

One Fifth of the Nation's Children: Why Are They Poor?

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Despite 20 years of concern about poverty, the most recent census figures show that 20 percent of children in the United States live in families with incomes below the poverty line. In understanding why, it is important to recognize the reasons for poverty among children in both two-parent working poor families and single-parent families. Examination of the evidence suggests that family poverty basically reflects the economic and social changes that affect most United States families.

IN 1965, THE PUBLIC WAS ONLY BEGINNING TO REDISCOVER that poverty existed in the United States. At the time, roughly 30% of all persons aged 65 and over were in poverty and 20% of all children were poor. Today poverty is widely discussed and debated. Poverty among the elderly has been cut more than in half to 12%, mostly as a result of higher Social Security benefits (1) (Fig. 1). Yet the most recent census figures still show that 20% of the nation's children are poor (2). Indeed, despite the economic recovery of the past few years, poverty among children in 1987 was higher than at any time during the 1970s or late 1960s. The obvious question is why are so many children still poor?

Increasingly the popular perception is that the poverty of today is the reflection of largely deviant behavior by a minority outside the mainstream. In fact, a careful look at the causes of poverty among U.S. families leads to a different conclusion: family poverty appears not so much as a startling anomaly in an otherwise prosperous economy, but rather an extension of economic and social changes that are influencing U.S. families in all income classes.

Defining Poverty

In the mid-1960s, the government adopted a poverty standard. The initial standard was calculated essentially by determining how much a family needed to maintain a minimally adequate diet and then multiplying by three—since low-income families spent roughly one third of their income on food. (The standard varied by family size.) Families with incomes below the standard were poor; those with incomes above it were not. Though there have been minor revisions since that time, the poverty standard has remained largely unchanged. Each year the standard is adjusted only for overall inflation, as measured by the Consumer Price Index. In 1987, the poverty line for a family of three was roughly \$10,000, for a family

of four, \$12,000, and higher for larger families. As a point of reference, the median family income for families with four persons in 1987 was \$36,800.

A uniform national poverty line, based on annual income and adjusted annually only for national inflation, suffers from a variety of limitations. The poverty index makes no attempt to adjust for local differences in the cost of living, even though a \$10,000-a-year income undoubtedly means something very different in New York City than in rural Mississippi. The official definition of family income, which is compared to the poverty level to determine whether a family is poor, also leaves much to be desired. Only cash income such as earnings, Social Security, or welfare is counted. Noncash or in-kind benefits including food stamps, medical insurance, and public housing are generally not counted as income in determining the official poverty count (3), nor are taxes or work expenses subtracted from income. Moreover, the poverty line is an absolute, not a relative, index. If the entire distribution of income shifts up (after accounting for inflation), poverty will fall even if the shape of the income distribution is unchanged, since a smaller and smaller portion of the lower income tail will fall below the fixed poverty standard.

Perhaps most importantly, the poverty line is an essentially arbitrary standard applied to annual income. Any family whose income falls below the line for the year is counted as poor, regardless of how far or near the line their income falls or of how many years their income has or has not fallen below the line. The poverty line does not necessarily correspond to our intuitive concept of "poverty." For many people poverty may imply a more serious and persistent condition than that defined by the poverty line. For others, the poverty line may seem too low, leaving many families with economic difficulties above the line. Because of the nature of the standard, the count of the poor at a point in time includes a mixture of short- and long-term poor, of less and more serious conditions, and of families with quite different characteristics. Use of the standard does not allow for separate analysis of the potentially more serious and complex problem of persistent poverty.

In spite of its limitations, however, we will rely on the traditional definition of poverty. There are no reliable regional cost-of-living indices available. Although researchers have made considerable progress in determining ways to adjust for in-kind income, relatively limited data are available to take full account of them, especially for years prior to the late 1970s. The proper definition of income remains quite controversial, and a line has to be drawn somewhere, despite the fact that the standard definition does not allow us to distinguish short-term from persistent poverty over time. Despite these drawbacks, however, the official poverty data do provide an adequate and interesting series for examining the characteristics of low-income families through time.

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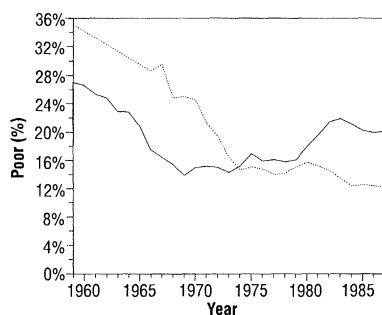


Fig. 1. Percentage of elderly persons and children in poverty (2). Poverty rates are not available by year for the elderly between 1960 and 1966. Dashed line, persons over 65; solid line, children under 18.

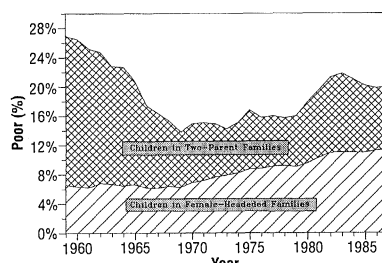


Fig. 2. Percentage of children in poverty distributed by family situation (2).

Poverty and the Underclass

Many current explanations of poverty focus on the phenomenon of the "underclass," a term most commonly used to refer to extremely poor, typically minority residents of the poorest areas in our large cities. Yet the majority of children in families whose incomes fall below the poverty line year by year do not exhibit the characteristics most people associate with the underclass. The vast majority do not live in big city ghettos. A substantial minority are non-Hispanic white; most are not receiving welfare; and, as we shall discuss more fully later, many live in two-parent working poor families.

Almost 30% of poor children in 1987 lived in rural areas, with another 28% in suburban areas. About 44% were non-Hispanic whites. If we define ghettos as high poverty areas in large central cities (specifically, census tracts in the 100 largest cities with poverty rates higher than 40%), fewer than 9% of poor children lived in such areas in 1980 (4). The ghetto areas where reporters collect stories on the underclass are usually big city neighborhoods with far higher poverty rates than 40%. Whatever the nature of disadvantage and poverty in those areas, the children who live there are only a small fraction of all poor children. The key to understanding poverty lies beyond an exclusive focus on the ghetto poor.

Of course, the extent to which the poor exhibit the characteristics of the underclass depends substantially on how the poverty line is drawn. If we defined poverty at a lower income level, or in such a way that it included only the persistently poor, we would find that much higher proportions were black or Hispanic, much higher proportions lived in families headed by unmarried mothers, and much lower proportions worked. We would also, of course, find much smaller numbers. Interestingly, however, we would still find a majority of even the persistently poor living outside of the major urban ghettos (5).

Family Structure and Poverty

The first clue to understanding children's poverty comes from looking at family structure. Figure 2 shows the fraction of children who were poor and indicates whether they were living with one

parent or two. The lower shaded area represents children who were poor and living in female-headed families. The upper area thus represents children who were poor and living in other settings—almost entirely two-parent families (6). The relative importance of single-parent and two-parent poverty among children can be seen by comparing the relative size of the two groups in any given year.

Two insights emerge from this figure. First, there is a gradual and relatively stable upward trend in the fraction of children who are both poor and living in female-headed households. Second, virtually all of the year-to-year fluctuations in poverty among children overall, including the increases in the 1980s, can be traced to changes in the numbers of poor children in two-parent homes.

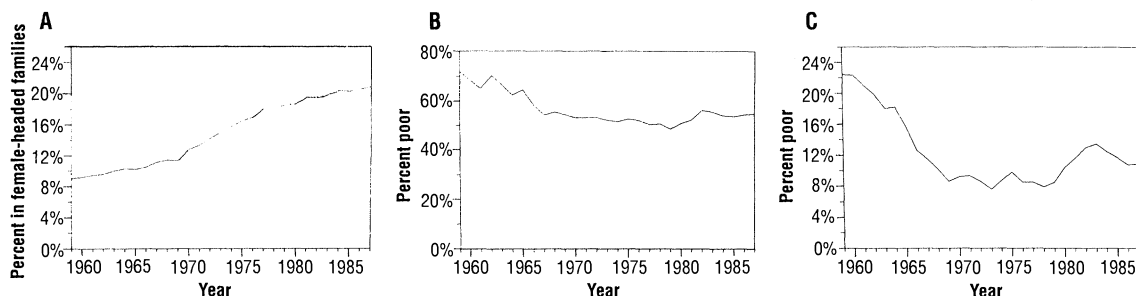
Consider first the long-term increase in poor children in female-headed homes. This trend appears to have been going on for at least 20 years. Even while the poverty rate among children overall was falling dramatically in the 1960s, the fraction of children who were poor and in single-parent homes was relatively stable. Then throughout the 1970s and 1980s there was a slow but quite significant increase in this group. In spite of dramatic fluctuations in the business cycle, the overall trend continued with relatively little year-to-year deviation.

The proportion of children in female-headed households and the poverty rates for both female-headed and two-parent families is shown in Fig. 3. The figure shows that the gradual increases in the number of children in poor single-parent homes during the 1960s and 1970s was caused almost entirely by increases in the fraction of children in such homes, not by any changes in their poverty rates. A long-term trend toward increasing proportions of children living in single-parent homes has brought more and more children into single-parent poverty. This trend toward increasing numbers of children in single-parent homes seemed to accelerate slightly in the late 1960s and early 1970s, but it has persisted well into the 1980s. During most of this period, poverty rates for female-headed families have hovered around 50%. There was noticeable improvement in the early 1960s, enough improvement so that reductions in poverty rates offset the increases in the number of children in single-parent families during this period. During the 1970s the poverty rates changed little, with modest increases in the 1980s. The general pattern is that increases in the fraction of children in single-parent homes led directly to increases in the fraction of children who were in single-parent homes and poor.

By contrast, poverty among children in two-parent homes has fluctuated greatly over the past 25 years. In the 1960s, poverty rates for children in two-parent homes fell dramatically. They leveled off in the 1970s, with a slight rise in 1970, and a more dramatic jump in 1975. Then between 1979 and 1983, they jumped considerably. These fluctuations swamped the effects of the gradual decline in the number of children living with two parents. Thus children's poverty patterns can be understood as the result of three forces: (i) a gradual increase in the number of children in single-parent homes, (ii) a high and relatively stable poverty rate among children in single-parent homes, and (iii) a much lower, but highly variable, poverty rate among children in two-parent homes.

These patterns can be illustrated more systematically by decomposing changes in the overall poverty rate. The decomposition indicates that virtually all of the improvement in reducing poverty between 1959 and 1969 could be traced to less poverty among two-parent families, which easily offset the gradual increase in poverty that could have occurred as a result of family structure changes. From 1969 to 1979, when poverty rates changed little, the increase in poverty was largely the result of continuing changes in family structure. From 1979 to 1987, the worsening poverty rates among two-parent families accounted for half of the overall increase in poverty, with the change in family structure accounting for another

Fig. 3. (A) Percentage of children in female-headed families. (B) Poverty rate of children in female-headed families. (C) Poverty rate of children in two-parent families. Information taken from (2).



quarter, and the increasing poverty rates among female-headed families accounting for the rest.

Thus if we are to understand children's poverty, we must explore three questions. (i) How are we to explain the dramatic fluctuations in the poverty rates of two-parent families? (ii) Why has there been a long-term change in family structure? (iii) Why are poverty levels so high and so stable for female-headed families?

Poverty Among Two-Parent Families

Poverty among two-parent families is a substantial component of children's poverty in the 1980s. In 1984, for example, roughly half of all poor children were in two-parent homes. Much of this poverty appears to be relatively short term, so it may be less worrisome than the more persistent poverty in single-parent homes. Nonetheless, the widespread incidence of poverty of two-parent families makes it important to understand: financial stress in two-parent homes may contribute to family breakup and the formation of single-parent households.

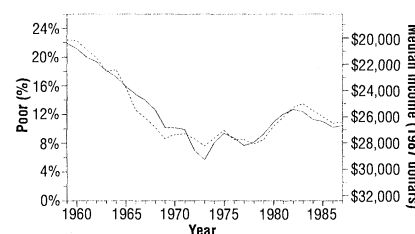
There are a number of possible explanations for the sharp variations in poverty among two-parent families, and especially for the increase in poverty among these families between 1979 and 1987. For example, poverty could change because of changes in family sizes, because of difficulties young workers face in supporting families, or because families face adverse incentives as a result of government transfer programs. But these explanations are inadequate. The poverty rates of two-parent families can be traced almost completely to the larger forces shaping the economy.

One would expect that two aspects of the economy would be particularly important: wages and employment. Though both measures reflect the business cycle, they rise and fall in somewhat different patterns, especially in recent years. Moreover, real wages, after rising substantially during the 1960s, have been almost stagnant since the early 1970s, apparently reflecting the sharp slowdown in productivity of the economy as well as the large influx of women and young adults into the marketplace. The recent economic expansion, which has sharply reduced unemployment, has not been characterized by particularly strong real wage rises. The median income of full-year, full-time male workers is lower today than it was in 1973 (7) (Fig. 4).

Remarkably, one can predict poverty among two-parent families almost completely from only the median income of year-round full-time male workers. This measure (with its scale inverted) is shown plotted against the poverty rate for children in two-parent families in Fig. 4. Even in recent years, the two measures track almost perfectly. Despite the economic expansion of the last few years, real median incomes in 1987 were slightly below their 1979 level, a level that had been relatively stagnant since the early 1970s. Poverty among two-parent families appears to be reflecting the same forces influencing the typical U.S. worker.

When one looks at the work patterns of poor two-parent families,

Fig. 4. Poverty rate of children in two-parent families (dashed line) and median income of full-year, full-time male workers (solid line) (2).



this finding is easier to understand. On the basis of tabulations from the March 1988 Current Population Survey (the survey used for official poverty statistics), Table 1 shows that only 9% of poor two-parent families had two healthy and nonelderly parents who did not work at all. Almost 45% (40.9% plus 2.9%) of poor two-parent families had a full-year, full-time worker (8), and well over half of the poor families with two healthy parents had at least one worker. Work is very much the norm for these families.

It may seem remarkable that so many people are able to work without being able to support a family. Of course, the overwhelming majority (over 90%) of two-parent families with one or more full-time workers do avoid poverty. But work is no guarantee of success for those at the lower end of the wage spectrum. A full-time job paying the minimum wage of \$3.35 per hour cannot support even two persons above the current poverty line. One full-time and one part-time job leaves a family of four almost \$2000 per year below the poverty line.

The close link between the income of the median worker and poverty rates of working families suggests that wages for those at the bottom of the economic spectrum are influenced by many of the same economic forces that affect the middle class. When overall wages are stagnant, as they have been for 15 years, wages at the bottom end of the distribution stagnate as well. One might also expect unemployment to be important, but it has far less predictive power. The reason appears to be that when unemployment is reduced while wages remain relatively low, the unemployed poor mostly move into the ranks of the working poor. In most of the poor families that did not already have a full-year full-time worker (or the equivalent), the wage rate of those who did work was below a poverty-level wage—that is, even if there had been a full-time worker, the family would still have been poor (Table 1). Thus pay rates more than unemployment cause poverty among two-parent families.

There is increasing evidence that things may be getting worse for those near the bottom. The minimum wage has not been adjusted since 1981, and after accounting for inflation, it has fallen by one third since that time. In 1979, about 9% of year-round full-time male workers had annual earnings too low to keep a family of four above the poverty line. In 1987, although median income of full-time workers had changed little, 13% of year-round, full-time male workers had earnings below the poverty line for a family of four. Young families seem to have been particularly hard hit. Poverty rates for two-parent families where the husband was under 25 jumped

from 10.5% in 1979 to 21.5% in 1986, as compared to a rise of from 5.8 to 7.5% for families with a head over 30 (9).

Indeed, poverty among two-parent families would have almost certainly increased even more were it not for three countervailing trends. (i) Marriage and childbearing were postponed so the adults were older and presumably able to command a higher wage (10). (ii) Families were having fewer children and thus needed less money to escape poverty, since the poverty line varies by family size (11). (iii) Increasingly more families had two earners to bring in income (12).

Moreover, the safety net, which never extended very far toward helping two-parent families, appears to be shrinking. Few working two-parent families qualify for anything other than food stamps, and most do not even collect these. Lack of medical protection is a real and serious problem. Employer-provided coverage is quite limited and few qualify for Medicaid, the government medical plan that is designed to protect the poor on welfare, not working families (13). After transfers, the data suggest that poor two-parent families with a full-time worker fall further below the poverty line on average than any other type of family, including single parents on welfare (14). In some respects then, they are the poorest of the poor. Two-parent families with an unemployed worker are not much better off. Most

do not get unemployment insurance, and unemployment insurance is helping fewer and fewer poor families with unemployed workers (15).

A number of policies have been suggested that might help working poor families. The Earned Income Tax Credit (EITC) provides tax credits that are refunded to the low-income family by the government even if the family owes no taxes. Expanding the current credit would be similar to a pay increase for the poor and would cause minimal problems in the labor market. Such credits are expensive, costing perhaps \$5 billion annually to provide tax credits of \$1000 annually per family (comparable to a roughly 50 cents per hour pay increase). A refundable tax credit for all families with children or a children's allowance of the sort common in many other countries would also benefit poor families, though the cost might be quite high.

If the minimum wage were restored to the level it was maintained at during the 1960s and 1970s, it would have to be raised to \$5.40 in 1992. That level would ensure that a family of three with a full-time worker would avoid poverty. Recent congressional debate has focused on a minimum of between \$4.25 and \$4.55, which would still leave a family of three with a full-time minimum wage worker almost \$2000 below the poverty line and a family of four more than \$4000 below it. Raising the minimum wage is, however, likely to decrease youth employment somewhat. Estimates vary widely, but raising the minimum wage from the current \$3.35 per hour to \$4.55 per hour might reduce employment among teenagers by 2 to 6% (16). Another argument against raising the minimum wage is that most minimum wage workers are not in poor families (17). Still, estimates suggest that a moderate rise in the minimum wage would increase the total income of poor working families by several billion dollars (18).

There are several other policies that could help, including expanded medical coverage and more governmental support of day care for poor families. Unemployment protection could be expanded. It appears that no one policy alone can ensure that working families are not poor, and it may be that a combination of policies would be most desirable.

Thus the story of poverty among two-parent families is basically a story about the working poor. It is a story about families who appear to have the front seat in the U.S. economic roller coaster. The sad fact is that one can work and still be poor in the United States.

Family Change

Poverty among working two-parent families is part of the story of poverty among children, but it is only part. The other major reasons for the persistently high level of poverty among children are the

Table 1. Distribution of poor husband-wife families by health, work status, and wage rate relative to the poverty line (25). Full-year, full-time work is defined as 1750 hours of work annually.

Health, work status, and wage	Distribution of poor families (%)
Neither parent ill, disabled, or retired and:	
At least one parent worked full-year, full-time or equivalent	40.9%
Combined work of both parents was equivalent to at least one full-year, full-time worker	3.1%
One or both parents worked, but combined hours were less than one full-year, full-time worker and:	
Wage was not high enough to keep family out of poverty if a person worked at the job full-time all year*	20.3%
Wage was high enough to keep family out of poverty if a person worked at the job full-time all year*	4.9%
Neither parent worked	9.0%
One or both parents were ill, disabled, or retired and:	
Other parent worked full-year, full-time	2.9%
Someone worked, but less than full-year, full-time	6.8%
Neither parent worked	12.1%
Total	100.0%

*Computed by determining the average wage by dividing annual earnings by total annual hours, multiplying this average wage by 1750 hours to get a potential annual earnings, and comparing those figures to the poverty line for the family.

Table 2. Distribution of financial contributions by fathers and mothers in families with children by type of family (25). In some cases the husband, wife, or female head will not be the biological parent of the children.

Contribution	Father's earnings in husband-wife families	Child support and alimony in female-headed families	Mother's earnings in husband-wife families	Mother's earnings in female-headed families
None	5.3%	65.4%	30.1%	31.4%
\$1-\$2,499	1.9%	21.0%	11.2%	8.9%
\$2,500-\$4,999	1.9%	8.0%	7.4%	5.5%
\$5,000-\$9,999	5.8%	3.8%	14.2%	11.5%
\$10,000-\$14,999	10.1%	1.0%	12.9%	13.1%
\$15,000-\$19,999	11.1%	0.3%	9.7%	10.3%
\$20,000-\$24,999	12.5%	0.2%	6.4%	7.1%
\$25,000 or over	51.6%	0.2%	8.0%	12.2%
Total	100.0%	100.0%	100.0%	100.0%
Overall average	\$27,983	\$1,070	\$8,696	\$10,462

large and increasing proportion of children in one-parent families, and the shockingly high poverty rates among those families.

In 1987, 18% of white children and 57% of black children lived in families headed by their mothers, or in families where neither parent was present. An even larger fraction of children will spend at least part of their childhood in such families. Estimates made by several researchers suggest that about half of all children born in the United States today will spend some time in a single-parent home (19).

With the poverty rate among children in single-parent families hovering around 50%, the long-term trend toward increasing numbers of single-parent families obviously represents a major threat to the economic security of children. Yet definitive explanations for these changes have proven extremely elusive to social scientists. Given the vociferous debate and the lack of consensus, we have chosen not to focus here on the question of why families are changing. However, it might be helpful to clear up a few key misconceptions.

Changes in family structure have not come about in isolation. They took place at a time when the country witnessed massive increases in labor force participation of women, an unprecedented stagnation in the real earnings of men, worsening employment patterns for many young people (especially young black men), considerably greater birth control availability and use, the legalization of abortion, important changes in social policies, and altered attitudes regarding the roles of women, work, and family.

The changed situation of children represents the net effect of major declines in marriage rates and in fertility among women who are married, sharp rises in divorce, modestly increasing proportions of unmarried women becoming mothers, and a modestly falling number of children per unmarried mother. Summary measures such as the number of children in single-parent homes or the proportion of all children born to unmarried mothers often obscure more complex social changes.

For example, there has been a sharp increase in the proportion of children born to unmarried mothers, especially among blacks, to the level of 60% of all black births in 1985. But the increase in the proportion of black children born to unmarried women came about in spite of a fall in the birth rate per black unmarried woman. The proportion of children born to unmarried black mothers rose because there was an even larger decrease in the birth rate for black married women, as well as a very sharp drop in the marriage rate among black women. With so many fewer women marrying and with married women having so many fewer children, the proportion of black children born to unmarried women rose.

One popular argument suggests that an expansion of welfare benefits was one of the primary influences on changing family structures during the past two decades (20). Yet the bulk of available empirical research has so far found little evidence that welfare benefits were an important factor. One reason that the welfare explanation is hard to support is that although welfare benefits rose dramatically during the 1960s, in the mid to late 1970s and 1980s, inflation-adjusted welfare benefit levels fell by 25%. Eligibility rules were also tightened considerably. Yet these major cuts in benefits and eligibility had no apparent effect on the number of single-parent families. Indeed, since 1973 the fraction of all children in single-parent homes grew from 12% to over 20%, but the fraction of all children collecting Aid to Families with Dependent Children [(AFDC) the primary welfare program for single parents] benefits was unchanged. If AFDC were encouraging or even simply allowing people to form single-parent households, why were welfare rolls steady while the number of children in single-parent homes rose? Moreover, some of the states with the lowest welfare benefits have the highest rates of unmarried motherhood, and vice versa (21).

Whatever the causes, there can be no question that the ongoing changes in family structures, and particularly the large and growing proportions of children born to unmarried mothers in minority communities, represent the greatest long-term threat to our children's economic security. These changes in families appear to reflect a very complex interaction between economic, social, moral, and demographic forces that have proven difficult to understand and are likely to be even harder to alter. Obviously the larger question of why families seem to be changing so rapidly needs closer attention.

It is much easier to understand why poverty rates among single parents are so high and so stable. Let us next turn to that issue.

Poverty Among Single-Mother Families

Poverty rates for children in single-parent homes have averaged roughly 50% since 1965, with very limited changes. If welfare benefits are not counted, poverty rates are higher still. Much of this poverty is long term.

Why are single-parent families so much more likely to be poor? The apparently obvious answer is that single-parent families have only one adult to support the family. Yet nearly all children in single-parent homes have two living parents.

There are two obvious potential explanations for the higher poverty rates. First, absent fathers could contribute much less to the support of their children than married fathers. (Since the custodial parent is almost always the mother, we will simplify exposition by referring to the absent parent as the "father" and the custodial single parent as the "mother".) Second, single mothers could provide much less for their children than married mothers (22).

The relative contributions of fathers and of mothers in different settings are compared in Table 2. The most striking contrast is between the earnings contributions of husbands to married couple families and the child support contributions of absent fathers. Sixty-five percent of absent fathers contribute no child support or alimony, and only 5.5% contribute as much as \$5000 per year. In contrast, 91.1% of married fathers contribute earnings of at least \$5000 to total family income.

There are, of course, any number of reasons why a comparison of married fathers' earnings with the child support contributions of absent fathers is not completely fair. The earnings of married fathers support themselves as well as the other members of the family; child support and alimony are available only to the mother and children. Available evidence also suggests that absent fathers have somewhat lower earnings than married fathers (23). But the differences in income contributions from fathers are very sizable. On average, men's earnings add almost \$28,000 per year in income for intact families; child support and alimony add an average of about \$1000 per year in single-parent homes. In almost two-thirds of intact families, husbands' earnings exceed \$20,000. In more than two-thirds of single-parent homes, the absent father contributes nothing.

With so little support coming from fathers, the obvious alternative source of support is the earnings of the mother herself. With so many married mothers now working, it seems natural to look to see if single parents are doing as much as their married counterparts. On average, single mothers earn more than wives (even though single parents tend to be more disadvantaged than wives) (Table 2). Roughly 30% of both single and married mothers do not work, but single mothers who do work typically earn more. The reason is that married mothers often work part time or part year. Single mothers are more likely to work full time all year.

The work and earnings patterns of single mothers look far more like those of wives than of husbands. It might be argued that the contributions of single mothers should be compared with those of

Table 3. Earnings, taxes, benefits, and total income (in U.S. dollars) for a single parent and two children living in a fairly typical state in 1986 (26).

Work level and wage	Earnings	Day care	Taxes†	Welfare and food stamps	Disposable income‡	Medicaid
No work	0	0	0	6,284	6,284	Yes
Half time, minimum wage*	3,350	-1,000	229	5,077	7,656	Yes
Full time, minimum wage*	6,700	-3,000	373	2,744	6,817	Yes
Full time, \$4.00 per hour	8,000	-3,000	171	1,624	6,795	Yes
Full time, \$5.00 per hour	10,000	-3,000	-172	970	7,798	No
Full time, \$6.00 per hour	12,000	-3,000	-515	538	9,023	No

*Minimum wage rate is \$3.35 per hour.

†Taxes are positive at very low incomes due to the EITC.

‡Earnings plus AFDC and food stamps less taxes and day care.

married fathers, rather than with those of married mothers. But we think that the latter comparison is more appropriate. All families must provide both nurturance and financial support for their children. Two-parent families can share these tasks in a variety of ways. Since single parents receive on average so little support from absent fathers, they are left to do both on their own. Their situation is if anything even more difficult than that facing wives, since they have less financial and physical support to help them meet the changing demands of their dual roles.

As long as single mothers cannot count on child support, the only real alternative to their own earnings is welfare. Welfare and food stamps are available in every state to low-income single mothers, though benefits vary widely. But welfare itself offers a rather dismal set of benefits and incentives. In no state are welfare benefits high enough to keep families out of poverty. Not surprisingly, the poverty rate among single mothers who do not work is close to 90%.

Moreover, the welfare system in most states is structured in such a way that it is economically foolhardy for many disadvantaged single mothers to work. The disposable income of a single mother in a typical state at various levels of wages and work effort is shown in Table 3. A woman working full time at a job paying 50% above the minimum wage of \$3.35 per hour will have only \$1500 more disposable income per year than a woman who does not work at all but receives welfare (Table 3). In effect she is working for 75 cents per hour, not even counting the value of the Medicaid benefits she loses (which are easily worth \$1500 per year). Part-time work—the norm for married mothers—gets a single mother nowhere. She is still on welfare and she has no more money.

Thus a single parent is left with two real choices: work all the time or collect welfare. The choice to work full time only makes financial sense if she can earn at least \$6 or \$7 per hour, get good medical benefits, and find inexpensive day care. Not surprisingly, women with good educations and considerable work experience are more likely to work and less likely to be poor. Those who have not finished high school, those with young children, and those who have never worked often end up on welfare and poor for a relatively long time.

Welfare reform programs seek to encourage and even require work. But without some measures to improve pay, provide medical and child care benefits, and ensure that women can count on some nonwelfare supplemental support (such as child support), it seems unlikely that work will be a viable alternative to the welfare system for many women. It may end up simply substituting working poor for welfare poor.

One novel idea being experimented with in Wisconsin and New York would create a more uniform child support system that includes an insured minimum benefit (24). All child support payments (for people of all incomes) would be collected through automatic wage withholding by the employer of the absent parent. The state would provide a kind of insurance by guaranteeing that each child received at least some minimum level of child support, say

\$2000 per year. If collections from the absent parent were below that level, the state would make up the difference. An appealing feature of this plan is that single parents could then count on some nonwelfare support in the form of a child support check.

It is important to recognize that low pay, the dual nurturer-provider role, a lack of child support, and the nature of the welfare system almost surely cannot explain all the poverty (especially long-term poverty) among single-parent families. For example, there is a persistent finding in the literature that never-married mothers have a harder time achieving independence than others; never-married mothers living in high poverty areas are even more disadvantaged. Unmarried mothers and those living in high poverty neighborhoods are least likely to have any child support. They face even more difficult questions of how to nurture and provide for their children. The chances that most young never-married mothers with young children will find and retain a full-time job at twice the minimum wage—a necessary condition for escaping poverty and welfare in the absence of additional support—seem slim.

The typical child born in the United States today will spend some time in a single-parent home. As long as contributions from absent fathers remain low and the social welfare system offers limited economic opportunities or incentives for disadvantaged women to achieve independence through part-time or full-time work, it will remain the case that half of these children will be poor.

Conclusion

Much of children's poverty can be understood by looking at forces and factors that touch most residents of the United States. Two-parent families ride the economy, rising and falling with the financial tides that influence middle-class prosperity. Work does not always guarantee that families will not be poor. Most poor families with two healthy parents already have a full-time worker or have a part-year worker whose wages were so low that even full-time work would not pull the family out of poverty. Policies like expanded tax credits, a higher minimum wage, and expanded medical protection for the poor would help make working pay better for those at the bottom, though each has its costs.

Single parents are in an even more difficult position. They have two roles—nurturer and provider—and only one adult to fill them. They receive virtually no outside support other than welfare and therefore must either find a reasonably good job and work at it all the time or remain poor and on welfare. If women could count on a modest level of guaranteed child support payments, and if measures to make working pay better were in place, the choices might look much more attractive.

Policies to help the working poor, to increase support from absent fathers, training, and nonwelfare supports of various sorts (like medical protection or children's allowances) could help many families escape poverty. Such policies are not all cheap and not without controversy, but they would address the needs of a broad spectrum

of Americans. In so doing, they would acknowledge the realities of the economic and social conditions that affect families and their children, and that leave far too many of them poor. These measures will not eliminate the poverty of all families, but without them, it is hard to imagine that we will ever be able to do much to reduce poverty among our children.

REFERENCES AND NOTES

1. E. Smolensky, S. Danziger, P. Gottschalk, *The Vulnerable*, J. Palmer, T. Smeeding, B. B. Torrey, Eds. (Urban Institute Press, Washington, DC, 1988), chap. 3, pp. 29–54.
2. U.S. Bureau of the Census, *Money, Income, and Poverty Status in the United States: 1987*, Current Population Reports, Series P-60, no. 161 (U.S. Government Printing Office, Washington, DC, 1988).
3. For discussion of the valuation of the noncash benefits and the effect of their inclusion on poverty, see T. Smeeding, *Policy Stud. J.* 10, 499 (1982).
4. In 1980, 8.4% of poor children lived in the 100 largest central cities in census tracts with poverty rates greater than 40% [U.S. Bureau of the Census, *1980 Census of Population: General Social and Economic Characteristics: United States Summary* (U.S. Government Printing Office, Washington, DC, 1983); U.S. Bureau of the Census, *1980 Census of Population: High Poverty Areas in Large Cities* (U.S. Government Printing Office, Washington, DC, 1985)]. Bane and Jargowsky have made preliminary estimates that attempt to take into account concentrated poverty in noncentral city metropolitan areas and in smaller cities and towns; these adjustments could conceivably double the count of children in concentrated poverty. Lowering the cutoff for defining concentrated poverty to a lower number than 40%—for example, 30%, which some researchers have looked at—also increases the count, but also tends to include many working class areas that by visual inspection would not be classified as ghettos [M. J. Bane and P. Jargowsky, unpublished tabulations]. There are alternative ways of defining underclass neighborhoods, all of which indicate that the size of the group is vastly smaller than the size of the total poor population [E. Ricketts and I. Sawhill, *J. Policy Anal. Manage.* 7, 316 (winter 1988)].
5. G. J. Duncan, *Economic Environment of Early Childhood*, paper presented at the conference “Poverty and Children,” Lawrence, KS, June 1988.
6. There is a very small group of single-parent male-headed families, which is not large enough to merit special attention. Because of the way the data are published (until recently only a “male-headed” and “female-headed” breakdown was provided), these families are generally included with two-parent families.
7. Real wages are hourly earnings adjusted for inflation. A measure of real income for full-year, full-time workers was used in Fig. 4 because it is more readily available than wages. Because the overwhelming proportion of the incomes of male full-year, full-time workers in fact comes from wages and salaries, and because hours are virtually constant among such workers, the two measures are basically equivalent.
8. Full-year, full-time work is defined by the Bureau of the Census as working 35 or more hours per week for 50 or more weeks. We have thus used 1750 hours of work (35 × 50) per year as our standard for full-year, full-time work. A definition of 2000 hours, for example, would not change the figures very much. Also in keeping with census definitions, income is not adjusted for Social Security taxes or the EITC. Since these two roughly offset, their inclusion would make little difference.
9. Families in which the heads of the household were under 25 years of age accounted for only 4% of all families with children in 1986. An examination of the plight of young families can be found in Johnson *et al.* [C. M. Johnson, A. M. Sum, J. D. Weill, *Vanishing Dreams: The Growing Economic Plight of America's Young Families* (Children's Defense Fund, Washington, DC, 1988)].
10. The median age (in years) of first marriages for men increased from 23.2 in 1970 to 24.7 in 1980 to 25.7 in 1986. For women the comparable figures (in years) were 20.8 for 1970, 22.0 in 1980, and 23.1 in 1986 [U.S. Bureau of the Census, *Marital Status and Living Arrangements: March 1986*, Current Population Reports, Series P-20, no. 418, (U.S. Government Printing Office, Washington, DC, 1986), table B, p. 6]. Moreover, the fraction of married women aged 25 to 29 who were childless rose from 15.8% in 1970 to 25.3% in 1980 to 27.3% in 1986 [U.S. Bureau of the Census, *Statistical Abstract of the United States: 1988* (U.S. Government Printing Office, Washington, DC, 1988), table 95, p. 66].
11. The percentage of two-parent families with children who had three or more children fell from 36.5% in 1970 to 23.2% in 1980 to 21.0% in 1986 [U.S. Bureau of the Census, *Household and Family Characteristics: March 1986*, Current Population Reports, Series P-20, no. 419 (U.S. Government Printing Office, Washington, DC, 1986), table A, p. 2].
12. The labor force participation rate of married women with children rose from 44.9% in 1975 to 54.3% in 1980 to 63.9% in 1987 [U.S. Bureau of the Census, *Statistical Abstract of the United States: 1988* (U.S. Government Printing Office, Washington, DC, 1988), table 625, p. 374].
13. See, for example, testimony by D. Chollet before U.S. House Committee on Ways and Means, Subcommittee on Health, Hearing on the Uninsured, 22 September 1988.
14. D. T. Ellwood, *Poor Support: Poverty in the American Family* (Basic Books, New York, 1988), table 4.3, p. 99.
15. W. Corson and W. Nicholson, *An Examination of Declining Unemployment Insurance Claims During the 1980s* (U.S. Department of Labor, Employment, and Training Administration, Mathematica Policy Research, Princeton, NJ, 1988); Committee on Ways and Means, U.S. House of Representatives, *Background Material and Data on Programs Within The Jurisdiction of the Committee on Ways and Means* (U.S. Government Printing Office, Washington, DC, 1989), pp. 450–458; S. Danziger and P. Gottschalk, “Unemployment insurance and the safety net for the unemployed,” unpublished (working paper, May 1986).
16. *J. Econ. Perspect.* 2, 3 (summer 1988); I. Shapiro, “The minimum wage and job loss” (Center on Budget and Policy Priorities, Washington, DC, 1988). Less than half of all teenagers work, so a 3% reduction in teen employment would imply that only 1.5% of the teenage population would be put out of work.
17. A Congressional Budget Office study estimated that only one-fourth of the workers who were paid below \$4.35 per hour lived in poor or near-poor homes [R. Smith and B. Vavrick, “The minimum wage: its relationship to incomes and poverty” (Staff Working Paper, Congressional Budget Office, Washington, DC, June 1986)].
18. R. Mincy, “Minimum wage increases and the working poor” [Changing Domestic Priorities Discussion Paper (Urban Institute, Washington, DC, April 1989)].
19. More specifically, about 40% of white children and about 85% of black children are likely to spend some time in a single-parent home [L. Bumpass, *Demography* 21, 71 (1984); S. Hofferth, *J. Marriage Family* 47, 93 (1985)].
20. C. Murray, *Losing Ground* (Basic Books, New York, 1986).
21. D. T. Ellwood and M. J. Bane, *Res. Labor Econ.* 7, 137 (1985).
22. There is also a third possible explanation. It may be that children in single-parent homes are more likely to be poor simply because the absent father and single mother must maintain two households instead of one, and thus the same amount of money must be spread much further. It is more expensive to maintain two households than one. If a family of four were to split into a household of three persons and a second household of one, it would take 50% more money to keep both households out of poverty than it would take to keep one family of four above the poverty line. But the poverty rate for married-couple families with two children was 6.8% in 1986. Had we applied a 50% higher poverty cutoff—that is, removed economies of scale—12.7% would have been poor. In other words, all but 12.7% of two-parent families with two children had enough income to support two households out of poverty. In contrast, 47.5% of female-headed families with two children were poor. Thus lost economies of scale cannot explain very much of the high rates of poverty among single-parent homes.
23. The average income of 25- to 64-year-old divorced men in 1987 was about \$23,600, and the median income of married men was about \$30,700. Among blacks, the mean income for divorced men was \$18,900 and \$14,000 for separated men. Less than 7% of either group had no income. The mean income of married black men was \$20,600. Even among the most disadvantaged group, therefore, a substantial proportion seem able to contribute [U.S. Bureau of the Census, *Money Income of Households, Families, and Persons in the United States: 1987*, Current Population Reports, Series P-20, no. 162 (U.S. Government Printing Office, Washington, DC, 1989), table 33, pp. 124–131].
24. I. Garfinkel, *Ann. Am. Acad. Polit. Soc. Sci.* 479, (1985); R. Lerman, in *Welfare Policies for the 1990s*, P. Cottingham and D. Ellwood, Eds. (Harvard Univ. Press, Cambridge, MA, 1989).
25. Tabulations by the authors from the March 1988 current population survey (magnetic tape).
26. D. T. Ellwood, *Poor Support: Poverty in the American Family* (Basic Books, New York, 1988), table 5.2, p. 139.