

⁵ The near poor are those with incomes between 100 and 125 per cent of the poverty line.

Table 4:
Trends Between 2000 and 2010 in the Per Cent of All Young Families and
Young Families with Children that Were Poor, Poor or Near Poor, or Low Income¹ (in %)

	(A)	(B)	(C)
Family Group	2000	2010	Percentage Point Change, 2000 – 2010
All Young Families			
• Poor	18.7	27.9	+9.2
• Poor/Near Poor	24.6	34.1	+9.5
• Low Income	42.2	51.1	+8.9
All Young Families With Children			
• Poor	25.7	37.3	+11.6
• Poor/Near Poor	33.5	44.6	+11.1
• Low Income	55.6	64.3	+8.7

Note: ¹ Low income refers to a family with an annual income below 200% of the poverty line.

The high fraction of American children living in young families with severe income inadequacy problems will have long lasting negative effects on their cognitive achievement, their educational attainment, their nutrition, physical and mental health, and social behavior. Test score gaps between children in affluent and low income families have been widening over the years and the incomes and wealth of families have become increasingly important determinants of adolescents' high school graduation, college attendance, and college persistence and graduation. The share of adolescents from poor families and with bottom quartile academic skills obtaining bachelor degrees by their mid-20s has come close to zero.⁶ These are grave outcomes with serious long-term consequences for America's economic and social future.

⁶ For evidence, See: Andrew Sum, Mykhaylo Trubskyy, Irwin Kirsch, Variations in Bachelor Degree Attainment Rates by Family Income and Academic Achievement: Is the American Dream Over for America's Poor?, Report Prepared for the Educational Testing Service, Princeton, New Jersey, 2010.