

Child Poverty

Poverty is a Persistent Threat to the Well-being of Children



**ON
THE Issues**

POLICY RECOMMENDATIONS



**The Children's
Aid Society**

www.childrensaidsociety.org

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Executive Summary

The Children's Aid Society knows that children in poverty often need support in non-material dimensions of their lives, but we also know that the lack of material resources itself poses a staggering deterrent to child well-being. Community leaders must launch a strong and vocal campaign to encourage collaboration by government and private industry to ensure that hardworking parents can lift their children out of poverty by: (1) demanding that workers receive living wages, (2) supporting the development of two-parent families, and (3) assisting families to pursue post-secondary education.

For Hector and Maria Cruz,ⁱⁱ as well as thousands of other parents in New York City, working full time does not mean raising their families out of poverty. It just means that they are exhausted, depressed and desperately poor.

Hector and Maria, who live in East Harlem, are the parents of four children ages 4 to 13. Hector came to this country 15 years ago and is a proud new citizen. He works full time tending the raw bar at an upscale restaurant and earns about \$2,000 a month. Maria works off the books at a laundromat 25 hours a week at \$6 per hour, earning about \$650 a month. Together they net about \$2,650 monthly, which makes them eligible for only \$124 in monthly food stamps. Neither Hector nor Maria receives health care benefits through their employers, but they enrolled in the state's Family Health Plus (FHP) insurance program through The Children's Aid Society's Health Care Access Program and pay no premiums due to their low-income status. The rent for

their one-bedroom apartment is \$1,200 a month. The children share the bedroom, sleeping in bunk beds, and Hector and Maria sleep on a pullout couch that has seen better days.

Though both parents work, a family's children are growing up in poverty.

Even with both parents working, once they pay for their rent, monthly expenses, and \$500 for food, they have little disposable income for clothing, computers, books, or toys. Their children are growing up in poverty.

The children wear outgrown clothing and shoes, which Paolo at age 13 is starting to resent. If they run out of food, Maria goes to a food pantry for free groceries. She knows that they should eat more fresh fruit and vegetables but they are expensive, so rice and beans are the mainstays of their diet.

The Cruz family is not alone:

- Despite the lowest welfare rolls in 40 years, the city's 2005 poverty rate rose to 20.3 percent, up from 19 percent in 2004.ⁱⁱⁱ
- One-third of the city's children live in poverty.

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- Employment and wages have fallen by 5.5 percent for the lowest third of workers and only half of low-income full-time wage earners have health insurance of any sort.^{iv}

The Children's Aid Society is dedicated to helping children become happy, healthy, and successful adults, and to that end, we surround families with a wide array of services and programs. We know this family and many more in similar circumstances because they benefit from Children's Aid's services. However, we believe that a major component of our efforts must also be committed to defining and combating the root causes of poverty and ending its devastating effect on our children and families. The lack of resources and options that define poverty are themselves a staggering deterrent to a child's well being.

While the causes of and solutions to poverty are complex, important and pivotal policies exist that, if instituted on a federal and state basis, would significantly improve the lives of these children and help to move families to economic self-sufficiency.

Work Should Provide a Road Out of Poverty

Parents who work full time should not have to raise their children in poverty. They should be paid enough to provide such basic necessities as adequate food, stable housing, appropriate clothing, and health and dental care. Since the major-

ity of children living in poverty have parents who are employed full time,^v several important steps must be taken to make work pay:

- *Support living wage initiatives.* The median hourly wage for the primary worker in poor families is about \$9. At an increase of 4 percent per year, it would take 11 years to reach \$14, the average hourly wage for middle-income families.^{vi} Adoption of a living wage law in New York City would require city contractors and businesses to reward hard work with adequate pay and benefits. Cities that have implemented this law have found only small increases in city contract costs and no adverse effects on business programs. A study by the University of California and the Ford Foundation found that the new Los Angeles living wage law raised the salaries for nearly 10,000 jobs with minimal employment loss.^{vii}

Efforts to raise the minimum wage, whose real-dollar value fails to keep pace with inflation, should be abandoned for this more enlightened, humane and effective initiative.^{viii}

- *Provide universal access to high-quality healthcare.* Only 49 percent of low-income families with at least one full-time worker receive health insurance through an employer. As a direct result, 16 percent of full-time workers heading low-income families report fair or poor health, compared with seven percent of workers in middle-income families. Low-income families are also more like-

Working parents should earn a living wage that keeps a family out of poverty.

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ly than middle-income families to have a child in poor health.^{ix}

- **Expand the Earned Income Tax Credit (EITC).** The current EITC excludes families earning less than \$11,000 annually, the income of a full-time minimum-wage earner, affecting 50 percent of black and 47 percent of Hispanic children. This credit should be available to all low-income wage earners.^x

Sustaining Two-Parent Families Reduces Child Poverty

In today's economy, two incomes are necessary to raise most families into the middle class. However, 51 percent of children in low-income families live with a single parent.^{xi} Building the capacity of young adults to form two-parent families begins early in their lives and can have the practical effect of creating strong and resilient families with better earning power.

- **Teach children and adolescents to sustain meaningful and life-long adult partnerships.** Children in two-parent families have almost three times the available resources of children in one-parent families.^{xii} Teaching critical skills for managing conflict, effective communication, and long-term goal planning are effective means of developing and sustaining two-parent families.^{xiii}
- **Create relationships for youth with strong, supportive role models.** Providing opportunities for mentoring, counseling, and other relationships with a caring adult can influence academic achievement, truancy rates, substance abuse and parent and peer relationships.^{xiv}

- **Institute proven models for teen pregnancy prevention to discourage early childbearing.** Besides reducing pregnancy and birth rates for teen girls by 50 percent, effective programs can improve contraceptive use among female teens and provide greater sexuality and reproductive knowledge, better health care, greater computer use, better preparation for and participation in employment and more college visits.^{xv}
- **Promulgate tax policies that encourage parents to live together to raise their children.** Eliminating the marriage penalty, forgiving child support arrears for fathers who join the household and applying the same filing benefits to co-habiting families as married families could help all parents rethink separate living arrangements. Furthermore, it would raise household income and provide children with two parents in their homes.

Post-secondary Education Lifts Families Out of Poverty

Only 24 percent of children whose parents have at least some college education live in low-income families versus 56 percent whose parents have a high school diploma and 84 percent who have not graduated from high school.^{xvi} Any action to move families out of poverty must include significant steps to encourage not only completion of high school but enrollment in post-secondary education, including both college and trade schools.

- **Work to decrease the high school dropout rate for inner city youth.** While a recent study shows that the nation's overall graduation

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rate is about 70 percent, New York City has a graduation rate of less than 40 percent.^{xvii}

- *Provide intensive after-school programming.* Out-of-school-time activities generate positive effects on the achievement rates of low-performing or at-risk stu-

dents in reading and mathematics and help to establish a strong positive relationship to learning. This is particularly true if youth participate in after-school programs consistently, over time and are highly engaged.

The After-School Corporation (TASC)

reports that youth from families living at or below the poverty line prior to enrolling in an after-school program gained more points than expected in math scores after both one and two years of after-school participation.^{xviii}

- *Provide incentives to remain in school.* Students who drop out of school may do so in order to earn money for themselves and their families. Providing a monthly stipend to students who remain in school through graduation will reward positive behavior and provide some economic relief to poor families.
- *Improve the quality of public schools.* While nationwide 50% of minority youth graduate within four years, in New York the figure stands at 35%. Class size is also an important factor. More effec-

tive schools have smaller class sizes and more extracurricular programs to compete with the lure of the streets after school.

Early intervention is the best way to reduce the number of dropouts. Only by better preparation in the early grades will

students be able to function successfully in high school and beyond.^{xix}

- *Begin career building in preschool.* Recruiting and enrolling families in Early Head Start and sustaining the relationship through a smooth transition into elementary school have been shown to promote post-secondary education

among participants.^{xx} In Children's Aid Society Head Start programs, the collaboration among parents, children and teachers is also used to promote additional schooling for parents.

- *Increase access to federal and state post-secondary financial aid.* Education raises income and decreases reliance on the social safety net.^{xxi} Federal and state subsidies ensure that interest rates are reasonable and that repayment rates are fair. Congress is increasingly shifting to tax credits, a practice that does not help low-income individuals who do not owe income taxes. Aggressive efforts should be made to deter this shift away from need-based aid, which provides the primary entry into higher earning potential for low-income youth.

Government and private industry must collaborate to keep families out of poverty.

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Conclusion: Programmatic Responses Alone Won't Alleviate Child Poverty

Agencies such as The Children's Aid Society implement sound, comprehensive youth development programs in community schools and neighborhood centers, which have been proven to greatly benefit children and families.

Nonetheless, these programs alone are insufficient to prevent child poverty. Community leaders must launch a strong and vocal campaign to encourage collaboration by government and private industry to ensure that hardworking parents are not mired in economic despair.

About Children's Aid

For more than 150 years, The Children's Aid Society has been assisting New York City's children and their families without regard to race, religion, nationality or socio-economic status. Children's Aid helps children in every aspect of their lives from infancy through adolescence, providing guidance and resources to ensure a child's current well-being and future potential. With over 100 programs and more than 45 locations in New York that touch the lives of more than 150,000 children every year, Children's Aid is one of the country's largest and most innovative child and family social service agencies. Visit www.childrensaidsociety.org or contact policy@childrensaidsociety.org.

- i One in a series of policy papers by The Children's Aid Society, 105 E. 22nd St., New York, NY 10010, (212) 358-8930.
- ii In this actual case, the family's names have been changed to protect their privacy.
- iii The national poverty line for a family of three is \$16,000 in annual earnings.
- iv Poverty in New York City, M. Levitan, The Community Services Society, September 2005. According to Community-Level Info on Kids, Kids Count, Annie E. Casey Foundation, 2005, New York is the only city in the country to show a significant rise in child poverty during this period, and by borough, the figures are even more appalling: Bronx - 38.2%, Manhattan - 33.6%, Staten Island - 15.4%, Brooklyn - 35.8%, Queens - 27.2%.
- v "Living at the Edge: Employment Alone Is not Enough for America's Low-Income Children and Families," N. Cauthen, H. Lu, National Center for Children in Poverty, Columbia University, August 2003.
- vi Ibid.
- vii "Examining The Evidence: The Impact of the Los Angeles Living Wage Ordinance on Workers and Business," David Fairris, Department of Economics, University of California, 2005. "This study offers compelling evidence that living wage laws can improve the quality of life for low-income workers," said David Fairris.
- viii The federal minimum wage would be worth \$8.89 today if Congress had updated it based on the rate of inflation; instead it stands at \$5.15, 42% below its real value in 1968. Economic Policy Brief, Brennan Justice Center, June 2005.
- ix The Urban Institute, August 2005.

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- x Ibid.
- xi Living at the Edge, *supra*.
- xii “Income Equality Among America’s Children,” G. Acs, M. Gallagher, The Urban Institute, 2005.
- xiii “Strengthening Marriage and Two-Parent Families,” C. Jarchow, National Conference of State Legislators, February 2003.
- xiv “Agents of Change: Pathways Through Which Mentoring Relationships Influence Adolescents’ Academic Adjustment,” J. Rhodes, J. Grossman, N. Resch, *Child Development*, November/December 2000.
- xv Teen Pregnancy Prevention Program, Michael Carrera, Ph.D., Philliber Research Associates, May 2001.
- xvi “Parents’ Low Education Leads to Low Income, Despite Full Time Employment,” National Center for Children in Poverty, 2003.
- xvii Christopher Swanson, EPE Research Center and the Bill & Melinda Gates Foundation, 2006.
- xviii Lauer, P.A., Akiba, M., Wilkerson, S.B., Apthorp, H.S., Snow, D., & Martin-Glenn, M., “The Effectiveness of Out-of-School-Time Strategies in Assisting Low Achieving Students in Reading and Mathematics: A Research Synthesis,” (Updated ed.). Aurora, CO: Mid-continent Research for Education and Learning, 2004; Weiss, H. B., Little, P. M. D., & Bouffard, S. M., “More Than Just Being There: Balancing the Participation Equation.” In H. B. Weiss, P. M. D. Little, & S. M. Bouffard (Issue Eds.) & G. G. Noam (Editor-in-Chief), *New Directions in Youth Development: Vol. 105. “Participation in Youth Programs: Enrollment, Attendance, and Engagement,”* (pp. 15-31). San Francisco: Jossey-Bass. Spring 2005; Reisner, E.R., White, R.N., Russell, C.A., and Birmingham, J., “Building Quality, Scale, and Effectiveness in After-School Programs: Summary Report of the TASC Evaluation,” Washington, DC: Policy Studies Associates, 2004.
- xix “Out of School, Out of Work ... Out of Luck? New York’s Disconnected Youth,” Community Service Society, 2005.
- xx “Long-Term Effects of Head Start,” E. Garces, T. Duncan, J. Currie, National Bureau of Economic Research, 2000.
- xxi Op. cit. “Parents’ Low Education Leads to Low Income, Despite Full Time Employment.”