

SECTION 2.

Economic Security

Poverty and Income

Financial Support

Parental Employment

Consumption

overty and Income

Financial Support

Parental Employment

Consumption

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 indicators.

Between 1980 and 2001, median income of all families with children increased gradually from \$43,472 in 1980 to \$50,990 in 2001 (Table ES 1.1).

Differences by Family Type. Throughout the period from 1980 through 2001, median income of mother-only families has never exceeded 35 percent of median income of two-parent families (see Figure ES 1.1). In 2001, the median family income of mother-only families was \$21,997, compared with \$65,203 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 (Figure ES 1.1). In 2001, median income of father-only families was \$31,932

Differences by Race and Hispanic Origin.³ Median family incomes are substantially higher for White, non-Hispanic families with children than for Black or Hispanic families with children. In 2001, median incomes of White, non-Hispanic families were about 101 percent higher than those of Black families and 84 percent higher than those of Hispanic families (Table ES 1.1).

¹ Median income is the amount that divides the income distribution into two equal groups, half with incomes above the median, half with incomes below, as defined by the U.S. Census Bureau in the March 2002 *Current Population Survey*. It is computed in constant 2001 dollars using the Bureau of Labor Statistics' CPI-U-RS Consumer Price Index.

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

³ Persons of Hispanic origin may be of any race. Estimates for Blacks include Hispanics of that race.

Table ES 1.1

Median income^a of families with related children under age 18, by race and Hispanic origin,^b and family structure: Selected years, 1980-2001

	1980	1985 ^c	1990	1995 ^d	1996	1997	1998	1999	2000 ^e	2001
All families	\$43,472	\$43,471	\$44,954	\$46,157	\$46,039	\$47,892	\$49,285	\$50,932	\$52,113	\$50,990
White, non-Hispanic	—	—	\$50,629	\$53,607	\$54,091	\$56,035	\$57,447	\$60,160	\$61,755	\$60,861
Black	—	—	\$25,424	\$26,150	\$25,737	\$27,755	\$28,026	\$29,506	\$31,306	\$30,339
Hispanic	—	—	\$28,896	\$26,607	\$27,655	\$28,728	\$30,088	\$32,906	\$33,565	\$33,075
Married-couple families	\$49,456	\$50,758	\$54,187	\$57,638	\$58,152	\$59,825	\$61,844	\$63,911	\$64,888	\$65,203
White, non-Hispanic	—	—	\$56,952	\$61,175	\$62,552	\$64,789	\$66,734	\$68,884	\$71,054	\$71,102
Black	—	—	\$46,912	\$50,690	\$47,962	\$52,386	\$52,640	\$54,178	\$53,671	\$55,734
Hispanic	—	—	\$36,081	\$34,227	\$35,510	\$36,551	\$37,139	\$39,431	\$41,136	\$40,541
Mother-only families	\$17,222	\$15,810	\$17,194	\$18,727	\$18,410	\$18,979	\$19,966	\$21,174	\$22,527	\$21,997
White, non-Hispanic	—	—	\$21,174	\$23,971	\$22,999	\$23,121	\$24,545	\$25,898	\$26,988	\$25,455
Black	—	—	\$13,535	\$14,982	\$15,330	\$16,620	\$16,655	\$16,986	\$19,419	\$19,086
Hispanic	—	—	\$13,319	\$13,618	\$12,627	\$14,279	\$15,274	\$17,568	\$18,745	\$19,021
Father-only families	—	—	\$33,110	\$31,132	\$29,769	\$31,530	\$33,479	\$34,445	\$33,390	\$31,932
White, non-Hispanic	—	—	\$35,229	\$34,318	\$33,002	\$35,192	\$38,569	\$38,854	\$37,693	\$35,530
Black	—	—	\$27,008	\$25,738	\$24,968	\$23,993	\$27,127	\$31,885	\$31,024	\$28,645
Hispanic	—	—	\$27,284	\$22,497	\$25,334	\$22,027	\$26,746	\$27,062	\$28,003	\$27,385

^a Median income is the amount that divides the income distribution into two equal groups, half with income above the median, and half with income below. As defined by the Bureau of Labor Statistics' CPI-U-RS Consumer Price Index.

^b Persons of Hispanic origin may be any race. Estimates for Blacks include persons of Hispanic origin.

^c Recording of amounts for earnings from longest job were increased to \$299,999. Data reflect full implementation of 1980 census-based sample design.

^d Data reflect full implementation of 1990 census-based sample design and metropolitan definitions, 7,000 household sample reduction, and revised race edits.

^e Sample expanded by 28,000 households.

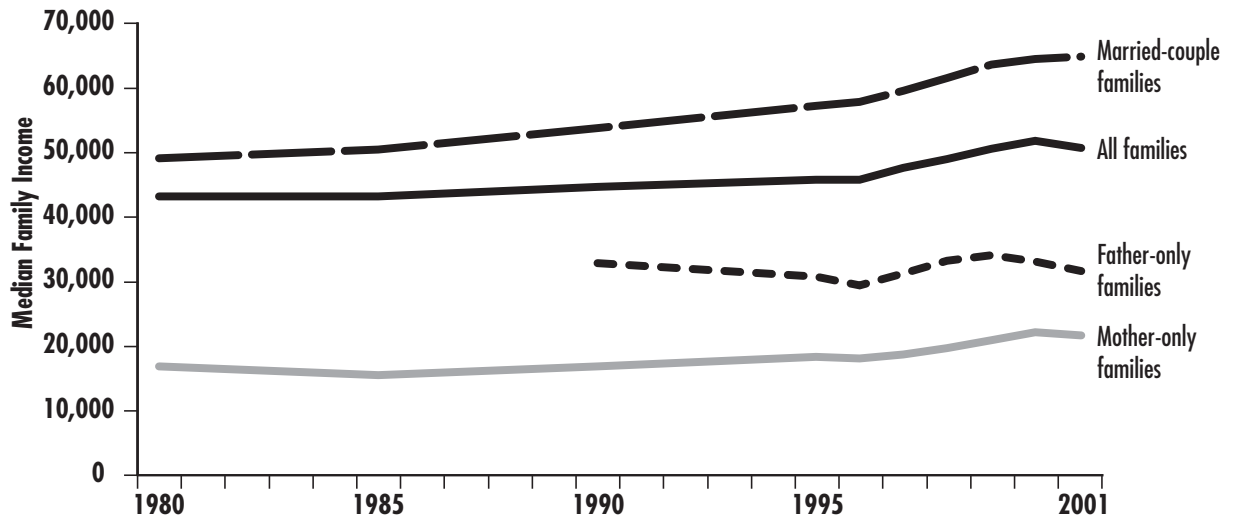
— Data not available.

Source: U.S. Census Bureau. (2002). Historical Income Tables. *Current Population Reports*, March 2002.

Poverty and Income

Figure ES 1.1

Median income^a of families with related children under age 18, by family structure: 1980-2001



^a Median income is the amount that divides the income distribution into two equal groups, half with income above the median, and half with income below, as defined by the U.S. Census Bureau in the March 2002 *Current Population Survey*. It is computed in constant 2001 dollars using the Bureau of Labor Statistics' CPI-U-RS Consumer Price Index.

Sources: U.S. Census Bureau. (2002). Historical Income Tables. *Current Population Reports*, March 2002.

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*¹ (\$17,650 for a family of four in 2001) 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 to experience difficulties in school,² to become a teen parent,³ and, as an adult, to earn less and experience greater unemployment.⁴ The effects of being raised in a family with income significantly below the poverty line are correspondingly more damaging.⁵ The poverty rate for people under age 18 dropped from 20 percent in 1996 to 16 percent in 2001. The newest numbers represent the lowest child poverty rate since 1979.

Differences by Family Type. Family makeup can have a strong influence on the financial ability of a family. Throughout the period from 1960 through 1995, over half of the children living in female-headed families were poor. This percentage decreased in the late nineties to 40 percent in 2001 (Table ES 1.2.A). In contrast, during the 1990s, only about 10 percent of children living in married-couple families were poor (Figure ES 1.2.A).

Differences by Race and Hispanic Origin.⁶ The proportion of Black and Hispanic children at or below 100 percent of the poverty line has declined between 1996 and 2001 (from 40 percent to 30 percent for Black children and from 40 percent to 27 percent for Hispanic children). In contrast, the proportion of White children dropped only slightly from 16 percent to 13 percent. There was also a substantial drop between 1996 and 2001 in the proportion of Black and Hispanic children living at or below 200 percent of the poverty line (from 68 percent to 57 percent for Black children and from 72 percent to 61 percent for Hispanic children) (Table ES 1.2.B).

Differences by Degrees of Poverty. 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 2001, this percentage had dropped back to 7 percent (Table ES 1.2.B). Furthermore, the proportion of children at or below 100 percent of the poverty line increased from 17 percent in 1975 to 22 percent by 1993 before dropping to 16 percent in 2001 (Figure ES 1.2.A). In contrast, the proportion of children living at or below 150 percent of the poverty line was about the same in 2001 (27 percent) as it was in 1975 (30 percent). As shown in Figure ES 1.2.B, the proportion of children living at or below 200 percent of the poverty line has seen a similar decline.

¹ A money income threshold that varies by family size and composition. Families or individuals with income below this threshold are classified as living below poverty level. Thresholds are updated annually by the U.S. Census Bureau. See U.S. Census Bureau. (2002). *Current Population Reports*, P-60(219).

² Parker, S., Greer, S., & Zackerman, B. (1998). Double Jeopardy: The Impact of Poverty on Early Childhood Development. *Pediatric Clinics of North America*, (35) 1-10.

³ An, C., Moveman, 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.

⁴ Duncan, G. & Brooks-Gunn, J. (1997). *The Consequences of Growing up Poor*. New York: Russel Sage Press.

⁵ Ibid.

⁶ Persons of Hispanic origin may be of any race. Estimates for Whites and Blacks include Hispanics of those races.

Table ES 1.2.A

Percentage of related children under age 18 living below poverty level,^a by family structure, age, and race and Hispanic origin:^b Selected years, 1960-2001

	1960	1965	1970	1975	1980	1985	1990	1995	1996	1997	1998	1999	2000	2001
All families with related children														
Under age 18	27	21	15	17	18	20	20	20	20	19	18	16	16	16
White	20	14	11	13	13	16	15	16	16	15	14	13	12	13
Black	—	—	42	41	42	43	44	42	40	37	36	33	30	30
Hispanic	—	—	—	33	33	40	38	39	40	36	34	30	27	27
Ages 6-17	—	—	14	16	17	19	18	18	18	18	17	16	15	15
White	—	—	10	12	12	14	14	14	14	14	13	12	12	12
Black	—	—	41	42	40	41	41	38	37	35	35	31	29	27
Hispanic	—	—	—	—	32	39	36	37	38	35	32	30	27	27
Under age 6	—	—	17	18	20	23	23	24	23	22	21	18	17	18
White	—	—	12	14	16	18	18	18	18	18	17	15	14	15
Black	—	—	42	41	45	47	51	49	45	40	40	37	33	36
Hispanic	—	—	—	—	34	41	40	42	42	38	36	31	28	29
Married-couples with related children														
Under age 18	—	—	—	—	—	—	10	10	10	10	9	8	8	8
White	—	—	—	—	—	—	9	9	9	9	8	8	8	8
Black	—	—	—	—	—	—	18	13	14	13	12	11	8	10
Hispanic	—	—	—	—	—	—	27	28	29	26	23	22	21	20
Ages 6-17	—	—	—	—	—	—	10	9	9	9	9	8	8	7
White	—	—	—	—	—	—	8	9	8	8	8	7	8	7
Black	—	—	—	—	—	—	17	12	14	13	13	11	8	9
Hispanic	—	—	—	—	—	—	25	27	28	25	22	21	20	19
Under age 6	—	—	—	—	—	—	12	11	12	11	10	9	9	9
White	—	—	—	—	—	—	11	11	11	10	10	9	8	9
Black	—	—	—	—	—	—	20	14	14	13	10	10	9	12
Hispanic	—	—	—	—	—	—	28	31	32	28	25	24	22	21

continued

Poverty and Income

Table ES 1.2.A continued

Percentage of related children under age 18 living below poverty level,^a by family structure, age, and race and Hispanic origin:^b Selected years, 1960-2001

	1960	1965	1970	1975	1980	1985	1990	1995	1996	1997	1998	1999	2000	2001
Female-headed families with related children														
Under age 18	68	64	53	53	51	54	53	50	49	49	46	42	40	39
White	60	53	43	44	42	45	46	43	43	44	40	36	33	35
Black	—	—	68	66	65	67	65	62	58	55	55	52	49	47
Hispanic	—	—	—	—	65	72	68	66	67	63	60	52	48	49
Ages 6-17	—	—	49	49	46	48	47	45	45	45	42	38	37	35
White	—	—	38	40	36	40	39	37	38	39	36	32	29	31
Black	—	—	66	66	62	63	60	57	55	53	52	49	47	43
Hispanic	—	—	—	—	62	70	64	62	65	60	56	51	46	46
Under age 6	—	—	64	62	65	66	66	62	59	59	55	50	47	49
White	—	—	59	58	60	59	60	55	54	57	50	44	42	45
Black	—	—	71	67	72	75	73	71	64	61	60	59	54	55
Hispanic	—	—	—	—	70	79	77	72	72	68	67	55	53	56

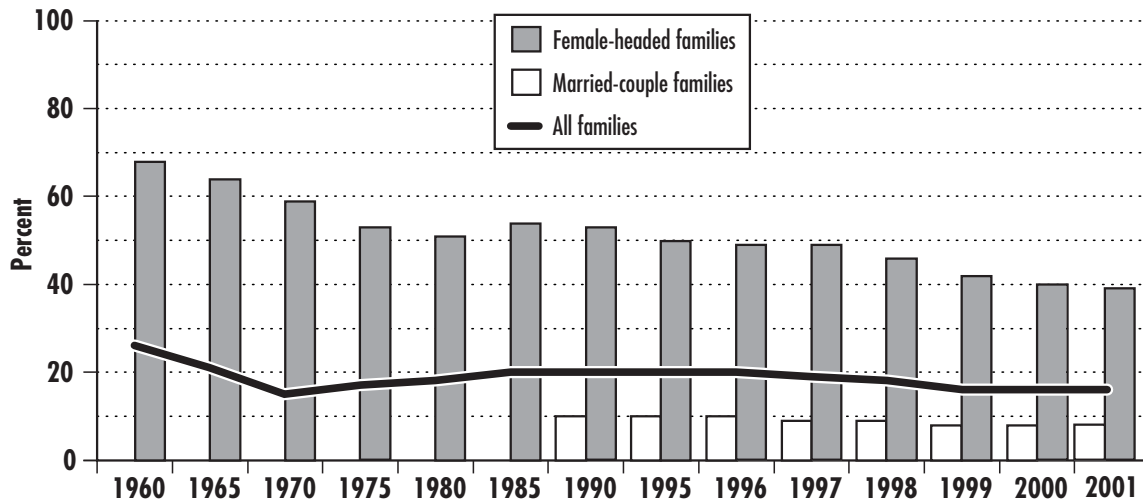
^a The poverty level is based on money income and does not include noncash benefits, such as Food Stamps. Poverty thresholds reflect family size and composition and are adjusted each year using the annual average Consumer Price Index (CPI) level. The average poverty threshold for a family of four was \$17,650 in 2001. 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 Hispanics of those races.
— Data not available.

Sources: U.S. Census Bureau. (2002). *Current Population Reports*, P-60(219); U.S. Census Bureau. (2002). *Current Population Survey*, March Supplement; U.S. Census Bureau. (2001). *Current Population Survey*, March Supplement.

Figure ES 1.2.A

Percentage of related children under age 18 living below the poverty level,^a by family type: 1960-2001



^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 \$17,650 in 2001. 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. Census Bureau. (2002). *Current Population Reports*, P-60(219); U.S. Census Bureau. (2002). *Current Population Survey*, March Supplement; U.S. Census Bureau. (2001). *Current Population Survey*, March Supplement.

Poverty and Income

Table ES 1.2.B

Percentage of related children under age 18 living below selected poverty thresholds,^a by race and Hispanic origin:^b Selected years, 1975-2001

	1975	1980	1985	1990	1995	1996	1997	1998	1999	2000	2001
Under 50% of poverty	5	7	8	8	8	8	9	8	6	6	7
White	4	5	6	6	6	6	6	5	5	4	5
White, non-Hispanic	—	—	—	—	—	—	—	—	—	3	3
Black	14	17	21	22	20	20	20	17	15	14	16
Hispanic	—	—	—	14	16	14	16	13	11	9	10
Under 100% of poverty	17	18	20	20	20	20	19	18	16	16	16
White	13	13	16	15	16	16	15	14	13	12	13
White, non-Hispanic	—	—	—	—	—	—	—	—	—	9	9
Black	41	42	43	44	42	40	37	36	33	30	30
Hispanic	33	33	40	38	39	40	36	34	30	27	27
Under 150% of poverty	30	29	32	31	32	31	30	29	28	26	27
White	24	24	26	25	26	26	26	24	23	22	23
White, non-Hispanic	—	—	—	—	—	—	—	—	—	16	17
Black	60	57	59	57	56	56	51	52	48	45	46
Hispanic	—	—	—	55	59	57	56	52	49	47	46
Under 200% of poverty	43	42	43	42	43	43	41	40	38	37	38
White	38	37	38	37	37	37	36	34	33	32	34
White, non-Hispanic	—	—	—	—	—	—	—	—	—	25	26
Black	73	70	71	68	68	68	64	64	60	59	57
Hispanic	—	—	—	69	73	72	69	66	64	62	61

^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 \$17,650 in 2001. 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.

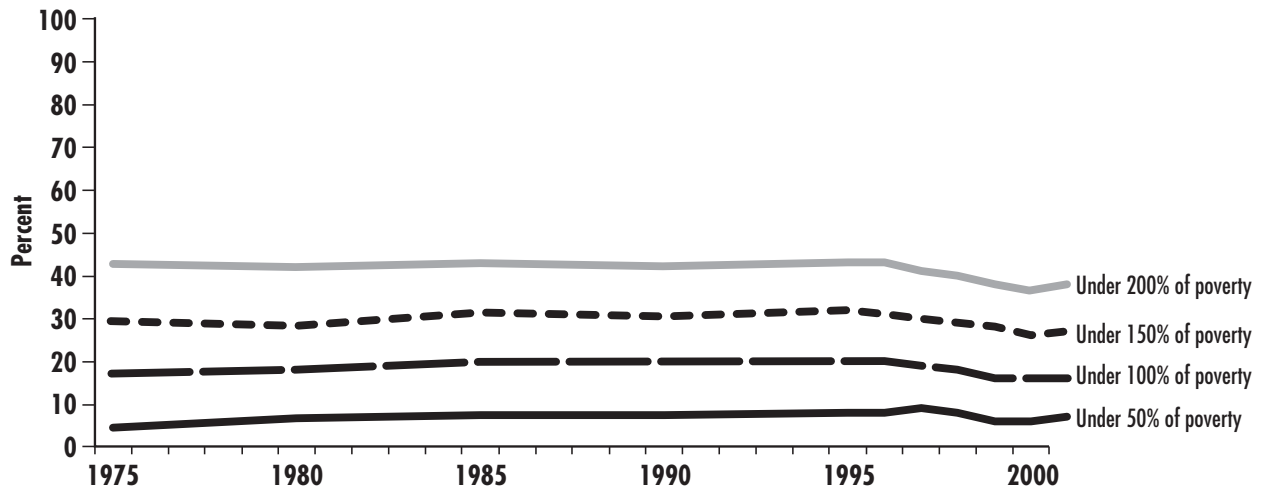
^b Persons of Hispanic origin may be of any race. Estimates for Whites and Blacks include Hispanics of those races.

— Data not available.

Sources: U.S. Census Bureau. (2002). *Current Population Survey*, March Supplement; U.S. Census Bureau. (2001). *Current Population Survey*, March Supplement; U.S. Census Bureau. (1998). *Current Population Reports*, P-60(201); U.S. Census Bureau. (1997). *Current Population Reports*, P-60(198); U.S. Census Bureau. (1996). *Current Population Reports*, P-60(189); U.S. Census Bureau. (1996). *Current Population Reports*, P-60(194); U.S. Census Bureau. (1995). *Current Population Reports*, P-60(188); Centers for Disease Control and Prevention. (1994). Surveillance for Selected Tobacco-Use Behaviors, United States, 1900-1994. *Morbidity and Mortality Weekly Report*, 43(SS-3); U.S. Census Bureau. (1993). *Current Population Reports*, P-60(185); U.S. Census Bureau. (1992). *Current Population Reports*, P-60(181); U.S. Census Bureau. (1991). *Current Population Reports*, P-60(175); U.S. Census Bureau. (1982). *Current Population Reports*, P-60(133); U.S. Census Bureau. (1977). *Current Population Reports*, P-60(106); U.S. Census Bureau. (1972). *Current Population Reports*, P-60(86); U.S. Census Bureau. (1971). *Current Population Reports*, P-60(81).

Figure ES 1.2.B

Percentage of related children under age 18 living below selected poverty thresholds:^a Selected years, 1975-2001



^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 \$17,650 in 2001. 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. Census Bureau. (2002). *Current Population Survey, March Supplement*; U.S. Census Bureau. (2001). *Current Population Survey, March Supplement*; U.S. Census Bureau. (1998). *Current Population Reports, P-60(201)*; U.S. Census Bureau. (1997). *Current Population Reports, P-60(198)*; U.S. Census Bureau. (1996). *Current Population Reports, P-60(189)*; U.S. Census Bureau. (1996). *Current Population Reports, P-60(194)*; U.S. Census Bureau. (1995). *Current Population Reports, P-60(188)*; Centers for Disease Control and Prevention. (1994). *Surveillance for Selected Tobacco-Use Behaviors, United States, 1900-1994. Morbidity and Mortality Weekly Report, 43(SS-3)*; U.S. Census Bureau. (1993). *Current Population Reports, P-60(185)*; U.S. Census Bureau. (1992). *Current Population Reports, P-60(181)*; U.S. Census Bureau. (1991). *Current Population Reports, P-60(175)*; U.S. Census Bureau. (1982). *Current Population Reports, P-60(133)*; U.S. Census Bureau. (1977). *Current Population Reports, P-60(106)*; U.S. Census Bureau. (1972). *Current Population Reports, P-60(86)*; U.S. Census Bureau. (1971). *Current Population Reports, P-60(81)*.