An In-Depth Look at 2014 Census Data and Policy Solutions to Address Poverty

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Health Insurance Soars, But America's Next Generation Still Lives in Families Struggling to Make Ends Meet

Summary of Findings and Policy Solutions

According to the Census Bureau's new poverty and income data, 14.8 percent of Americans were poor in 2014, statistically unchanged from 2013. No one should be complacent about these distressing figures, particularly as America's next generation of workers and citizens, including children (under 18) and young adults (ages 18 to 24), has the highest poverty rates—sharply exceeding the national average.

More than one in five (21.1 percent) children and almost one in five (19.8 percent) young adults live in households with incomes below the federal poverty line ($19,073 for a family with a single parent and two children). The youngest children (under age 5), who are most vulnerable to the effects of poverty, experience an even higher rate (23.8 percent), as do Black children and young adults (37.1 percent and 29 percent respectively), Hispanic children and young adults (31.9 percent and 22.4 percent respectively), and young adults of any race or ethnicity who are also parents (43 percent). Children of color's circumstances are particularly important; by 2020, they are expected to make up over 50 percent of the nation's population of children, with children under age 5 having already reached this milestone.

The data also offer a snapshot of the crucial role that strong public policy can play. For example, 2014 was the first year in which the Affordable Care Act was fully implemented, and the share of Americans lacking health insurance coverage fell dramatically from 13.3 percent in 2013 to 10.4 percent in 2014. Young adults and low-income workers particularly benefitted, with adults ages 18 to 34 comprising over 40 percent of newly insured Americans. The Census also released an alternative measure, the Supplemental Poverty Measure (SPM), which shows the effect of non-cash transfers and taxes as well as work expenses and out-of-pocket medical costs. This analysis shows that refundable credits, such as the Earned Income Tax Credit and Child Tax Credit, reduced child poverty (as measured by the SPM) by 7.1 percentage points in 2014, while the Supplemental Nutrition Assistance Program (SNAP) reduced child poverty by 2.8 percentage points.

Yet the 2014 data show that economic struggles are pervasive for this generation of children and young adults. Almost half (more than four in ten) of all children and young adults live in low-income households that are below 200 percent of the poverty line. These families too often struggle to put food on the table and pay for basics like rent, mortgage, and utilities. America has a great deal at stake in a strong policy response to help these families succeed, given the research evidence that growing up with inadequate income and opportunity can stunt children's and young adults' education and careers—and the future importance of these young people as today's older Baby Boomers retire.

Most of these struggling families are working yet still can't make ends meet. Nearly 70 percent of poor children and over 80 percent of the larger group of low-income children live in families with at least one worker. More than half of low-income families with children have a full-time, full-year worker. Without strong policy guarantees including a higher minimum wage, family and medical leave, paid sick days, along with scheduling policies that give workers some measure of predictability, too many families work long hours yet still can't create stability for their children.

Unfortunately, this high prevalence of poverty and disadvantage in childhood and youth can have lifelong consequences – and pose a risk to America's future. Research shows that poor children – particularly those who are poor early in childhood and for longer periods of time -- do less well in school, experience poorer health, and have worse employment and earnings records as adults. For young adults, living in poverty also makes it more difficult for them to access quality education and training programs, especially those living in high-poverty communities where these opportunities are particularly scarce. When they do enroll, low-income young adults are more likely to have to work excessive hours while in school, thus prolonging the time it takes to earn a degree and putting them at risk of not completing. Thus, America has a great deal at stake in a strong policy response.

America also has a great deal at stake in a *nationwide* response, one that would address stark disparities in poverty by geographic region as well as by race and ethnicity. While overall poverty (for all ages) is highest in the South (16.5 percent), lower in the Midwest (13 percent), and lowest in the Northeast (12.6 percent), this pattern varies greatly across racial and ethnic groups. The poverty rate for African-Americans peaks at 30.9 percent in the Midwest compared to 21.5 percent in the Northeast, while Americans of Hispanic origins fare similarly across all regions—22.8 percent are poor in the West, 23.7 percent in the South and 25.3 percent in Northeast. Unfortunately, areas with high concentrations of poverty make it far harder for both children and adults to move ahead—for example, because high-poverty schools are far less likely than other schools to provide the basic college preparatory courses.

A truly national response that addresses both poverty and economic insecurity among America's next generation and the sharp disparities and inequality undercutting our future would focus resources and attention on those who face the most barriers—children, youth, and families of color, immigrant families, and those whose opportunities are limited by pervasive poverty in their neighborhoods and communities. And to make this response effective, it would:

- **Be driven by ambitious goals**, like the successful effort highlighted in the Census data that has cut the number of Americans lacking health insurance by 8.8 million in a single year – the largest decline on record.

- **Start this fall**, with the timely enactment of a federal budget that avoids the devastating cuts of sequestration and expands and invests in the crucial education, child care, safety net, and workforce development programs that stabilize families and promote success.

- **Build on policies that we know work**, which include:
    - strengthening the core income and work support programs such as the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC);
    - building a strong foundation in life for young children, including quality child care and two-generational strategies that support parents in both working and raising children;
    - improving pathways to education and careers for low-income youth and adults;
    - improving the circumstances of low-wage work and expanding access to quality jobs; and
    - ensuring access to health and mental health treatment under the Affordable Care Act for all low-income individuals and families, which in turn will help them to achieve work and career goals.

Detailed Findings

Poverty and near-poverty are pervasive among children and young adults in the United States today, despite improvements since the depth of the Great Recession.

- **In 2014, 15.5 million children or more than one in five (21.1 percent) were poor** according to the official measure, which defines the threshold for poverty as income under $19,073 for a family consisting of one parent and two related children. About 9 percent – 6.5 million – were in "deeply poor" families with cash incomes under half of the poverty level. Adults were far less likely to be poor – 13.5 percent -- and to be deeply poor – 6.4 percent -- than children.

- **Young children are the most likely to be poor, despite the evidence that poverty at an early age is particularly damaging.** Almost 24 percent of children under age 5, or 4.7 million, were poor in 2014, as were almost one in four (24.4 percent) of infants (birth to age 1).

- **Young adults fare almost as badly as children and are more likely to be poor than other adults.** Nearly 20 percent of all young adults ages 18-24 or 6 million individuals were poor in 2014. About 10 percent – 3.1 million young adults – lived in deep poverty, an even larger share than among children.

- **Young adults with children are the poorest of all.** Over four in ten families with children—42.9 percent— that are headed by young adults ages 18-24 are poor. These families are likely to be raising young children while struggling to manage low-wage, inflexible jobs and possibly also continue their education – meaning that they face substantial obstacles in achieving economic security and raising their young children.

- **Almost half of children and young adults—43 percent and 41 percent respectively—live in low-income households – those that struggle to get by on less than twice the poverty level (about $38,146 for a family of 3).** About 31.5 million children and 12.2 million young adults live in these economically struggling families below or just above the poverty line.

- **While high for all children, poverty is particularly devastating for children of color.** In 2014, 37.1 percent of Black children lived in poverty and 18.2 percent in deep poverty, compared to 12.3 percent and 5.4 percent for non-Hispanic white children. For Hispanic children, the corresponding shares were 31.9 percent and 12.9 percent. The largest group of poor children was Hispanic (5.7 million), followed by non-Hispanic white children (4.7 million) and Black children (4.1 million).

- **The same disproportionate poverty affects young adults of color.** In 2014, the poverty rate for Black and Hispanic young adults was 29 percent and 22.4 percent respectively, compared to 16.1 percent for non-Hispanic whites and 19.8 percent for Asians. However, even though the share is larger for young adults of color, non-Hispanic whites were the largest group of poor young adults (2.6 million).

Most poor and the large majority of near-poor families include working adults – yet they still can’t make ends meet.

- **Sixty-nine percent of poor children in 2014, or 10.4 million children, lived in families with at least one worker.** One third of poor children lived in families with at least one worker employed full-time, year-round. Among poor Hispanic children, the largest single group of poor children, 41.6 percent had at least one full-time, full-year worker and 76 percent lived in families with at least one worker.

- **For the low-income children (living in families under 200 percent of the poverty level), more than three fourths (83 percent) live with a worker and more than half (56.3 percent) with a full-time,**

full-year worker. For these families, low wages, erratic schedules, inadequate or volatile hours, and rigid job demands may all play a role in obstructing family economic security. Among early career workers (ages 26 to 32) in hourly jobs, more than 40 percent receive one week or less advance notice of their job schedules.

- **Many young adults who are poor are working.** Of the young adults ages 18 to 24 who were poor in 2014, 43 percent were working during the year. Young workers are more likely to have low-wage jobs and often struggle to get full-time hours. Yet access to work is critical during these years and is a predictor of future employment and earnings.

- **Parents' low-wage work compounds developmental risk for children.** The nature of employment among the working poor makes it difficult to raise children. Fully 40 percent of low-income parents have no access to paid time off (no sick days or medical leave, no parental leave, no vacation), making it difficult to care for newborn or sick children. Unstable and nonstandard work schedules, increasingly a characteristic of low-wage work, make it extremely difficult for parents to secure stable child care. And the high cost of child care, combined with budget-driven decreases in the availability of subsidies for low-income parents, make it extraordinarily difficult for parents to find quality settings for their children.

- **While children living in single-parent families are much more likely to be poor, millions of poor children live in two-parent families.** Despite the higher poverty rates experienced by single-parent families, more than five million children with married parents were also poor in 2014. Eleven percent of all children in married-couple families and 21 percent of Hispanic children in married-couple families were poor.

Americans experience disparities in opportunity based on where they live, as well as their race and ethnicity.

- The poverty rate for all ages is highest in the South at 16.5 percent, compared to 15.2 percent in the West, 13 percent in the Midwest and 12.6 percent in the Northeast. Yet the regional pattern varies by race and ethnicity. Non-Hispanic whites experience their highest poverty rates in the South (11.6 percent), while the rate for African-Americans is highest in the Midwest (30.9 percent), and Hispanics fare worst in the Northeast (25.3 percent).

- Lack of health insurance coverage is also highest in the South —13 percent of people in the South remain uninsured compared to 10.4 percent in the West, 13 percent in the Midwest and 7.8 percent in the Northeast.

- Nearly 20 percent of the families with related children living in the South are poor, compared to the national rate of 17.6 percent and rates of 15.7 percent in the Midwest and 14.9 percent in the Northeast. Contributing to the high rate in the South is that the region has the nation's highest poverty rate for non-Hispanic white families (13.2 percent).

Public policies have made a difference already, even though there is far more to do.

- 2014 was the first year in which the Affordable Care Act was fully implemented, and the share of Americans lacking health insurance coverage fell dramatically from 13.3 percent in 2013 to 10.4 percent in 2014. Young adults and low-income workers particularly benefitted, with adults ages 18 to 34 comprising over 40 percent of the 8.8 million newly insured Americans. The uninsured rate for all Americans below 100 percent of the poverty line fell from 23.5 percent to 19.3 percent, while working poor adults saw a dramatic decrease in being uninsured—from 42.7 to 33.4 percent—a telling sign that the health care law significantly impacted poor families. Unsurprisingly, the largest gains in health insurance coverage occurred in states that have expanded Medicaid under the ACA. The decline in the uninsured rate was 3.4 percentage points in expansion states, compared with 2.3 percentage points in non-expansion states.

- Non-cash transfers such as the Supplemental Nutrition Assistance Program (SNAP) and housing subsidies and refundable tax credits are not reflected in the official poverty measure. However, the Census also released an alternative measure, the Supplemental Poverty Measure (SPM), which does reflect these critical elements of the safety net. This analysis shows that refundable credits, such as the Earned Income Tax Credit and Child Tax Credit, reduced overall poverty (as measured by the SPM) by 3.1 percentage points and child poverty by a remarkable 7.1 percentage points in 2014. Similarly, SNAP benefits reduced overall poverty by 1.5 percentage points and child poverty by 2.8 percent. The Census analysis showed that refundable tax credits had a greater effect on the SPM in 2014 than in 2013, while SNAP and unemployment insurance benefits had a smaller effect. This is likely due to a combination of improving economic conditions (which reduced the need for these benefits) and changing policies (which made these benefits less available to those who still needed them).

Public Policy Solutions

A truly national response to poverty and economic insecurity among America's next generation, and to the sharp disparities and inequality that undercut our future, is within our reach. The successes in health insurance and safety net programs identified in the Census report, and the broad evidence about other proven and promising strategies, make it clear we can drive down the damaging prevalence of poverty and economic insecurity particularly among America's next generation – *if* we make a national commitment to this goal. Such a commitment should start this fall, with the enactment of a federal budget that expands and invests in the crucial education, child care, safety net, and workforce development programs that stabilize families and promote success. A truly national commitment must also focus resources and attention on those who face the most barriers—children, youth, and families of color, immigrant families, and those whose opportunities are limited by pervasive poverty in their neighborhoods and communities.

Building on immediate action this fall, and on policies that we know work, we should commit to these remaining steps in 2016 and 2017:

Strengthening core income and work support programs. We have made key improvements to the EITC and CTC in recent years that have strengthened their pro-work and anti-poverty effectiveness, especially for the lowest-earning families. These include marriage penalty relief, a modestly larger EITC for families with three or more children, and allowing low-income workers to start qualifying for the refundable CTC starting at $3,000 (rather than the $14,700 that would otherwise be needed to qualify). However, these improvements are scheduled to expire in 2017. Should Congress allow the CTC and the EITC improvements to expire, it will push 16 million people into -- or deeper into --poverty. Congress should include extensions of these key provisions in any tax legislation that moves forward. In addition, there is bipartisan support for expanding the EITC for workers without qualifying children and making it available to younger workers starting at age 21.

Building a strong foundation in life for young children, including quality child care and two-generational strategies that support parents in both working and raising children. High-quality child care and early education programs are central to parents' work and to children's well-being, development, and opportunities to escape poverty as adults – yet few low-income parents can afford such programs without help. As a consequence of federal budget stalemate, the number of children receiving child care subsidies under the Child Care and Development Block Grant is the lowest it has been since 1998; moreover Head Start serves less than half of eligible preschoolers and fewer than 5 percent of poor babies and toddlers. The opportunity to help children and parents escape poverty through these investments is magnified if we also take a two-generational approach, focusing on the needs of parents and children together. Such two-generation policies reflect strong research findings that the well-being of parents is a crucial ingredient in children's social-emotional, physical, and economic well-being -- and at the same time, that parents' ability to succeed in school and the workplace is substantially affected by how well their children are doing. The 2014 reauthorizations of the nation's core child care (CCDBG) and workforce development programs (WIOA) offer opportunities to encourage states to link the two, making it is easier for children to receive high-quality early education programs as parents strengthen their own career skills. While a number of local, small-scale initiatives implementing this concept already exist, funding will be key to making this common-sense strategy practical for states on a large scale.

Improving pathways to education and careers for low-income youth and adults. Federal, state, and local education policies should address systemic inequalities for students attending high poverty high schools by improving their access to course work, experienced teachers, and counselors, all of which are essential for students to succeed in postsecondary opportunities. We must also invest in dropout recovery strategies to ensure out-of-school youth have pathways to complete their education and succeed in the workforce. We should expand on-the-job training, apprenticeships, and other work-based learning strategies that provide crucial work experience and enable underprepared workers to earn while they learn. In addition, it is essential to create ladders to work by building robust career pathway programs and systems that shift existing education and workforce services to connect employers' workforce needs with individuals' education and training needs. And we must make student financial aid responsive to the needs and attendance patterns of today's low-income students, many of whom are adults juggling work and family responsibilities, while developing comprehensive student supports that include access to public benefits and other sources of student assistance.

Improving the circumstances of low-wage work and expanding access to quality jobs. Today, many workers depend on their employers to voluntarily pay them a fair wage, allow them to earn paid time away from work to care for their families or recover from illness, or engage in fair scheduling practices. While some high-road employers (conscientious employers with policies that adequately protect and compensate workers) do protect their workers by ensuring they have these rights, far too many do not. That's why it's crucial to pass public policies establishing key labor standards that raise job quality and help workers make ends meet – including minimum wage, earned sick days, paid family and medical leave, and protections against scheduling abuse. In addition, it is critical to enforce and update the rules already on the books, including minimum wage and overtime laws, rules against wage theft, misclassification of employees, and unsafe working conditions, along with provisions of the Family and Medical Leave Act (FMLA).

Ensuring access to health and mental health treatment under the Affordable Care Act for all low-income individuals and families, which in turn will help them to achieve work and career goals and raise thriving children. When parents have untreated mental health problems, they face major challenges both in succeeding in school and on the job and in being the kind of effective parents that they want to be.

Depression, which is highly treatable, is a prime example of a parental mental illness that affects large numbers of families, hinders parents from succeeding at work and in school, and poses major and potentially lifelong risks to children's safety and cognitive development when untreated. Despite depression being highly treatable, many low-income mothers do not receive treatment—even for very severe levels of depression. Today, there are new opportunities to address depression and other parental mental health problems as a result of mental health parity legislation and the expansion of coverage (and other provisions) in the Affordable Care Act. Thus, the expansion of coverage highlighted in today's Census Bureau report is doubly important – for the peace of mind individuals gain when they do not have to postpone needed care, and for the new opportunity they have to overcome health and mental health problems that stand in the way of school, career, and family goals.

2014 CENSUS DATA ON POVERTY

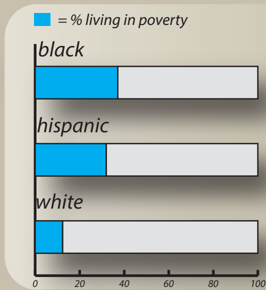
CLASP
policy solutions that work for low-income people

14.8 % of Americans were poor in 2014

Children and Young Adults Still Face Greatest Risks

1 IN 5 U.S. CHILDREN IS POOR

In 2014, 21 percent (15.5 million) of U.S. children were living in poverty.

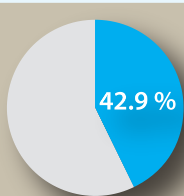


Racial and ethnic minority children are disproportionately poor

37.1 percent of Black children and 31.9 percent of Hispanic children lived in poverty, compared to 12.3 percent of non-Hispanic white children.

1 IN 5 U.S. YOUNG ADULTS (age 18-24) IS POOR

In 2014, 19.8 percent (5.9 million) of U.S. young adults were living in poverty.



Young adults with children experience the highest poverty rates

Over 4 in 10 families with children that are headed by young adults were poor.

many young adults who are poor are working

43 percent were working in 2014.

THE SPM* SHOWS SAFETY NET PROGRAMS REDUCED POVERTY

Refundable credits, such as the **Earned Income Tax Credit (EITC)** and **Child Tax Credit (CTC)** reduced overall poverty by **3.1 percentage points** and reduced child poverty by **7.1 percentage points**

Child Poverty (SPM)	
	16.7 % with refundable TCs
	23.8 % without refundable TCs

SNAP (Food Stamps)

reduced overall poverty by 1.5 percentage points and child poverty by 2.8 percentage points

According to the official measure, poverty is defined as $19,073 for a single-parent family of three.

**The SPM (Supplemental Poverty Measure) shows the effect of non-cash transfers and taxes as well as work expenses and out-of-pocket medical costs.*