



# THE NEW POOR

## Regional Trends in Child Poverty Since 2000

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## The New Poor: Regional Trends in Child Poverty Since 2000

by Ayana Douglas-Hall and Heather Koball

Child poverty has risen substantially in the last five years after hitting a low in 2000. The largest increases have been seen in the Midwest, where 2.8 million children live in poverty. The regional increase has been the driving force behind the overall increase at the national level. This report examines regional differences in the family characteristics of children who experienced the greatest increases in poverty between 2000 and 2004.

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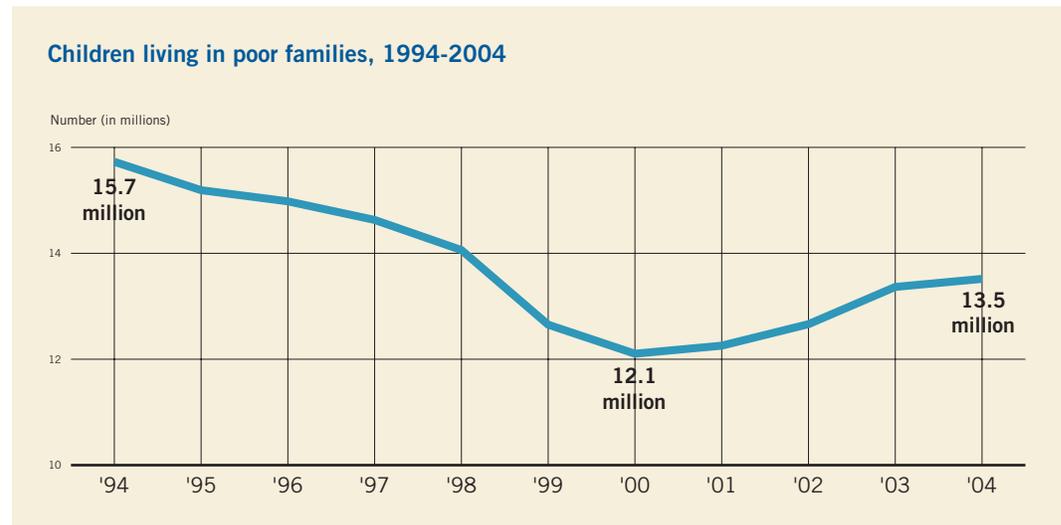
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National statistics mask varying economic realities across regions... during the last five years, children living in the Midwest experienced the greatest increases in child poverty, accounting for 43 percent of the national rise in the number of children living in poverty.

In 2004, approximately 18 percent of all children in the United States lived in poverty. Over the last five years, child poverty has risen substantially, increasing by 12 percent.<sup>1</sup> After hitting a low of 12.1 million children in 2000, more than 1.4 million children have been added to the poverty rolls, becoming members of this country's "new poor." Children who grow up in poverty experience significant hardships that can have lasting effects well into adulthood.

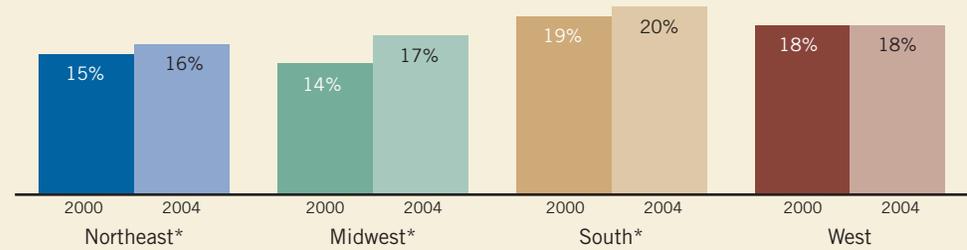
Families typically require an income equal to twice the federal poverty level to meet their basic needs.<sup>2</sup> Although the federal poverty level is widely acknowledged to be a flawed measure of families' economic insecurity, it is the source of official statistics and widely used by the media and others to describe the level of economic need in the United States. Furthermore, eligibility for many public programs is based on the poverty level. Understanding what accounts for trends in these official statistics will help policymakers craft better public policies to prevent families from living in poverty.



At the national level, family characteristics have had little relationship with whether children experienced increasing poverty between 2000 and 2004. Overall, increases in U.S. child poverty did not vary by parents' employment status,<sup>3</sup> parents' education level,<sup>4</sup> or parents' nativity.<sup>5</sup> These national statistics mask varying economic realities across regions.<sup>6</sup> This report examines regional differences in the family characteristics of children who have seen the greatest rise in poverty.

During the last five years, children living in the Midwest experienced the biggest increases in child poverty, accounting for 43 percent of the national rise in the number of poor children. At the same time, poverty did not increase among children living in the West.

Changes in child poverty rates, by region, 2000 and 2004



\* Indicates a significant change in poverty rates within the Northeast, Midwest, and South between 2000 and 2004 at the 0.10 level.

In the Midwest, poverty rates rose the most among children with employed parents and among children whose parents did not have a college education. In the South, the region with the fastest growing immigrant population, children of immigrants experienced greater increases in poverty than did children of native-born parents. This was not true in the West, home to the largest number of immigrants. Across the United States, white and black children experienced greater increases in poverty than did Asian or Latino children.<sup>7</sup> However, racial and ethnic patterns of rising poverty differed across regions. In the Northeast and West, Asian children experienced declines in poverty, while in the South, Latino and white children experienced increases in poverty.

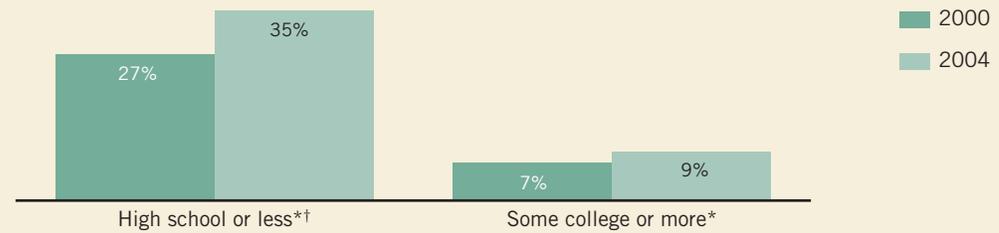
These trends suggest that economic differences across regions have profound implications for children's vulnerability to poverty and point to the importance of regional economic structures in exposing children to poverty.

## Midwest Experiences Dramatic Increase in Child Poverty

The Midwest has experienced a 29 percent increase in the number of children living in poor families, rising from 2.2 million in 2000 to more than 2.8 million in 2004. With over one-half million children (634,075) added to the poverty rolls of the region, this rise in child poverty was by far the largest in any of the four regions over the last five years and has been the driving force behind the overall increase at the national level.

While child poverty in the Midwest increased for all children regardless of parents' education levels, the magnitude of the increase among children living with parents who did not have a college education was greater than the increase among children whose parents had higher levels of education. Between 2000 and 2004, poverty for children whose parents had a high school education or less increased by 8 percentage points—from 27 percent to 35 percent. For children whose parents had some college education or more, poverty increased by 2 percentage points—from 7 percent to 9 percent. (By 2004, 5.5 million Midwestern children were living with parents who had a high school education or less. Over one-third of these children—35 percent—were poor.)

Child poverty rates in the Midwest by parents' education level, 2000 and 2004



\* Indicates a significant change in poverty rates within education groups between 2000 and 2004 at the 0.10 level.

† Indicates a significantly greater increase in poverty among children of parents with high school education or less between 2000 and 2004 compared to the change in poverty rates among children of parents with some college or more over the same time period, at the 0.10 level.

In the Midwest, poverty rates among children living with employed parents increased, while poverty rates among children whose parents were not working did not. Among children whose parents were working, whether full-time or part-time, the poverty rate increased by 2 percentage points, from 11 percent to 13 percent, between 2000 and 2004. This rise in poverty among working parents added almost one-half million (417, 716) more children to the Midwest's poverty rolls. During this same time period, poverty rates among children with nonworking parents declined by 1 percentage point from 73 percent to 72 percent.

In the Midwest, increases in child poverty did not vary by the nativity status of children's parents or children's race and ethnicity.

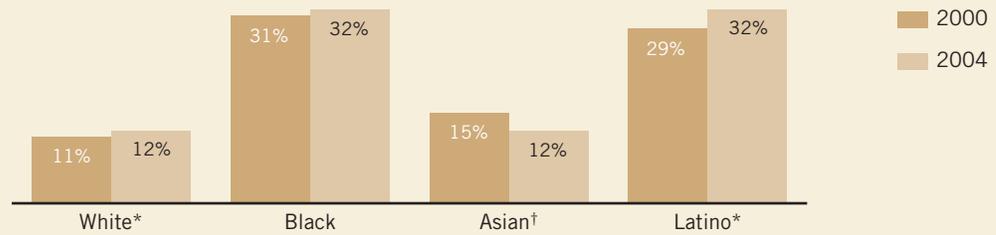
## Poverty Increasing Among Children of Immigrants in the South

The South experienced a 9 percent increase in the number of children living in poor families, rising from 4.9 million in 2000 to nearly 5.4 million in 2004. Nearly one-half million more children (452,755) lived below the poverty line in America's 17 southern states in 2004 than five years before.

In the South, children of immigrants experienced a 6 percentage point increase in poverty between 2000 and 2004, while children living with native-born parents experienced only a 1 percentage point poverty increase. Almost one-third (1.13 million) of children living with immigrant parents in the South are poor. This may reflect the recent, large influx of immigrants with lower education levels and limited English proficiency into the South.<sup>8</sup>

Since 2000, poverty among Asian children in the South has decreased, while poverty among their white and Latino counterparts increased. Poverty among black children remained virtually unchanged. The 3 percentage point rise in poverty among Latino children in the South may reflect the concentration of recently arrived immigrants. The majority (62 percent) of children of immigrants residing in the South live with Mexican-born parents, an additional 26 percent live with parents from other Latin American and Caribbean countries; 9 percent live with immigrant parents from Asia.

Child poverty rates in the South by child's race or ethnicity, 2000 and 2004



\* Indicates a significant increase in poverty rates among white and Latino children between 2000 and 2004 at the 0.10 level.

† Indicates a significantly greater decline in poverty rates among Asian children between 2000 and 2004 compared to the change in poverty rates among other racial /ethnic groups over the same time period at the 0.10 level.

In the South, increases in child poverty did not vary by parents' employment or parents' education.

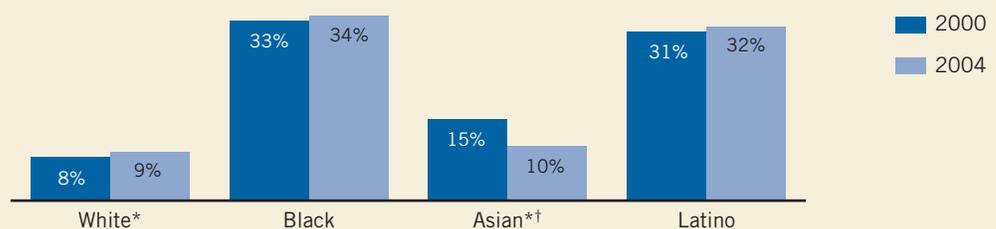
## Northeast Sees Rates of Poverty Rise for White Children

The Northeast experienced an 11 percent increase in the number of children living in poor families between 2000 and 2004. With the number of poor children rising from over 1.9 million in 2000 to more than 2.1 million in 2004, more than two hundred thousand (205,144) children fell into poverty in the Northeast.

The rise in poverty in the Northeast did not vary by parents' employment, education, or nativity.

Increases in child poverty did vary by race and ethnicity in the Northeast between 2000 and 2004. White children were the only racial/ethnic group to experience a statistically significant increase in poverty. Asian children in the Northeast were the only group to experience a decline in poverty. The decline in poverty among Asian children, relative to the other racial and ethnic groups, could not be explained by differences in parents' education levels, parents' employment, parents' nativity, and the type of residential area in which the children lived (urban, suburban, or rural).

Child poverty rates in the Northeast by child's race or ethnicity, 2000 and 2004



\* Indicates a significant change in poverty rates among white and Asian children between 2000 and 2004 at the 0.10 level.

† Indicates a significantly greater decline in poverty rates among Asian children between 2000 and 2004 compared to the change in poverty rates among children in other racial/ethnic groups over the same time period at the 0.10 level.

## Child Poverty Remained Level in the West

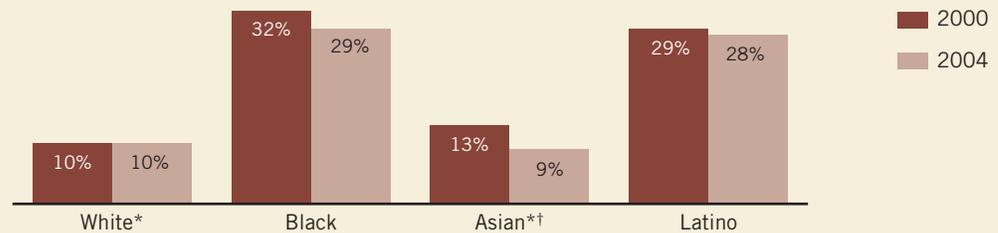
In 2004, there were 3.2 million poor children in the West. Unlike the other regions, there was no statistically significant increase in child poverty in this region between 2000 and 2004.

In the West, while children of parents with less formal education were more likely to be poor, those whose parents completed at least some college experienced greater increases in poverty between 2000 and 2004. However, this difference is explained by parents' employment levels; children whose parents had more education experienced greater increases in unemployment, leading to greater increases in poverty. Unlike in the Midwest, where job loss was experienced by those with less education, in the West, job loss seems to have been more concentrated among those with higher education levels.

The West is the most racially diverse of the four regions and the only region in which no one group is the majority. In the West, like the Northeast and the South, there was a large decline in poverty among Asian children between 2000 and 2004. No other racial or ethnic group experienced a statistically significant decline in child poverty over this period of time.

In the West, increasing poverty was not associated with parents' nativity.

**Child poverty rates in the West by child's race or ethnicity, 2000 and 2004**



\* Indicates a significant decline in poverty rates among Asian children between 2000 and 2004 at the 0.10 level.

† Indicates a significantly greater decline in the poverty rates among Asian children between 2000 and 2004 compared to the change in poverty rates among children in other racial/ethnic groups over the same time period at the 0.10 level.

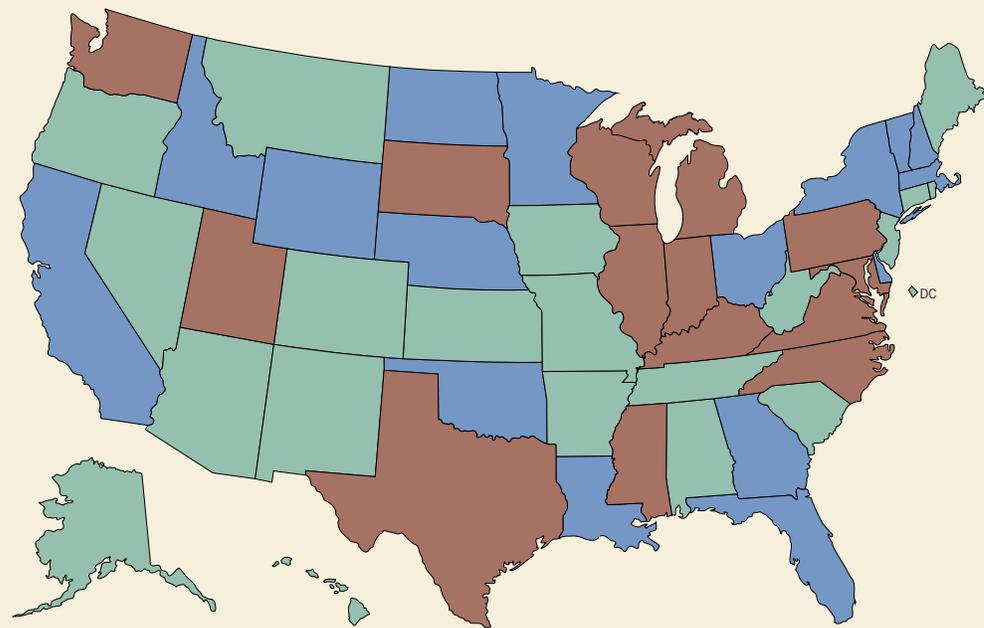
## Summary and Policy Implications

In 2004, across the nation, approximately 13 percent of children living with employed parents—more than 1 out of every 8 children—were poor. Since 2000, the Midwest was the only region to experience an increase in poverty among children with employed parents. The Midwest failed to recover from the 2001 recession as rapidly as did other regions,<sup>9</sup> in part, because of the loss of relatively well-paid Midwestern manufacturing jobs.<sup>10</sup> At the same time, the number of jobs in the service industries in the region has risen. Service jobs not only have lower earnings and fewer opportunities for full-time employment, but they are also less likely to offer benefits such as health insurance, paid vacation, or holidays.<sup>11</sup>

In the Midwest, the increase in poverty among children whose parents did not attend college was greater than among children whose parents had more education. However, in the West, it was children whose parents had at least some college education who experienced greater increases in poverty. The results from the Midwest and the West demonstrate the importance of different regional economies in children's vulnerability to poverty.

In the South, the nativity of children's parents was linked to rising child poverty. The South includes a growing number of "new destination states" for immigrants. While Texas and Florida have had large immigrant populations for many years, several other Southern states have become desirable destination states for new immigrants. States such as North Carolina and Georgia saw increases in their immigrant populations of more than 100 percent between

Changes in child poverty by state, 2000-2004



- States with significant increase in child poverty rates between 2000 and 2004 at the 0.10 level.
- States with no significant change in child poverty rates between 2000 and 2004 at the 0.10 level.
- States with significant decrease in child poverty rates between 2000 and 2004 at the 0.10 level.

1990 and 2000. The majority of recent immigrants are from Mexico, and Central and South America.<sup>12</sup> While these immigrants often bring new growth to the local economies, they can find themselves in financially insecure circumstances. Although most are employed full-time, year-round,<sup>13</sup> they are often engaged in low-wage work, without supplemental benefits such as health insurance or family or medical leave.

As this report demonstrates, different regional economic structures place different groups of children at risk for poverty. What is clear from the Midwest story is that low-wage, service sector employment is not sufficient to prevent hard working families from falling into poverty. The majority of poor parents work. What's more, they often work full-time in jobs that pay low wages and offer no benefits. Increasing the minimum wage, as many states have done, can help parents make ends meet. Nineteen states currently have a minimum wage that is higher than the federal minimum wage, and several other states will implement an increased minimum wage within the next year.<sup>14</sup> In the absence of higher wages, the Federal Earned Income Tax Credit (EITC) has proven to increase the value of low-wage work and lift millions of people out of poverty every year.<sup>15</sup> States can further help poor families by enacting a refundable earned income state tax, as 12 states currently have.<sup>16</sup>

Unemployment benefits protect workers from economic hardship when regional economies lose jobs. While low-wage workers are more vulnerable to unemployment than those with higher incomes, they are far less likely to have access to unemployment benefits. States can reduce restrictions on unemployment benefits to make more low-wage workers eligible for these benefits.

Finally, programs such as Food Stamps, TANF, and Medicaid are essential to protecting all children when regional economic shifts put them at risk for poverty. Children of poor, recent immigrants face particularly insecure futures. Children of recent immigrants are less likely than children of native-born parents to access public benefits.<sup>17</sup> In the South, children of immigrants have faced increasing poverty rates at the same time that their parents' access to safety-net programs, and therefore their own, has been severely limited following the 1996 welfare reform laws.<sup>18</sup> In contrast, California, the state with the largest immigrant population, has created safety-net programs by offering immigrants state-funded benefits when barred from federal programs.<sup>19</sup> In the West, immigrants have not experienced rising poverty, although child poverty rates remain high for immigrant families.

Reducing child poverty by making parents' work pay and offering a secure safety net for all families is important for the future well-being of our nation.

### Data Source and Methodology

Estimates are based on the U.S. Current Population Survey, Annual Social and Economic Supplement, March 2001 and March 2005. Estimates shown include children living in households with at least one parent, relative, or custodian. Children living independently, living with a spouse, or living in group quarters are excluded from these data.

Unless otherwise noted, results are statistically significant after accounting for parents' education, parents' employment, parents' nativity, child's race, and the type of residential area.

## Endnotes

1. Child poverty is defined as children living in families with household incomes below the federal poverty level (FPL), currently \$20,000 per year for a family of four. See "The 2006 HHS Poverty Guidelines" for further explanation <[aspe.hhs.gov/poverty/06poverty.shtml](http://aspe.hhs.gov/poverty/06poverty.shtml)>.

Children living in institutional settings and minors who are the head of household or the spouse of the head of household are not included in these analyses.

Parent not only includes biological, adoptive, or step-parents, but also nonparent heads of households. Among children who do not live with at least one parent, parent characteristics are those of the householder and/or the householder's spouse.

2. National Center for Children in Poverty. Family Resource Simulator <[www.nccp.org/modeler/modeler.cgi](http://www.nccp.org/modeler/modeler.cgi)>. See also Bernstein, J.; Brocht, C.; & Spade-Aguilar, M. (2000). *How much is enough? Basic family budgets for working families*. Washington, DC: Economic Policy Institute.

3. Parental employment is the employment level of the parent in the household who maintained the highest level of employment in the previous year. Parents can either have no employment in the previous year, part-year employment, part-time/year-round employment, or full-time/year-round employment. Part-year or part-time employment is defined as either working less than 50 weeks in the previous year or less than 35 hours per week. Full-time/year-round employment is defined as working at least 50 weeks in the previous year and 35 hours or more per week for more than half the year.

4. Parental education is the education level of the most highly educated parent living in the household. Parents are grouped as having a 'high school education or less,' or 'some college or more' (also referred to as having 'low educational attainment' or 'high educational attainment', respectively).

5. Analogous to the U.S. Census Bureau definition of foreign-born, individuals born outside of the United States, Puerto Rico, or an outlying United States territory are referred to as immigrants in this brief. For a child to be considered to have immigrant parents, every parent living in the household with the child must be an immigrant. This includes single-parent families and married-parent families. For a child to be considered to have native-born parents, every parent living in the household with the child must be native born. This includes single-parent families and married-parent families. Children in households with one immigrant parent and one native-born parent (by definition, married-parent families) are excluded from comparisons between immigrant and native-born families.

6. Regions as defined by the U.S. Census Bureau: Midwest: Illinois, Iowa, Indiana, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; South: Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, Tennessee, Texas, South Carolina, Virginia, and West Virginia; Northeast: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont; West: Arizona, Alaska, Colorado, California, Idaho, Hawaii, Montana, Nevada, Oregon, Utah, Washington, Wyoming, and New Mexico.

7. Parents could report children's race as one or more of the following: "White," "Black," "American Indian/Aleut Eskimo," or "Asian or Hawaiian/Pacific Islander." In a separate question, parents could report whether their children were of Latino ethnicity. Children who were reported to be of Latino ethnicity were categorized as Latino, regardless of their reported race and those categorized as "White," "Black," and "Asian" are mutually exclusive. Children who were reported to be of more than one race (about 2 percent of all children) were not included in the "White," "Black," or "Asian" categories.

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14. See National Center for Children in Poverty. Minimum wage standards <[www.nccp.org/policy\\_index\\_10.html](http://www.nccp.org/policy_index_10.html)>.
15. Cauthen, N. K. (2002). *Earned Income Tax Credits*. New York, NY: National Center for Children in Poverty, Columbia University Mailman School of Public Health. <[www.nccp.org/media/iec02b-text.pdf](http://www.nccp.org/media/iec02b-text.pdf)>; and Cauthen, N. K. & Lu, H. (2003). *Employment alone is not enough for American's low-income children and families* (Living at the Edge Research Brief 1). New York, NY: National Center for Children in Poverty, Columbia University Mailman School of Public Health <[www.nccp.org/media/lat03a-text.pdf](http://www.nccp.org/media/lat03a-text.pdf)>.
16. See National Center for Children in Poverty. State income tax credits <[www.nccp.org/policy\\_index\\_26.html](http://www.nccp.org/policy_index_26.html)>.
17. See Douglas-Hall & Koball in Endnote 13.
18. Dinan, K. A. (2005). *Federal policies restrict immigrant children's access to key public benefits* (Children in Low-Income Immigrant Families). New York, NY: National Center for Children in Poverty, Columbia University Mailman School of Public Health <[www.nccp.org/pub\\_fpr05.html](http://www.nccp.org/pub_fpr05.html)>. See also Douglas-Hall & Koball in Endnote 13; Singer, A. (2004). *Welfare reform and immigrants: A policy review*. In P. Kretsedemas & A. Aparicio (Eds.). *Immigrants, welfare reform, and the poverty of policy*. Westport, CT: Praeger <[www.brook.edu/dybdocroot/urban/pubs/200405\\_singer.pdf](http://www.brook.edu/dybdocroot/urban/pubs/200405_singer.pdf)>; and Fremstad, S. (2002). *Immigrants and welfare reauthorization*. Washington, DC: Center on Budget and Policy Priorities <[www.cbpp.org/1-22-02tanf4.pdf](http://www.cbpp.org/1-22-02tanf4.pdf)>.
19. See Dinan in endnote 18 and National Immigration Law Center. (2002). *Guide to immigrant eligibility for federal programs, 4th ed.*, Update page <[www.nilc.org/pubs/Guide\\_update.htm#tanf](http://www.nilc.org/pubs/Guide_update.htm#tanf)>; or National Center for Children in Poverty. Policy Wizard.\* <[www.nccp.org](http://www.nccp.org)> \*Select "cross-state" policies.