

Economic Security



ES 1.1 Median Family Income

Median income¹ of families with children is a good starting point for assessing the economic well-being of children since it measures the ability of a family at the midpoint of the income distribution to purchase food, shelter, clothing, child care, and other basic goods and services required to raise children.²

However, median family income fails to capture important economic resources that may also be available to a family, such as employer-paid health benefits, Medicaid, or Food Stamps; moreover, it says nothing about changes in the distribution of income across families. For a more complete picture of children's economic well-being, it is necessary to look at several measures of economic well-being, including those in the following sections.

Median Family Income of All Families with Children. Between 1975 and 1998, median income of all families with children (in constant 1998 dollars)³ increased gradually from \$41,304 in 1975 to \$45,442 in 1998 (see Table ES 1.1).⁴

Median Family Income by Family Type. Throughout the period from 1975 through 1998, median income of mother-only families has never exceeded 35 percent of median income of two-parent families (see Figure ES 1.1). In 1998, the median family income of mother-only families was \$18,409, compared with \$57,022 for married-couple families with children. During the same time period, the median income of father-only families never exceeded 62 percent of median income of two-parent families (see Figure ES 1.1). In 1998, median income of father-only families was \$30,869.

Differences in Median Family Income by Race and Hispanic Origin. Median family incomes are substantially higher for white families with children than for black or Hispanic families with children. In 1998, whites enjoyed median family incomes that were about 89 percent higher than those of black families and 76 percent higher than those of Hispanic families (see Table ES 1.1).

¹ Median income is the amount that divides the income distribution into two equal groups, half having incomes above the median, half having incomes below the median.

² When median family income is rising, the likelihood is that children in a typical family are enjoying a rising standard of living.

³ In constructing income figures in constant 1998 dollars, we have followed the practice of the Bureau of the Census and used the CPI-U-X1 consumer price index. This index differs from the standard CPI-U index in its treatment of the costs of owner-occupied housing for years prior to 1986. After 1986, it is identical to the CPI-U.

⁴ However, this apparent stagnation was in part the result of a shift in the living arrangements of families with children. As shown in Table PF 2.1.A, between 1970 and 1997 the percentage of children living in female-headed families increased from 11 percent to 24 percent. Since, as will be described in the next section, female-headed families have much lower incomes than two-parent families, this shift in living arrangements depressed the median income of all families with children.

Table ES 1.1

Median income of families in the United States with related children under age 18, by race and Hispanic origin^a and family structure (in constant 1998 dollars):^b Selected years, 1975-1998

	1975	1980	1985	1990	1995	1996	1997	1998
All families	\$41,304	\$42,315	\$41,969	\$42,689	\$42,799	\$42,578	\$44,223	\$45,442
White	—	—	—	\$45,522	\$46,088	\$46,258	\$47,498	\$48,878
Black	—	—	—	\$24,143	\$24,248	\$23,803	\$25,629	\$25,841
Hispanic	—	—	—	\$27,441	\$24,671	\$25,576	\$26,527	\$27,742
Married-couple families								
All races	\$45,611	\$48,139	\$49,005	\$51,457	\$53,445	\$53,781	\$55,242	\$57,022
White	—	—	—	\$51,987	\$54,113	\$54,388	\$56,092	\$57,974
Black	—	—	—	\$44,549	\$47,003	\$44,357	\$48,373	\$48,536
Hispanic	—	—	—	\$34,264	\$31,737	\$32,841	\$33,751	\$34,243
Mother-only families								
All races	\$15,908	\$16,763	\$15,264	\$16,327	\$17,364	\$17,026	\$17,525	\$18,409
White	—	—	—	\$18,542	\$19,358	\$18,844	\$19,234	\$20,799
Black	—	—	—	\$12,853	\$13,982	\$14,178	\$15,346	\$15,356
Hispanic	—	—	—	\$12,648	\$12,627	\$11,678	\$13,185	\$14,083
Father-only families								
All races	\$34,131	—	—	\$31,441	\$28,867	\$27,531	\$29,115	\$30,869
White	—	—	—	\$32,635	\$30,146	\$28,771	\$30,671	\$32,606
Black	—	—	—	\$25,647	\$23,866	\$23,091	\$22,155	\$25,012
Hispanic	—	—	—	\$25,909	\$20,861	\$23,430	\$20,340	\$24,661

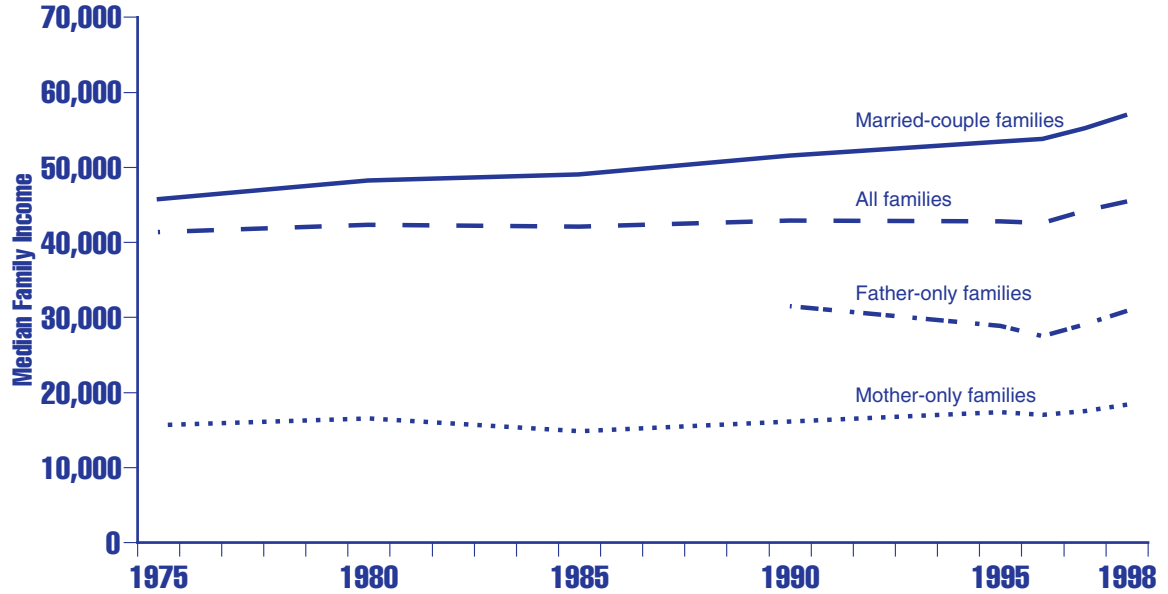
^a Persons of Hispanic origin may be of any race. Estimates for whites and blacks include persons of Hispanic origin.

^b Income statistics converted to constant 1998 dollars using the CPI-U-X1 (all items) price index. CPI-U-X1 is a rental equivalence approach to homeowners' costs for the consumer price index prior to 1983, the first year for which the official index (CPI-U) incorporates such a measure.

Sources: Unpublished tabulations of the March Current Population Survey supplied by U.S. Bureau of the Census; U.S. Bureau of the Census, Current Population Survey, Annual Demographic Survey: March Supplement, Table FINC-04 available online at www.census.gov/hhes/income/histinc.html; Council of Economic Advisors, 1997. *Economic Report of the President, 1997*, Table B-58; U.S. Bureau of the Census, 1998. *Current Population Reports, Money Income* (with separate data on valuation of noncash benefits), Table B-1. U.S. Bureau of the Census, Historical Income Tables — Families, Table F9, F10, F10A, F10B, F10C, available online at www.census.gov/hhes/income/histinc.html.8/9/00

Figure ES 1.1

Median income of families in the United States with related children under age 18, by family structure (in constant 1998 dollars):^a Selected years, 1975-1998



^a Income statistics converted to constant 1998 dollars using the CPI-U-X1 (all items) price index. CPI-U-X1 is a rental equivalence approach to homeowners' costs for the consumer price index prior to 1983, the first year for which the official index (CPI-U) incorporates such a measure.

Sources: Unpublished tabulations of the March Current Population Survey supplied by U.S. Bureau of the Census; U.S. Bureau of the Census, Current Population Survey, Annual Demographic Survey: March Supplement, Table FINC-04; 1/20/99; Council of Economic Advisors, 1997; U.S. Bureau of the Census, 1998.



ES 1.2 Children in Poverty

Being raised in economically deprived circumstances can have far-reaching negative consequences for children. Growing up at or near the poverty line (\$16,530 for a family of four in 1998) means not only that a child has a much lower level of consumption than other children but also that he or she is more likely than a nonpoor child to experience difficulties in school,⁵ to become a teen parent,⁶ and, as an adult, to earn less and experience greater unemployment.⁷ The effects of being raised in a family with income significantly below the poverty line are correspondingly more damaging.⁸

Differences by Family Structure. The chances of a child experiencing poverty are strongly influenced by the type of family in which he or she lives. Throughout the period from 1960 through 1994, over half of the children living in female-headed families were poor. This percentage decreased in the late nineties to 46 in 1998 (see Table ES 1.2.A). In contrast, during the 1990s, only about 10 percent of children living in married-couple families were poor (see Figure ES 1.2.A).

Differences by Race and Hispanic Origin. The proportion of black and Hispanic children at or below 100 percent of the poverty line has declined between 1996 and 1998 (from 40 percent to 36 percent for black children and from 40 percent to 34 percent for Hispanic children). In contrast, the proportion of white children dropped only slightly from 16 percent to 14 percent. There was also a significant drop between 1996 and 1998 in the proportion of black and Hispanic children living at or below 200 percent of the poverty line (from 68 percent to 64 percent for black children and from 72 percent to 66 percent for Hispanic children) (see Table ES 1.2.B).

Children At, Below, and Slightly Above the Poverty Level. Figures ES 1.2.B and ES 1.2.C illustrate trends in the proportions of children living in various degrees of poverty and near-poverty.

- *Children in families with incomes below 50 percent of the poverty line.* Between 1975 and 1993, the proportion of children living in extreme poverty, that is, at or below 50 percent of the poverty line, doubled from 5 percent in 1975 to 10 percent by 1993. By 1998, this percentage had dropped back to 8 percent (see Table ES 1.2.B).
- *Children in families with incomes at or below the poverty line.* Less dramatic but still striking, the proportion of children at or below 100 percent of the poverty line increased by 31 percent⁹ from 17 percent in 1975 to 22 percent by 1993 before dropping to 18 percent in 1998 (see Figure ES 1.2.A).
- *Children above but near the poverty line.* In contrast, the proportion of children living at or below 150 percent of the poverty line was about the same in 1998 (29 percent) as it was in 1975 (30 percent). As shown in the upper line of Figure ES 1.2.C, the proportion of children living at or below 200 percent of the poverty line in 1998 was 40 percent, compared with 43 percent in 1975.

⁵ Parker, S., Greer, S., & Zuckerman, B. 1988. Double Jeopardy: The Impact of Poverty on Early Childhood Development. *Pediatric Clinics of North America* 35: 1-10.

⁶ An, C., Haveman, R., & Wolfe, B. 1993. Teen Out-of-Wedlock Births and Welfare Receipt: The Role of Childhood Events and Economic Circumstances. *Review of Economics and Statistics* 75: 195-208.

⁷ Duncan, G., & Brooks-Gunn, J. 1997. Income Effects across the Life Span: Integration and Interpretation. In *The Consequences of Growing Up Poor* (G. Duncan and J. Brooks-Gunn, eds.). New York: Russell Sage Press.

⁸ For example, the effects of family poverty on measures of cognitive ability “varied dramatically depending upon whether a family was very poor (family income below 50 percent of the poverty level), poor, or near poor” (Smith, J.R., Brooks-Gunn, J., & Klebanov, P.K. 1997. Consequences of Living in Poverty for Young Children’s Cognitive and Verbal Ability and Early School Achievement. In *The Consequences of Growing Up Poor* (G. Duncan and J. Brooks-Gunn, eds.). New York: Russell Sage Press.

⁹ Percentage change calculated using unrounded numbers.

Table ES 1.2.A

Percentage of children in the United States under age 18 living below the poverty level,^a by family structure, age, and race and Hispanic origin:^b Selected years, 1960-1998

	1960	1965	1970	1975	1980	1985	1990	1991	1992	1993	1994	1995	1996	1997	1998
All families with related children under age 18	26	21	15	17	18	20	20	21	22	22	21	20	20	19	18
White	20	14	10	12	13	16	15	16	16	17	16	16	16	15	14
Black	—	—	42	41	42	43	44	46	46	46	43	41	40	37	36
Hispanic	—	—	—	33	33	40	38	40	39	40	41	39	40	36	34
Asian	—	—	—	—	—	—	17	17	16	18	18	19	19	20	—
Related children ages 6-17	—	—	14	16	17	19	18	19	19	20	19	18	18	18	21
White	—	—	10	12	12	14	14	15	15	15	15	14	14	14	17
Black	—	—	41	42	40	41	41	42	43	43	40	37	37	35	35
Hispanic	—	—	—	—	32	39	36	37	37	38	39	37	38	35	32
Related children under age 6	—	—	17	18	20	23	23	24	26	26	25	24	23	22	17
White	—	—	12	14	16	18	18	19	20	20	19	18	18	18	13
Black	—	—	42	41	45	47	50	51	53	52	49	49	45	40	35
Hispanic	—	—	—	—	34	41	40	44	43	43	44	42	42	38	32
Married-couple families with related children under age 18	—	—	—	—	—	—	10	11	11	12	11	10	10	9	9
White	—	—	—	—	—	—	9	10	10	11	10	9	9	9	8
Black	—	—	—	—	—	—	18	15	18	18	15	13	14	13	12
Hispanic	—	—	—	—	—	—	26	29	29	30	30	28	29	26	23
Asian	—	—	—	—	—	—	—	—	—	16	—	15	15	—	—
Related children ages 6-17	—	—	—	—	—	—	9	10	10	11	10	9	9	9	10
White	—	—	—	—	—	—	8	9	9	10	9	9	8	8	10
Black	—	—	—	—	—	—	17	14	16	17	14	12	14	13	10
Hispanic	—	—	—	—	—	—	25	26	26	28	28	27	28	25	25
Related children under age 6	—	—	—	—	—	—	12	12	13	13	12	11	12	11	8
White	—	—	—	—	—	—	11	11	12	13	11	11	11	10	8
Black	—	—	—	—	—	—	20	17	22	20	15	14	14	13	13
Hispanic	—	—	—	—	—	—	28	33	32	33	33	31	32	28	22
Female-headed families with related children under age 18	68	64	59	53	51	54	53	55	55	54	53	50	49	49	46
White	60	53	43	44	42	45	46	47	46	46	46	42	43	44	40
Black	—	—	68	66	65	67	65	68	67	66	63	62	58	55	55
Hispanic	—	—	—	—	65	72	68	69	66	66	68	66	67	63	60
Related children ages 6-17	—	—	49	49	46	48	47	50	49	48	47	45	45	45	55
White	—	—	38	40	36	40	39	41	39	40	40	37	38	39	50
Black	—	—	66	66	62	63	60	65	63	62	59	56	55	53	60
Hispanic	—	—	—	—	62	70	64	65	62	63	65	62	65	60	67
Related children under age 6	—	—	64	62	65	66	66	66	66	64	64	62	59	59	42
White	—	—	59	58	60	59	60	60	61	58	59	55	54	57	36
Black	—	—	71	67	72	75	73	74	73	72	70	71	64	61	52
Hispanic	—	—	—	—	70	78	77	74	72	72	74	72	72	68	55

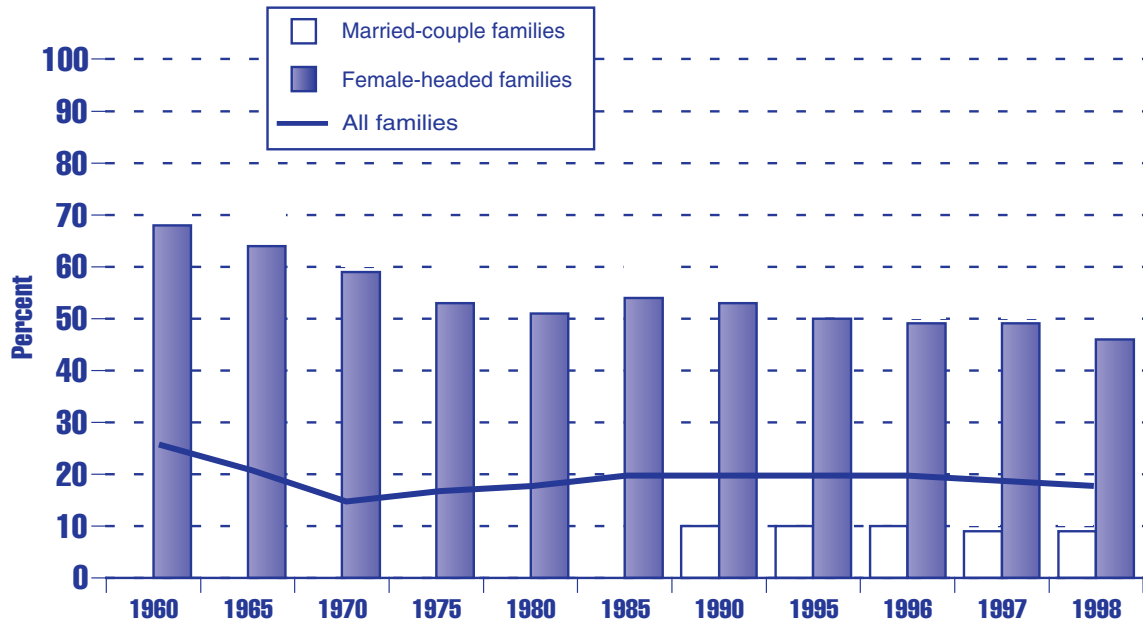
^a The poverty level is based on money income and does not include noncash benefits, such as Food Stamps. Poverty thresholds reflect family size and composition and are adjusted each year using the annual average Consumer Price Index (CPI) level. The average poverty threshold for a family of four was \$16,530 in 1998. Related children include biological children, stepchildren, and adopted children of the householder and all other children in the household related to the householder (or reference person) by blood, marriage, or adoption.

^b Persons of Hispanic origin may be of any race. Estimates for whites, blacks, and Asians include persons of Hispanic origin.

Sources: U.S. Bureau of the Census, *Current Population Reports*, Series P-60, 4; 86, Table 1; 106, Table 11; 133, Table 11; 158, Table 7; 175, Table 6; 181, Table 5; 185, Revised Table 6; 188, Table 8; 189, Table 9; 194, Table 2; 198, Table 2; and 201, Tables 2, A-1, and C-2; U.S. Bureau of the Census, *Current Population Reports*, *The Asian and Pacific Islander Population*, Table 8; 77, Table 5; and 81, Table 5.

Figure ES 1.2.A

Percentage of children in the United States under age 18 living below the poverty level,^a by family type: Selected years, 1960-1998



^a The poverty level is based on money income and does not include noncash benefits, such as Food Stamps. Poverty thresholds reflect family size and composition and are adjusted each year using the annual average Consumer Price Index (CPI) level. The average poverty threshold for a family of four was \$16,530 in 1998. Related children include biological children, stepchildren, and adopted children of the householder and all other children in the household related to the householder (or reference person) by blood, marriage, or adoption.

Sources: U.S. Bureau of the Census, *Current Population Reports*, Series P-60, no. 81, Table 4; no. 86, Table 1; no. 106, Table 11; no. 133, Table 11; no. 158, Table 7; no. 175, Table 6; no. 181, Table 5; no. 185, Revised Table 6; no. 188, Table 8; no. 189, Table 9; no. 194, Table 2; no. 198, Table 2; and no. 201, Tables 2, A-1, and C-2.

Table ES 1.2.B

Percentage of children in the United States under age 18 living below selected poverty^a thresholds, by age and by race and Hispanic origin:^b Selected years, 1975-1998

	1975	1980	1985	1990	1991	1992	1993	1994	1995	1996	1997	1998
Under 50% of poverty												
Related children												
under age 18	5	7	8	8	9	10	10	9	8	8	8	8
White	4	5	6	6	6	6	6	6	6	6	6	5
Black	14	17	21	22	25	27	26	23	20	20	19	17
Hispanic	—	—	—	14	14	15	14	17	16	14	16	13
Under 100% of poverty												
Related children												
under age 18	17	18	20	20	21	22	22	21	20	20	19	18
White	12	13	16	15	16	16	17	16	16	16	15	14
Black	41	42	43	44	46	46	46	43	41	40	37	36
Hispanic	33	33	40	38	40	39	40	41	39	40	36	34
Under 150% of poverty												
Related children												
under age 18	30	29	32	31	32	33	33	32	32	31	30	29
White	24	24	26	25	26	27	27	27	26	26	26	24
Black	60	57	59	57	60	60	61	58	56	56	51	52
Hispanic	—	—	—	55	58	58	59	58	59	57	56	52
Under 200% of poverty												
Related children												
under age 18	43	42	43	42	43	44	44	43	43	43	41	40
White	38	37	38	37	38	38	38	38	37	37	36	34
Black	73	70	71	68	70	71	72	68	68	68	64	64
Hispanic	—	—	—	69	71	70	72	72	72	72	69	66

^a The poverty level is based on money income and does not include noncash benefits, such as Food Stamps. Poverty thresholds reflect family size and composition and are adjusted each year using the annual average Consumer Price Index (CPI) level. The average poverty threshold for a family of four was \$16,530 in 1998. The levels shown here are derived from the ratio of the family's income to the family's poverty threshold. Related children include biological children, stepchildren, and adopted children of the householder and all other children in the household related to the householder (or reference person) by blood, marriage, or adoption.

^b Persons of Hispanic origin may be of any race. Estimates for whites and blacks include persons of Hispanic origin.

Source: Percentages were calculated by Child Trends based on data from the U.S. Bureau of the Census, *Current Population Reports*, Series P-60, 106, Table 7; 133, Table 7; 158, Table 4; 175, Table 6; 181, Table 6; 185, Revised Table 6; 188, Table 8; 189, Table 9; 194, Table 2; 198, Table 2; and 201, Tables 2, A-1, and C-2.

Figure ES 1.2.B

Percentage of children in the United States under age 18 in families living below 50 percent and 100 percent of poverty:^a Selected years, 1975-1998

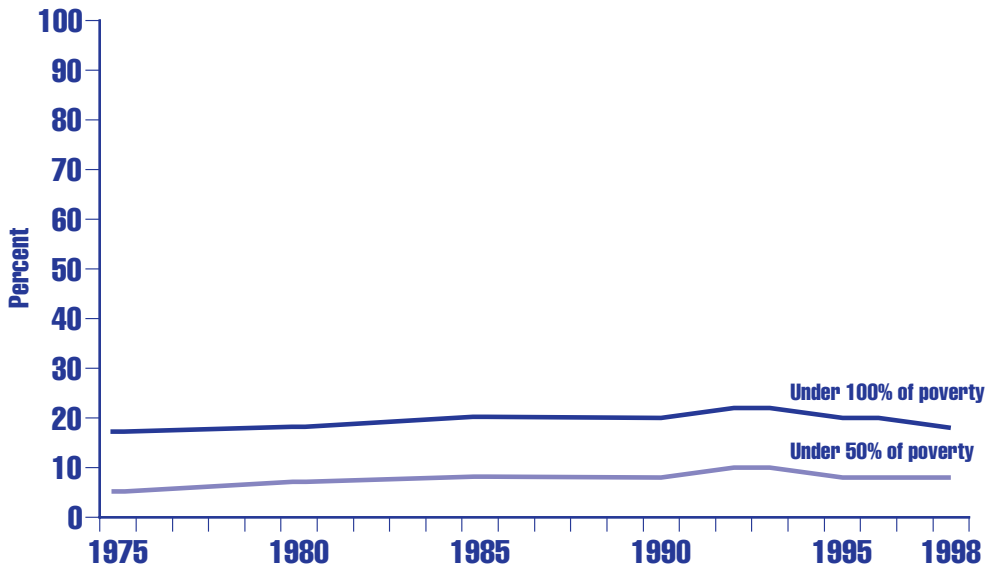
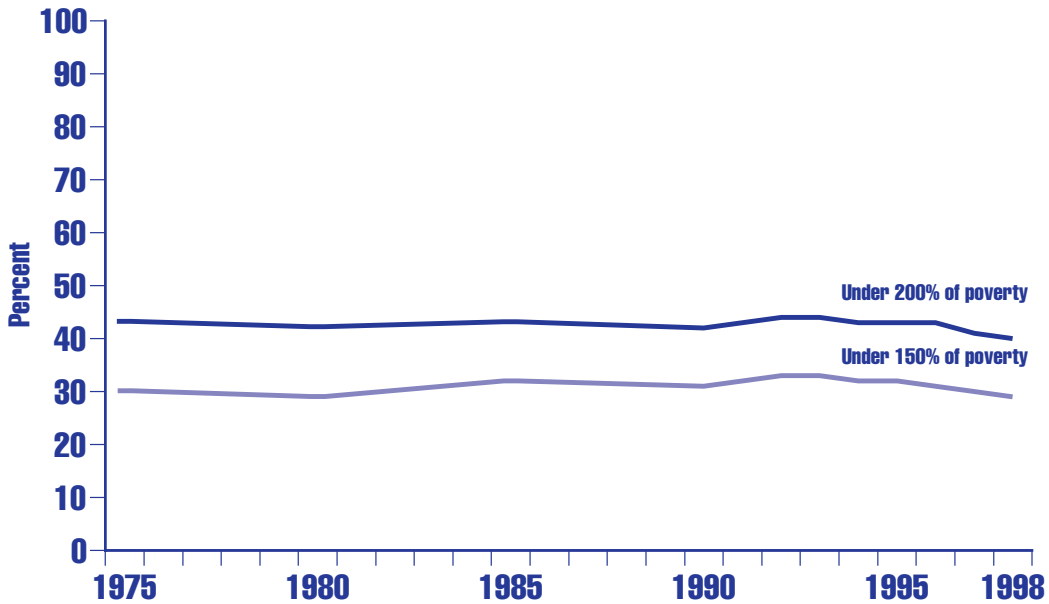


Figure ES 1.2.C

Percentage of children in the United States under age 18 in households in families living below 150 percent and 200 percent of poverty:^a Selected years, 1975-1998



^a The poverty level is based on money income and does not include noncash benefits, such as Food Stamps. Poverty thresholds reflect family size and composition and are adjusted each year using the annual average Consumer Price Index (CPI) level. The average poverty threshold for a family of four was \$16,530 in 1998. The levels shown here are derived from the ratio of the family's income to the family's poverty threshold. Related children include biological children, stepchildren, and adopted children of the householder and all other children in the household related to the householder (or reference person) by blood, marriage, or adoption.

Source: Percentages were calculated by Child Trends based on data from the U.S. Bureau of the Census, *Current Population Reports*, Series P-60, 106, Table 7; no. 133, Table 7; 158, Table 4; 175, Table 6; 181, Table 6; 185, Revised Table 6; 188, Table 8; 189, Table 9; no. 194, Table 2; no. 198, Table 2; and 201, Tables 2 and A-1.