

## Child Poverty and Its Lasting Consequence: Summary

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One in six newborns were born poor over the past 40 years, and nearly half remained poor half their childhoods (i.e., were persistently poor). Black children are especially disadvantaged: two-fifths are born poor, and two-thirds of those born poor are persistently poor. Early childhood poverty has been linked to behavioral problems, lower IQ, and lower academic achievement. And the chronic family stress that comes with being poor has been shown to impair children's brain development. These effects have serious implications for the future success and well-being of poor children and for the country's economic prosperity.

Considering that millions of children start life with the disadvantages of poverty—and that the economic cost of child poverty is estimated to be over \$500 billion a year (Holzer et al. 2007)—improving the well-being of these children and their families should be a key focus of our national agenda.

### What Share of Newborns Is Poor, and How Often Do These Children Remain Poor?

Over the past four decades, 16 percent of children were born to poor parents. Children born between 1967 and 1974 had lower poverty rates (13 percent) than newborns in the 1980s and 1990s (18 to 19 percent). The poverty rate dipped to 15 percent for infants born between 2000 and 2008, but this downward trend has likely been stalled by the Great Recession. Child poverty rates hit a nearly 20-year high in 2010 and remained there in 2011.

Minority children are less economically secure than white children, even among poor newborns. Forty-six percent of poor black newborns live in deep poverty (income below 50 percent of the federal poverty level), while only 30 percent of poor white newborns do.

Children born into poverty are more likely to be persistently poor than children not born into poverty. Nearly half of infants born to poor parents are poor for at least half their childhoods, a rate that has not improved over time. Black children are worse off, and the magnitude of their disadvantage has persisted over time. Roughly

two-thirds of poor black newborns are persistently poor, compared with one-third of poor white newborns.

### What Family Characteristics Are Strongly Related to Childhood Poverty Persistence?

The level of education parents have at the time of a child's birth is a key factor in poverty persistence. Children, particularly minority children, born to poor parents without high school diplomas are substantially more likely to be persistently poor.

For black children, family employment also plays a key role. Black children born into poor families that are not employed are more likely to be persistently poor than their counterparts in employed poor families.

### What Are the Consequences of Childhood Poverty?

Prior research shows that children who are born poor and are persistently poor are significantly more likely to be poor as adults, drop out of high school, have teen premarital births, and have patchy employment records. Among children born from the late 1960s through the 1980s, nearly three times as many children born to poor parents dropped out of high school and had teen premarital births, compared with children born to nonpoor parents. The dropout rate and teen birth rate declined for children born in the 1980s but were still far from ideal: among poor newborns in this cohort, nearly one in four did not graduate from high school, and one in five unmarried teenage girls had children.

When children become poor and how long they stay poor matter. Children who are poor early in life—birth to age 2—are 30 percent less likely to finish high school than children who become poor later in childhood. Children who are persistently poor are nearly 90 percent more likely to enter their 20s without finishing high school and are four times more likely to have a teen premarital birth (controlling for race, parents' education at birth, and other factors).

### How Do Other Family Characteristics Relate to Adult Outcomes?

Family characteristics and childhood experiences other than poverty also relate to a child's future. Children often follow their parents' example in educational attainment. Children whose parents did not finish high school are more likely to enter their 20s without high school degrees than children whose parents are high school graduates.

Children in families that move to new homes for negative reasons (such as eviction, foreclosure, or divorce) are less likely to complete high school by age 20 than children who do not move or who move for non-negative reasons. These negative moves indicate periods of instability and possible economic hardship. In some cases, children are forced to change schools, which introduces further instability into their lives, especially if the move occurs during the school year or does not coincide with a natural school transition (e.g., moving from middle school to high school).

### Policy Implications

Reaching vulnerable children at birth is vital, as a child's early environment can affect brain development. Children born to poor parents, particularly those with low-educated parents, should be connected early on with such program services as home visiting and parental counseling. Health care reform has opened up opportunities to insure poor mothers, many of whom suffer from depression, so they can get help with their physical and emotional needs.

Unemployed parents and parents with low educations could benefit from training and work supports, such as child care subsidies, to help them find and keep stable jobs—improving children's prospects by making the family more economically secure.

Our finding that children who move for negative reasons are less likely to graduate high school is particularly important given that the foreclosure crisis has displaced many school-age children. Flexible policies that allow students to remain in their original schools if their families are forced to move could give children some stability during a difficult period, which could lead to higher educational attainment.

Improving the well-being of poor children and ensuring they have a fair start can have lasting effects on future generations.

### Note

This fact sheet summarizes "Child Poverty and Its Lasting Consequence" by Caroline Ratcliffe and Signe-Mary McKernan, Low-Income Working Families Working Paper 21, September 2012. Serena Lei contributed to this fact sheet.

### References

Holzer, Harry, Diane Whitmore Schanzenbach, Greg Duncan, and Jens Ludwig. 2007. "The Economic Costs of Poverty in the United States: Subsequent Effects of Children Growing Up Poor." Washington, DC: Center for American Progress.

*The Low-Income Working Families project investigates the risks faced by millions of families and their children, whose household earnings are insufficient to meet their basic needs. The project applies rigorous research methods and cross-cutting expertise, from housing to health care, to identify private and public strategies that can improve these families' well-being. The Low-Income Working Families project is supported by the Annie E. Casey Foundation.*

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