

# Children in Poverty

## DEFINITION

*Children in poverty* is the percentage of children under age 18 who are living in households with incomes below the poverty threshold, as defined by the U.S. Office of Management and Budget. Poverty is determined based on income received during the year prior to the Census.

## SIGNIFICANCE

Poverty is related to every KIDS COUNT indicator. Children in poverty, especially those in poverty for extended periods of time, are more likely to have health and behavioral problems, experience difficulty in school, become teen parents, earn less as adults and be unemployed.<sup>1,2</sup> Children in low-income communities are more likely to attend schools that lack resources and rigor; are less likely to be enrolled in organized child care; and have fewer opportunities to participate in extracurricular activities after school and on the weekends, such as sports and recreation programs, clubs, and lessons such as music and computers.<sup>3,4,5</sup>

Minority children nationally and in Rhode Island are more likely to grow up poor than White and Asian children.<sup>6,7</sup> Single parenthood, low educational attainment, part-time or lack of employment and low wages of parents place children at risk of being poor.<sup>8</sup>

The 2007 federal poverty threshold for a family of three with two children was \$16,705, and the poverty threshold for a family of four with two children was \$21,027.<sup>9</sup> Historically, the poverty threshold has failed to adequately reflect how the cost of basic goods and services such as food and housing, taxes, work related expenses, medical expenses, and child care affect family economic well-being. The poverty threshold also fails to adequately account for increased expenses that occur as family size increases. According to the *2006 Rhode Island Standard of Need* developed by the Poverty Institute, a single parent with two children would need an income of \$30,710 (185% of the poverty threshold) a year and the use of child care subsidies and RIte Care health insurance to make ends meet. Likewise, a family of four with two children would need an income of \$37,000 (185% of the poverty threshold) a year and child care subsidies and RIte Care to meet their basic needs.<sup>10</sup>

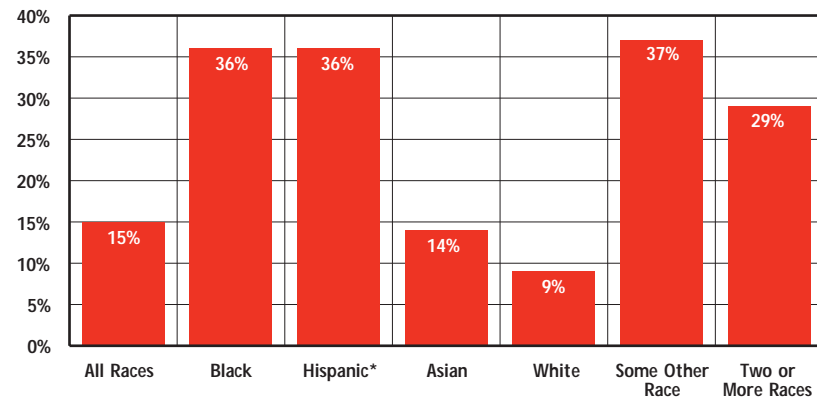
Children in Poverty			
	2004	2005	2006
RI	21.0%	19.5%	15.1%
US	18.4%	18.5%	18.3%
National Rank*	17th		
New England Rank**	5th		

\*1st is best; 50th is worst

\*\*1st is best; 6th is worst

Source: U.S. Bureau of the Census, American Community Survey, 2004-2006. Table B17001.

Children in Poverty, in Each Race and Ethnic Category, Rhode Island, 2006



Source: U.S. Bureau of the Census, American Community Survey, Tables B17020A, B17020B, B17020D, B17020F, B17020G and B17020I. \*Hispanic children may be included in any race category.

◆ According to the 2006 American Community Survey, 15.1% (35,456) of Rhode Island's 234,711 children under age 18 lived below the federal poverty threshold. This is a significant decrease from 2004 when 21.0% (50,390) of Rhode Island children were living below the federal poverty threshold.<sup>11</sup>

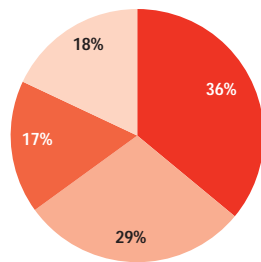
◆ More than a third of all Black and Hispanic children (36%), and one in seven (14%) all Asian children in Rhode Island lived in poverty, compared to nearly one in ten White children (9%).<sup>12</sup>

◆ Of all children living in poverty in Rhode Island in 2006, almost half (44%) were White, one in six were Black (16%), 3% were Asian, 26% were "some other race" and 9% were "two or more races." Using the Census definitions, Hispanic children may be included in any race category. In 2006, 42% (14,827) of Rhode Island's poor children were Hispanic.<sup>13</sup>

## Rhode Island's Poor Children, 2006

By Age

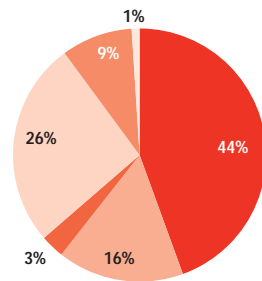
36%	■	Ages 5 and younger
29%	■	Ages 6 to 11
17%	■	Ages 12 to 14
18%	■	Ages 15 to 17



n = 35,456

By Race\*

44%	■	White
16%	■	Black
3%	■	Asian
26%	■	Some Other Race
9%	■	Two or More Races
1%	■	Unknown

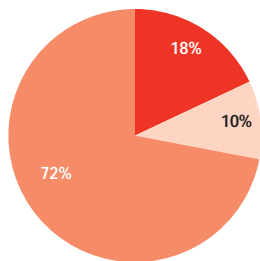


n = 35,456

*\*Hispanic children may be included in any race category. Of Rhode Island's 35,456 poor children, 14,827 (42%) were Hispanic in 2006.*

By Family Structure\*\*

18%	■	Married Couple Family
10%	■	Unmarried Male Householder
72%	■	Unmarried Female Householder



n = 34,923

*\*\*Only includes related children living in households*

Source: U.S. Bureau of the Census, American Community Survey, 2006. Tables B17020A, B17020B, B17020C, B17020D, B17020E, B17020G, B17020I & B17006. Except where otherwise noted, population includes all children for whom poverty status was determined. Percentages may not sum to 100% due to rounding.

## Children Living in Extreme Poverty

◆ Families with incomes below 50% of the federal threshold level are considered to be living in extreme poverty. The extreme poverty level in 2007 was family income below \$8,353 for a family of three with two children and \$10,514 for a family of four with two children.<sup>14</sup>

◆ Of the 35,456 children living below the poverty threshold in Rhode Island, 43% lived in extreme poverty. In total, an estimated 6.5% (15,160) of all children in Rhode Island lived in extreme poverty in 2006. This is a decrease from the previous year when 10% of Rhode Island children lived in extreme poverty.<sup>15</sup>

◆ Children who live in deep, long-term poverty experience worse health outcomes than their peers, such as higher rates of child asthma and malnutrition, as a result of their family's income status.<sup>16</sup>

## Young Children Under Age 6 in Poverty in Rhode Island

◆ Research shows that increased exposure to risk factors associated with poverty can obstruct young children's emotional and intellectual development. Risk factors associated with poverty include: inadequate nutrition, environmental toxins, maternal depression, trauma and abuse, lower quality child care and parental substance abuse.<sup>17</sup>

◆ In 2006, 17% (12,723) of Rhode Island children under age 6 were living below the poverty threshold, compared to 21% nationally.<sup>18</sup> In 2006, 47% of Rhode Island children under age 6 who were living in poverty lived in extreme poverty.<sup>19</sup>

◆ As of December 1, 2006 there were 4,437 children under age 3 and 3,358 children ages 3 to 5 in families receiving cash assistance from the Family Independence Program. Of all children under 18 in the Family Independence Program, 49% were age 6 or under.<sup>20</sup>

◆ According to data from the Rhode Island Department of Children, Youth and Families, young children under age 6 are the fastest growing population with indicated investigations of child abuse and neglect.

# Children in Poverty



## Financial Asset Building

- ◆ Research shows that assets such as checking and savings accounts with positive balances, stocks and bonds, houses and retirement funds, and access to good market information about the cost of goods and services can be as important to working poor families as income in building economic security.<sup>21,22</sup>
- ◆ Assets can help families to manage financial crisis or the impact of life events, such as divorce, unemployment, retirement, illness or accidents, and death.<sup>23</sup> Families without sufficient wealth may accumulate debt or go without necessities during difficult financial times.<sup>24</sup>
- ◆ Low-income families sometimes experience asset poverty because of the lack of knowledge about and access to traditional banking institutions. These families often rely on alternative institutions, such as check cashing stores, payday lenders, rent-to-own stores and tax preparers for their financial needs. These alternative institutions often charge predatorily high fees and rates of interest and can impede savings.<sup>25</sup>
- ◆ Improving financial education (i.e., the understanding of money, banking, credit and how best to build assets) and encouraging banks to provide affordable services can help connect low-income families to traditional banking institutions that improve their savings.<sup>26</sup>
- ◆ Research shows that stable financial opportunities for families can be promoted through policies and low cost banking options that allow families to keep more of their earnings, save and invest.<sup>27</sup> Policies to encourage mainstream businesses to serve lower-income markets can help to reduce the costs to lower-income consumers pay for goods and services.<sup>28</sup>
- ◆ Rhode Island also enacted legislation legally authorizing payday lending, a predatory lending practice.<sup>29</sup> Given the recent foreclosure crisis, it is even more critical to protect the assets of all families from predatory mortgage lending and payday lending practices.



## Building Blocks of Economic Security

### Income Supports

- ◆ Income supports include the Family Independence Program (FIP) Earned Income Disregard, Food Stamps, the Earned Income Tax Credit, child care subsidies, health insurance subsidies and Energy Assistance programs. Nationally, income supports lifted 27 million Americans above the poverty line, cutting poverty nearly in half and ensuring that low-income working families have adequate resources to meet their basic needs.<sup>30</sup>

### Access to Health Care

- ◆ Low-income families are much less likely to receive affordable health insurance through an employer, compared to their middle-income counterparts.<sup>31</sup> Access to health insurance improves the likelihood of having a regular and affordable source of health care.

### Affordable Quality Child Care

- ◆ The quality and stability of child care is critical to a parent's ability to work and to the child's development.<sup>32</sup> Child care costs represent a significant part of the budget of working families. On average, families living below the poverty threshold spent 25% of their income each month on child care, compared to 7% for families with incomes at or above the threshold.<sup>33</sup>

### Educational Attainment

- ◆ Low-income workers are nearly three times more likely to have dropped out of high school than higher-income earners.<sup>34</sup> Individuals with higher education levels generally have more job opportunities, higher wages and greater job security than those with lower levels of education.<sup>35,36</sup>

### Affordable Housing

- ◆ In 2006, Rhode Island became one of twelve states to pass legislation providing significant protection beyond federal law against predatory mortgage lending.<sup>37</sup>
- ◆ Stable housing is a critical requirement for finding and keeping a job.<sup>38</sup> In 2007, the average rent for a two bedroom apartment in Rhode Island was \$1,142.<sup>39</sup>

Table 9. Children Living Below the Federal Poverty Threshold, Rhode Island, 2000

CITY/TOWN	CHILDREN UNDER AGE 6 LIVING IN EXTREME POVERTY		CHILDREN UNDER AGE 6 LIVING BELOW POVERTY		CHILDREN UNDER AGE 18 LIVING IN EXTREME POVERTY		CHILDREN UNDER AGE 18 LIVING BELOW POVERTY	
	#	%	#	%	#	%	#	%
Barrington	0	0	23	1.9%	41	1%	127	2.7%
Bristol	66	4.8%	157	11.4%	184	4.2%	436	10.0%
Burrillville	54	5.3%	80	7.9%	139	3.5%	236	6.0%
Central Falls	357	20.6%	740	42.7%	1,146	21.2%	2,210	40.9%
Charlestown	2	<1%	18	3.7%	10	1%	78	4.7%
Coventry	32	1.4%	149	6.4%	146	1.8%	481	5.9%
Cranston	161	3.2%	437	8.6%	605	3.7%	1,496	9.1%
Cumberland	41	1.6%	89	3.6%	65	1%	237	3.1%
East Greenwich	39	4.2%	57	6.1%	76	2.1%	147	4.1%
East Providence	214	6.9%	452	14.5%	557	5.4%	1,126	10.8%
Exeter	50	11.8%	69	16.3%	93	6.2%	112	7.5%
Foster	0	0	0	NA	0	NA	32	2.9%
Glocester	17	2.6%	37	5.7%	112	4.2%	178	6.7%
Hopkinton	0	0	55	8.9%	8	<1%	115	5.9%
Jamestown	0	0	0	NA	17	1.4%	17	1.4%
Johnston	69	3.6%	183	9.5%	191	3.3%	527	9.0%
Lincoln	39	2.9%	76	5.6%	142	2.8%	329	6.5%
Little Compton	8	3.5%	8	3.5%	8	1.0%	8	1.0%
Middletown	16	1.1%	70	5.0%	128	3.0%	264	6.2%
Narragansett	25	3.3%	50	6.5%	59	2.2%	235	8.6%
New Shoreham	1	1.6%	3	4.8%	12	6.4%	19	10.2%
Newport	413	22.6%	628	34.3%	773	14.9%	1,267	24.4%
North Kingstown	153	7.1%	239	11.1%	375	5.5%	663	9.7%
North Providence	85	4.8%	212	12.0%	271	4.7%	579	10.1%
North Smithfield	45	6.3%	45	6.3%	58	2.5%	72	3.0%
Pawtucket	824	14.1%	1,711	29.2%	2,195	12.2%	4,542	25.3%
Portsmouth	34	2.7%	63	5.0%	49	1.2%	118	2.8%
Providence	3,252	22.5%	6,137	42.5%	8,846	19.9%	18,045	40.5%
Richmond	17	2.4%	17	2.4%	60	3.0%	82	4.2%
Scituate	8	1.1%	30	4.2%	18	1%	113	4.3%
Smithfield	11	1.0%	11	1.0%	47	1.2%	153	3.9%
South Kingstown	5	<1%	82	4.6%	120	2.0%	324	5.3%
Tiverton	14	1.6%	48	5.4%	48	1.4%	92	2.8%
Warren	41	5.2%	60	7.6%	136	5.6%	205	8.4%
Warwick	126	2.2%	386	6.8%	410	2.2%	1,243	6.7%
West Greenwich	0	0	18	3.7%	0	NA	40	2.7%
West Warwick	239	10.6%	606	26.8%	462	7.0%	1,186	18.1%
Westerly	0	0	141	8.0%	105	2.0%	534	10.0%
Woonsocket	772	19.9%	1,361	35.0%	2,061	18.8%	3,494	31.8%
<b>Core Cities</b>	<b>5,857</b>	<b>19.5%</b>	<b>11,183</b>	<b>37.3%</b>	<b>15,483</b>	<b>17.1%</b>	<b>30,744</b>	<b>33.9%</b>
<b>Remainder of State</b>	<b>1,373</b>	<b>3.0%</b>	<b>3,365</b>	<b>7.3%</b>	<b>4,290</b>	<b>2.8%</b>	<b>10,418</b>	<b>6.8%</b>
<b>Rhode Island</b>	<b>7,230</b>	<b>9.5%</b>	<b>14,548</b>	<b>19.2%</b>	<b>19,773</b>	<b>8.1%</b>	<b>41,162</b>	<b>16.9%</b>

### Source of Data for Table/Methodology

Data are from the U.S. Bureau of the Census, Census 2000, Summary File 3, P87 and PCT.50. The data include the poverty rate for all children for whom poverty was determined, including "related" children and "unrelated children" living in the household.

### References

- <sup>1</sup> U.S. Federal Interagency Forum on Child and Family Statistics. (2007). *America's children: Key national indicators of well-being*. Washington, DC: U.S. Government Printing Office.
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- <sup>4,33</sup> Johnson, J. O. (2005). *Who's minding the kids? Child care arrangements: Winter 2002*. Washington, DC: U.S. Census Bureau, Current Population Reports, Household Economic Studies.
- <sup>5</sup> Dye, J.L. & Johnson, T. (2007). *A child's day: 2003 (Selected indicators of child well-being)*. Washington, DC: U.S. Census Bureau, Current Population Reports, Household Economic Studies.
- <sup>6,16</sup> Malat, J., Joo Oh, H., & Hamilton, M.A. (July-August 2005). Poverty experience, race and child health. *Public Health Reports*, 120, 442-447.
- <sup>7</sup> Capps, R., Fix, M., Ost, J., Reardon-Anderson, J., & Passel, J. (2004). *The health and well-being of young children of immigrants*. Washington, DC: The Urban Institute.
- <sup>8</sup> *Basic facts about low-income children: Birth to age 18*. (2007) New York, NY: National Center for Children and Poverty, Columbia University, Mailman School of Public Health.
- <sup>9,14</sup> U.S. Census Bureau, Poverty Thresholds for 2007 by Size of Family and Number of Related Children Under 18 Years. Retrieved February 4, 2008 from www.census.gov
- <sup>10</sup> The Poverty Institute. (2007). *The 2006 Rhode Island standard of need*. Providence, RI: Rhode Island College School of Social Work.
- <sup>11,18</sup> U.S. Bureau of the Census, American Community Survey, 2004-2006. Table B17001.
- <sup>12,13</sup> U.S. Bureau of the Census, American Community Survey, 2006. Tables B17020A, B17020B, B17020D, B17020F, B17020G & B17020I.

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