

# ***PERSONALLY SPEAKING***

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## **FORTY-FOUR PERCENT OF U.S. CHILDREN IN FEMALE-HEADED FAMILIES ARE POOR**

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Record numbers of persons were reported in poverty in 2009 according to the Census Bureau's annual report on income, poverty, and health insurance coverage in the United States. Specifically, 43.6 million persons had incomes below the official poverty threshold which for a family of four with two children under age 18 was set at \$21,756. The threshold varies according to family size and is adjusted every year for changes in prices. For the first time since data on poverty have been compiled, thresholds across the board were lowered due to a 2008-2009 decline in consumer prices.

An estimated 14.3 percent of all persons were classified in poverty, the highest rate of poverty since 1992-1994. Steady work has a profound impact on the incidence of poverty. For persons who worked year round, full time in 2009, only 2.7 percent were classified as poor. Persons who did not work at all were impoverished at a rate of 22.7 percent.

There are two dimensions of poverty that have gone largely underreported by the media. One relates to the depth of poverty, the other to transitions into and out of poverty. The first is disquieting. The second is somewhat reassuring. Taken together, the two add substantially to our understanding of poverty.

As to the first and controlling for family size and poverty threshold, poor families in 1994 had incomes on average that were \$6,097 below the poverty threshold. In 2009 the incomes of families in poverty were on average \$9,042 below the poverty threshold. Since all poverty thresholds are adjusted every year for changes in consumer prices, poor families in terms of basic material needs are more disadvantaged today than in 1994.

At the same time and taking into account variable poverty thresholds, nonpoor families in 2009 had incomes that were on average \$69,125 above the poverty threshold. In 1994 nonpoor family income was \$42,326 above the official poverty standard.

These data indicate that in 1994 the annual income *gap* between poor and nonpoor families averaged \$48,423, climbing to \$78,167 in 2009. This difference can be construed as either

disquieting or reassuring. Much depends on the dynamics of poverty, on whether large numbers of persons enter poverty every year, remain impoverished for long time or exit poverty quickly.

A Census Bureau report based on data from 2001-2003 and released in 2008 reported that "... a majority of individuals in poverty at some point during the year do not remain in poverty for long periods of time..." This research -- the most recent and comprehensive available -- revealed that 32.4 percent of persons in poverty one year exited poverty by the following year and that a total of 40.5 percent transitioned out of poverty in two years. Among persons in married-couple families, the two-year exit rate was 54.5 percent.

Among persons not in poverty, 3.1 percent were classified as poor one year later with 4.4 percent falling below the poverty threshold two years later. *Only 2.4 percent of the population was classified as impoverished every month over the three-year study period.*

In addition to joblessness, significant life events such as birth of a child, death of the primary wage earner, divorce, return of an adult child to the parents' home, (re-)marriage can plunge a family into poverty or lift it out. Thus, poverty among married couple families was 5.8 percent. Among female-headed families, no spouse present, it was 29.9 percent.

Poverty is a major problem in the United States largely because any family that falls into poverty in general suffers such a huge drop in income as to raise serious questions regarding its ability to meet its basic human material needs. The good news is that only a tiny proportion of families experience chronic or long-term poverty. For all the battering it has endured over the years -- divorce, single parenthood, teenage rebellion, spousal abuse, dislocation, infidelity - - the American family somehow manages to not only survive but also live well above the poverty level.

However, as Daniel Patrick Moynihan pointed out 45 years ago, there is a serious and growing poverty and dependency problem relating to family formation and stability. Since 1965 there has been a 31 percent increase in the number of poor persons in the United States. Over the same period, there has been a 96 percent rise in the number of poor persons in female-headed families. In 2009, an estimated 7.9 million related children under age 18 -- 44 percent of all such children in female-headed families -- were classified as poor.

The female-headed family has one major economic disadvantage: typically it has only one adult wage-earner. Annual income in 2009 for female-headed families was 55 percent below the income for married-couple families. For poor families headed by a female, annual income on average was \$9,218 *below* what was required to provide for basic human material needs. What are the chances that these children with significant unmet needs will grow up to become mature, responsible adults?

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