New Insights on Childhood Poverty

A Deeper Look into the Results from the Virginia Poverty Measure

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About this Report

This report applies the Virginia Poverty Measure, developed and published by the Demographics Research Group in 2013, to an examination of childhood poverty (poverty among those under 18 years of age) by family type in the Commonwealth of Virginia.

The Demographics Research Group

The Demographics Research Group produces the official annual population estimates for Virginia and its localities; conducts practical and policy-oriented analysis of census and demographic survey data under contract; and communicates rigorous research and its policy implications to the general public, as well as to clients including state and local governments, employers, and non-profit organizations through meaningful, intuitive publications and presentations.

About the Authors

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Acknowledgments

Dustin Cable conducted the initial research and developed the Virginia Poverty Measure (The Virginia Poverty Measure, May 2013). Dustin earned his B.S. in Systems Engineering and Government at the University of Virginia, and his M.A. in Public Policy at the Frank Batten School of Leadership and Public Policy. He worked as a policy researcher and statistician for the Demographic Research Group from 2009 to 2013.

Meredith Strohm Gunter provided invaluable insight and expert editing in the final phases of this project. Before serving as Outreach Director for the Demographics Research Group, Meredith held a variety of advisory and administrative positions in Virginia higher education and government. Meredith earned her B.A. from Miami University of Ohio, her M.S. from Indiana University and her Ph.D. from University of Maryland.

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Executive Summary

Nearly one in three Virginia children lives in economic distress—either in poverty or near poverty. The immediate consequences of poverty, such as inadequate nutrition, persistent anxiety, and impairments to intellectual and emotional development, affect the daily lives of too many children. Equally troubling, the legacy of poverty follows poor children into adulthood in the form of lower educational attainment, lower projected lifetime earnings, and higher likelihood of certain health problems, among other negative outcomes.

Because children are dependent on those who raise them, strategies to address child poverty typically begin with families. In particular, the marital status of parents has been identified and emphasized as significant in ameliorating childhood poverty. This report examines how parent marital status and poverty intersect, and finds that, in Virginia:

- More than 60 percent of children in single-parent families and 50 percent of children in cohabiting-parent families live in or near poverty;
- By comparison, only 20 percent of children in married-parent families live in or near poverty;
- While children in single- and cohabiting-parent families make up one-half of all children in and near poverty, the other one-half of all poor and near-poor children lives with married parents.

While marriage promotion may play a role in anti-poverty policy, it fails to address the needs of children in poor married-parent families. Initiatives aimed at providing a secure financial foundation for all children should include strategies that would benefit children in all family structures. Such proposed strategies include better child support enforcement, childcare subsidies for poor working parents, and universal pre-kindergarten.
Introduction

“When … poverty befalls families raising children — the citizens of the future — the social consequences reach far beyond the present deprivation.”

— Mollie Orshansky, Creator of the Official Poverty Measure

Children in poverty live in an environment of uncertainty where typically taken-for-granted items—even the most fundamental, such as food and shelter—are not guaranteed. Parents of these children struggle to provide basic necessities, often juggling health and financial concerns, multiple jobs, and challenging childcare arrangements. While such family circumstances powerfully impact children, the legacy of poverty continues beyond childhood, reaching “far beyond the present deprivation.”

Children who grow up in poor households have worse health outcomes, poorer cognitive development, and suffer from greater degrees of social isolation than their non-poor counterparts. These patterns often combine to create lifelong detrimental effects, such as lower educational attainment, lower lifetime earnings, and the risk of replicating these outcomes in the lives of the next generation.

In addition, childhood poverty represents a real threat to the long-term economic security of Virginia and the nation in lost productivity, a reduced tax base, and a greater demand for social safety net programs. The wide-ranging effects of child poverty have been estimated to result in an annual cost to the nation of about $500 billion, or over three percent of the 2011 US GDP.

Over the past several decades, many policies to address childhood poverty have focused on family structure. Married parents, it is argued, provide the best economic environment for kids. This perspective is written into the 1996 Welfare Reform Act, signed by President Clinton, which allocates millions of welfare dollars to relationship education that encourages parents to get, and stay, married. More recently, in a speech about the causes of and solutions for poverty, Republican Senator Marco Rubio argued, “the greatest tool to lift children and families out of poverty… isn’t a government spending program. It’s called marriage.”

Critics of this perspective argue that poverty and marital status are simultaneously entwined with other important economic and social factors, such as employment or education, weakening the claim that marriage improves finances. These critics maintain that there are more effective ways to fight poverty than encouraging parents to wed. However, marriage promotion remains a centerpiece of contemporary discourse about poverty, underscoring the need to understand how family structure intersects with poverty in the lives of Virginia children.

This report provides a fresh perspective on childhood poverty and family structure in the Commonwealth by using the Virginia Poverty Measure (VPM) and focusing on three questions:

1. How prevalent is childhood poverty in Virginia?
2. How does family structure relate to childhood poverty?
3. Are current poverty amelioration strategies—particularly those promoting marriage—sufficient given what we know about childhood poverty?
Less Dire… More Prevalent

One of the most surprising and optimistic findings of this research using the Virginia Poverty Measure (VPM) is that childhood poverty, at its worst, is less dire than reported under the official federal poverty measure. In 2011, 13 percent of Virginia children lived in poverty (according to the VPM), compared to almost 15 percent (according to the federal measure). The difference in these rates reflects, in part, VPM cost-of-living adjustments across Virginia’s regions, as well as social safety net resources available to, and necessary expenses incurred by, Virginia families.

To avoid poverty, a two-adult, two-child family living in the Commonwealth needs $22,000 per year, according to the federal poverty measure. Under the VPM, this same family must earn $29,000 per year ($560 per week), including any social safety net benefits. Thirteen percent of Virginia children live in families with resources at or below the VPM level.

At the same time, earning only slightly more than $29,000 is not enough to provide a secure financial foundation for a family of four. Two-adult, two-child families in Virginia with annual resources between $29,000 and $43,000 are near-poor. Many of these near-poor families have recently climbed out of poverty, and half will cycle back within five years as they live paycheck to paycheck, struggling to make ends meet. The majority of near-poor households receive some form of social safety net program benefits, a reliance on government support that highlights the financially precarious position of these families.

Given these realities, conversations about childhood poverty need to address childhood economic insecurity more broadly. Focusing on poverty alone overlooks 19 percent of children (almost one in five) who live in near-poverty. A more inclusive analysis—one which takes into account both poverty and near poverty—reveals that one in three Virginia children in 2011 lived in a home where parents struggled to provide the basic necessities of life.

Does Parent Marital Status Matter in Childhood Poverty?

Given contemporary emphasis on the importance of marriage in alleviating poverty, this investigation focuses on the marital status of parents, comparing poverty and near-poverty across three groups: married-parent families, cohabiting-parent families, and single-parent families.

In 2011, most Virginia children (68 percent) lived in a household with married parents. Nineteen percent of children lived in a single-parent household, and five percent lived in a household headed by an unmarried parent living full-time with his or her partner (a “cohabiting-parent household”). The poverty/near-poverty status of these family types is represented in the following table, including the status “economically insecure,” which combines those in and near poverty.
Virginia children who lived in single-parent homes had the highest rates of poverty and near-poverty. Out of ten children from single-parent families, three lived in poverty and an additional three lived in near-poverty (62 percent economically insecure).

Children living with cohabiting parents account for only a small fraction of all Virginia children but are, nonetheless, important to include. While cohabiting partnerships tend to be short-lived, many children have the experience of living in a household with cohabiting adults. Nationally, 40 percent of children will live in a cohabiting-parent household by the time they are 12 years old. Further, it is now more common for a child to be born to cohabiting parents than to a single mother.

In 2011, Virginia children in cohabiting-parent households lived in economic insecurity slightly less often than children in single-parent homes. One quarter of children in cohabiting-parent households lived in poverty, while an additional quarter lived in near-poverty (overall 50 percent economically insecure).

Children living with married parents had the lowest rates of economic insecurity. However, unlike children of single- and cohabiting-parents, more children with married parents lived in near-poverty than in poverty. Seven percent of kids living in married-parent households lived in poverty, while nearly 14 percent lived in near-poverty (overall 21 percent economically insecure).

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Table 1: Children’s poverty status by family type

<table>
<thead>
<tr>
<th>All Virginia Children</th>
<th>In Poverty</th>
<th>Near Poverty</th>
<th>Economic Insecurity (In &amp; Near Poverty)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Virginia Children</td>
<td>13%</td>
<td>19%</td>
<td>32%</td>
</tr>
<tr>
<td>Married-Parent Families</td>
<td>68%</td>
<td>7%</td>
<td>14%</td>
</tr>
<tr>
<td>Single-Parent Families</td>
<td>19%</td>
<td>30%</td>
<td>32%</td>
</tr>
<tr>
<td>Cohabiting-Couple Families</td>
<td>5%</td>
<td>25%</td>
<td>25%</td>
</tr>
</tbody>
</table>

In Virginia, approximately 8 percent of children live in arrangements other than those discussed above. Because the overwhelming majority of children live in homes headed by a parent, this paper addresses these family structures. Due to this exclusion, some tables in this report do not add to 100 percent.
Figure 1: Children in or near poverty by family type

While children in single-parent families have the highest rate of poverty, almost one-half of all economically insecure children live in married-parent families (Table 2). This is because the actual number of children living in married-parent homes is so much larger than any other group. Even with their lower rate of economic insecurity, they remain the largest group of children living in and near poverty (45 percent).

In other words, while marital status is relevant to rates of childhood poverty, marriage alone does not protect children from poverty. The number of children in economically insecure married-parent families in Virginia rivals the number of children in the other two family structures together.

Table 2: Children in economic insecurity across family types

<table>
<thead>
<tr>
<th>Family Type</th>
<th>Percent of all those In and Near VPM Poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married-Parent Families</td>
<td>45%</td>
</tr>
<tr>
<td>Single-Parent Families</td>
<td>38%</td>
</tr>
<tr>
<td>Cohabiting-Couple Families</td>
<td>8%</td>
</tr>
</tbody>
</table>
Poverty and Policy

Anti-poverty programs that include measures to prioritize family formation exist, yet, as in all policy, may have blind spots about or unintended consequences for children in poverty. The following discussion highlights the intersection of family structure and the social safety net, as well as the rationale for, and limits of, marriage promotion as a vehicle to ameliorate the effects of poverty on children.

Family structure and the social safety net

One notable feature of the Virginia Poverty Measure is the careful way in which it accounts for tax credits and in-kind benefits (such as SNAP and WIC) aimed at alleviating poverty. Many social safety net programs are either designed to benefit young children directly (e.g. TANF, WIC, or the National School Lunch Program) or to give preferential treatment to families with children (e.g. SNAP or the Earned Income Tax Credit). Even Social Security, originally designed to provide old-age assistance, may be an important resource for families with children through the provision of Survivors’ Benefits.

In the Commonwealth, rates of participation in these programs vary across family structure:

Table 3: Program participation by family structure for children in Virginia

<table>
<thead>
<tr>
<th>Program</th>
<th>Single parent family</th>
<th>Cohabiting parent family</th>
<th>Married parent family</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax refund greater than tax liability (e.g. Earned Income Tax Credit)</td>
<td>52%</td>
<td>42%</td>
<td>19%</td>
</tr>
<tr>
<td>Supplemental Nutrition Assistance Program (SNAP)</td>
<td>53%</td>
<td>61%</td>
<td>13%</td>
</tr>
<tr>
<td>National School Lunch Program (NSLP)</td>
<td>42%</td>
<td>36%</td>
<td>13%</td>
</tr>
<tr>
<td>Low-Income Energy Assistance Program (LIHEAP)</td>
<td>26%</td>
<td>24%</td>
<td>3%</td>
</tr>
<tr>
<td>Public Housing Assistance (Section 8 public housing &amp; rent vouchers)</td>
<td>14%</td>
<td>4%</td>
<td>1%</td>
</tr>
<tr>
<td>Special Supplemental Nutrition Program for Women, Infants and Children (WIC)</td>
<td>12%</td>
<td>12%</td>
<td>3%</td>
</tr>
<tr>
<td>Supplemental Security Income (SSI)</td>
<td>10%</td>
<td>8%</td>
<td>2%</td>
</tr>
<tr>
<td>Temporary Assistance for Needy Families (TANF)</td>
<td>8%</td>
<td>8%</td>
<td>2%</td>
</tr>
<tr>
<td>Social Security Old-Age, Survivors, &amp; Disability Insurance (OASDI)</td>
<td>7%</td>
<td>5%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Consistent with their higher likelihood of being in or near poverty, a substantially larger proportion of single- and cohabiting-parent families are recipients of benefits from social safety net programs. In addition, the overall value of the benefits (as a proportion of total family income) varies by family type. The SNAP ("food stamp") program presents a clear example of the relative importance of benefits to different family structures. Among poor families, SNAP benefits account for

- twenty-five percent of total income for single-parent families,
- twenty percent for cohabiting-parent families, and
- ten percent for married-parent families.
While, in general, married parents participate in all means-tested government programs less frequently than do single- or cohabiting-parent families, they nonetheless rely on the social safety net. Tax credits—reductions in tax liability for certain populations, such as low-wage workers (Earned Income Tax Credit)—appear to play a larger role in supplementing market income among poor married-parent families than among their unmarried peers. Among those in poverty, net tax refunds, or refunds in excess of tax liability, provide about

- ten percent of total income for single-parent families,
- seven percent of total income among cohabiting parent families, and
- fifteen percent for married parent families.

Family structure may shape how poor families receive government assistance—whether through means-tested programs or tax credits—but virtually all poor families, regardless of parental relationship, depend on the social safety net in one way or another.

How (and why) does the government promote marriage?

Children raised in households headed by married parents are less likely to live in poverty, according to both federal statistics and the Virginia Poverty Measure. Further, a commonly-held belief holds that two adults in a household create a better environment for children for many reasons, among them: an increased likelihood of additional financial resources (if both adults earn wages or a salary), greater likelihood of more consistent adult companionship for and supervision of the children, and greater ease in managing the logistical and other complications of raising a family, maintaining a household, and holding down a job.

Consequently, certain policies aimed at reducing the rate of child poverty explicitly promote marriage. Consider, for instance, the policy course set by the Welfare Reform Act of 1996:

“Marriage is the foundation of a successful society... The increase in the number of children receiving public assistance is closely related to the increase in births to unmarried women... it is the sense of the Congress that prevention of out-of-wedlock pregnancy and reduction in out-of-wedlock birth are very important Government interests...”

Legislation resulting from this Act permits states to use a portion of TANF block grants to “encourage the formation and maintenance of two-parent families”—that is, for marriage promotion programming. Some states, including Virginia, maintain additional regulations, such as divorce education courses, to encourage married parents to stay married. These are among a number of direct and indirect ways in which federal and state policies support and encourage marriage.

Is marriage promotion sufficient?

While poverty data illuminate a clear relationship between married-parent households and lower rates of poverty, marriage neither definitively causes nor insures economic security for children. To
begin with, economic well-being and marriage are strongly associated with other demographic factors, such as level of education, making it difficult to isolate the effects of marriage alone. This and other confounding factors weaken the claim that marriage, on its own, improves economic stability.

In fact, some research suggests the reverse: that preexisting economic stability improves the likelihood of marriage. People may initiate and sustain a marriage, and children may do better in married-parent families, “because adults who form and maintain such families are the most stable, well-adjusted, resource-rich individuals.”

Studies also reveal that some low-income couples intentionally delay marriage until they have reached some degree of economic stability. Individuals making this decision may see marriage not as a means toward financial well-being, but rather a symbol of it.

Are children better off if marriage promotion encourages their previously single or cohabiting parents to wed? Evidence of benefit to children is often inconclusive or weak. Further, unhappy marriages may result in children being worse off than they would have been with a single parent.

Finally, because the vast majority of all Virginia children live in married-parent families, the largest group (45 percent) of economically insecure children in Virginia lives in married-parent families. Policies that promote marriage in order to improve child economic security, therefore, target only about half of all kids in need.

Beyond marriage promotion

Policies that seek to address the needs of single- and cohabiting-parent families are essential since these family structures have the highest rates of poverty. Given the limits of marriage promotion, however, a broader range of approaches to improve child (and family) economic security is needed. A number of strategies to meet the needs of poor children in all families have been proposed, as described below.

An improved child support system, it has been argued, may be a powerful anti-poverty policy for single-parent, cohabiting-parent, and step-parent families. Proponents suggest that an effective system would

- improve the rate of child support payment by strengthening enforcement,
- enhance parents’ ability to pay child support, such as through a version of EITC for parents not living with their children (as recommended in the budget proposed by President Obama in March, 2014), and
- end the practice of using child support to replace TANF funds, allowing recipients to keep full benefits.

According to this viewpoint, revamping the current child support system would not only improve present-day poverty by raising income in single-parent homes, but would also discourage “out-of-wedlock childbearing,” by distributing the cost of raising children across both parents. This policy course dovetails with the goals of the Federal government as stated in the 1996 Welfare Reform Act—without making lawmakers matchmakers.
In addition, improved early childcare options—including widespread childcare subsidies for low-income families, more funding for Head Start, and a commitment to universal pre-kindergarten—are advocated for their potential to broaden opportunities for all families in poverty. Any adult (married, cohabiting, or single) who currently provides cost-free childcare for his or her children but would prefer to participate in the paid labor force could benefit from low- or no-cost childcare options. Though many parents would continue to provide personal care by choice, and should neither be criticized nor penalized for doing so, affordable early childcare, according to proponents, would allow many parents the opportunity to supplement their family's net income. Additionally, research reveals the long-term social and economic benefits to investment in early childhood education, suggesting its power as an anti-poverty policy.\(^{24}\)

**Conclusion**

Virginia children who grow up in poverty may face lifelong consequences beyond the daily deprivation of their childhoods; these consequences have an impact not only on their lives, but also on the vitality of the Commonwealth. One in three Virginia children lives in an economically precarious position, some with married parents, others with single or cohabiting parents. Since nearly one-half of economically insecure Virginia children live with married parents, marriage promotion is not sufficient to provide a strong economic foundation for all children. A broad spectrum of anti-poverty initiatives that will benefit all poor and near-poor children, including initiatives to increase the earnings potential of their parents, is required to address the breadth and scope of poverty in Virginia.
Appendix
Constructing Family Structure and Economic Insecurity

Unit of Analysis

Unless otherwise noted, calculations for both the VPM and official poverty measures were done on the VPM resource unit. This ensured that all the resources available to a family are taken into account. This was particularly important for cohabiting-parent households which are not treated as a household unit under the official poverty measure. In contrast, the VPM considers this cohabiting couple as a single resource unit. The VPM, unlike the official measure, also includes foster and other unrelated children in its poverty calculations. See “Appendix A: Unit of Analysis for Aggregating Resources” in Cable 2013 for a complete discussion of the VPM unit.

Family Structure

Parental marital status was identified from the partner status of the VPM resource unit head for resource units containing minor children.

Married-parent families refer to the marital status of the parents in the household, not the status of the child’s two parents. This category includes families where the child’s two parents are married to each other and families where the married parents include a step parent. This same principle applies to cohabiting-parent families: the cohabiting partner of the child’s parent may or may not be the child’s second parent.

Margins of Error

<table>
<thead>
<tr>
<th>Virginia Poverty Measure</th>
<th>All Virginia Children</th>
<th>Married-Parent Families</th>
<th>Single-Parent Families</th>
<th>Cohabiting-Couple Families</th>
</tr>
</thead>
<tbody>
<tr>
<td>In Poverty (MOE)</td>
<td>13.0</td>
<td>7.1</td>
<td>29.9</td>
<td>5.0</td>
</tr>
<tr>
<td>Near Poverty (MOE)</td>
<td>18.5</td>
<td>13.7</td>
<td>31.8</td>
<td>24.8</td>
</tr>
<tr>
<td>Economic Insecurity (In &amp; Near Poverty) (MOE)</td>
<td>31.5</td>
<td>20.8</td>
<td>61.7</td>
<td>50.1</td>
</tr>
</tbody>
</table>

11
References and Notes


9 Cable, Dustin. 2013. The Virginia Poverty Measure: An Alternative Poverty Measure for the Commonwealth. Charlottesville, VA: Demographics Research Group. (http://www.coopercenter.org/demographics/VPMinstalt). Based on recommendations from the National Academy of Sciences, the VPM is a newly developed measure of poverty designed to capture contemporary economic realities. As such, it offers several advantages over the 1960s-era Official Poverty Measure developed by the U.S. Census Bureau:

• It provides a more complete picture of available resources by accounting for cash, in-kind, and tax benefits families receive from the social safety net in addition to market income.
• It takes into consideration regional differences in the cost of living.
• It includes costs incurred to hold a job – childcare and transportation to and from work – in addition to medical expenses for all family members.
• Finally, it acknowledges the way households pool resources beyond strictly-defined family ties, such as in the case of cohabiting couples.

10 Children are defined as individuals under the age of 18.

11 The VPM also accounts for all income and in-kind benefits received from the social safety net, such as SNAP, School Lunch program, or TANF. In addition, it includes expenses associated with holding a job: transportation, childcare, and medical needs.

12 According to Virginia-specific expense levels established by the VPM. Annual resource needs reported on average, across the Commonwealth.

13 Living between 100 and 150 percent of the poverty line.


