



ANALYSIS:

NUMBER OF BLACK CHILDREN IN EXTREME POVERTY HITS RECORD HIGH

Supporters of tougher welfare-to-work requirements often note that annual Black child poverty figures reached their lowest point on record in 2001. They cite this to suggest that the last round of welfare-to-work requirements, enacted in 1996, resulted in no serious loss of income to affected children. There is, however, another side of the story for Black children. Trends among children living in “extreme poverty” – with family income below half the poverty line – paint a dramatically less rosy picture.

The story of deepening poverty is central to the story of Black children in poverty in the wake of the 1996 welfare law: without it, the story is incomplete. That is because more than 8 in 10 Black children on AFDC were already poor in 1995, the year before the law was signed. Therefore, any deterioration in the economic circumstances of most Black children on welfare can only be measured by looking at the deepening or lessening of the *severity* of poverty for these already-poor children – not by changes in official poverty rates.

To look more closely at the experience of Black children, the Children's Defense Fund conducted a computer analysis of data from the U.S. Census Bureau's Current Population Survey, the source of official government poverty statistics. The data are through 2001, the latest available. Half the poverty line in 2001 was \$7,064 a year for a three-person family.

The analysis reveals several troubling trends:

- Nearly 1 million Black children live in “extreme poverty” – with after-tax income (including food and housing benefits) below *half* the poverty line. (Table 1) The number of extremely poor black children is now at its highest level in the 23 years for which such data exist. (Fig. 1)
- The percentage of Black children in extreme poverty in 2001 is near a record high (it reached a 23 year peak in 1992). The percentage remains slightly higher than it was in 1996 when the welfare law was signed, despite several years of economic boom in between. (Fig. 2)
- A dwindling safety net for the worst-off families appears to have influenced the trends. Fewer and fewer otherwise-extremely-poor children of all races receive cash public assistance. (Fig.3) A growing number have no assistance, despite their extreme poverty. (Fig. 4)

Bolstering the findings, CDF also explored several technical issues that could affect these Current Population Survey statistics. CDF found evidence that the trends in extreme poverty were *not* the result of potential pitfalls in the survey data such as failure to count income from live-in boyfriends or other household members, possible underreporting of welfare income, or the presence of wealthy respondents with very low annual incomes who live off of sizable assets. Even after accounting for these and other pitfalls, the number of extremely poor Black children remained significantly higher in 2001 than in 1996. (See accompanying Technical Report: Trends in the Data on Extreme Black Child Poverty.)

EXTREME POVERTY – 2

Table 1

**Black persons under 18 in poverty and extreme poverty,
by selected definitions of income, 1990-2001**

(In thousands)

Year	Poor (official, cash definition)	Poor (nearcash aftertax definition)	Extremely poor (cash definition)	Extremely poor (nearcash aftertax definition)
1990	4,550	3,916	2,321	670
1991	4,755	4,063	2,664	809
1992	4,938	4,268	2,875	923
1993	5,125	4,532	2,906	916
1994	4,906	3,982	2,658	865
1995	4,761	3,658	2,342	821
1996	4,519	3,556	2,341	729
1997	4,225	3,315	2,255	823
1998	4,151	3,075	2,006	715
1999	3,759	2,695	1,737	694
2000	3,484	2,678	1,581	686
2000*	3,581	2,877	1,740	809
2001	3,492	2,775	1,866	966

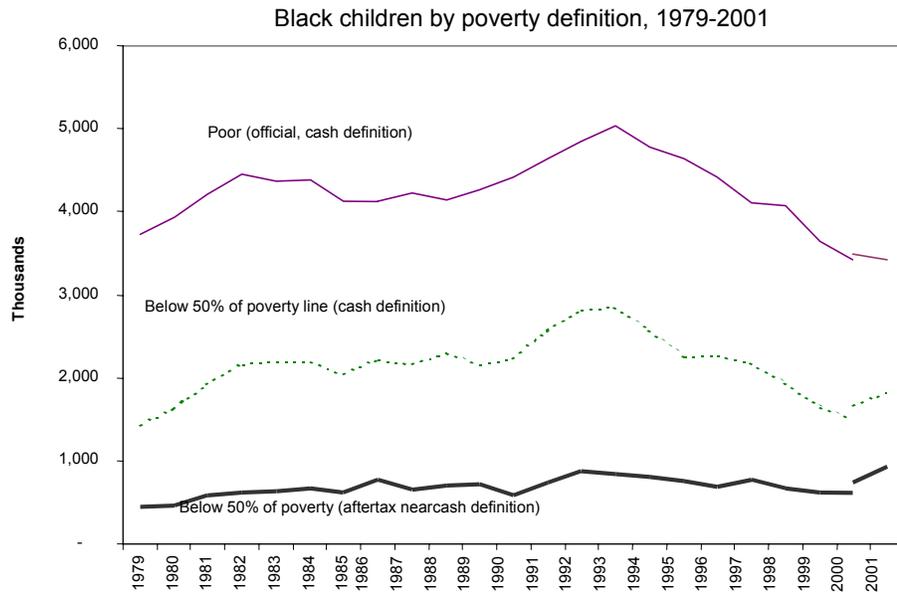
* Reflects the start of a new Current Population Survey series, incorporating a larger survey sample and Census 2000 population information.

“Nearcash” income includes all cash income plus the estimated value of food stamps, school lunch, and housing benefits. Taxes include federal and state income taxes, FICA, and the federal earned income tax credit.

Source: Children’s Defense Fund tabulations of U.S. Census Bureau data from the Current Population Survey, March 1991-2002.

EXTREME POVERTY – 3

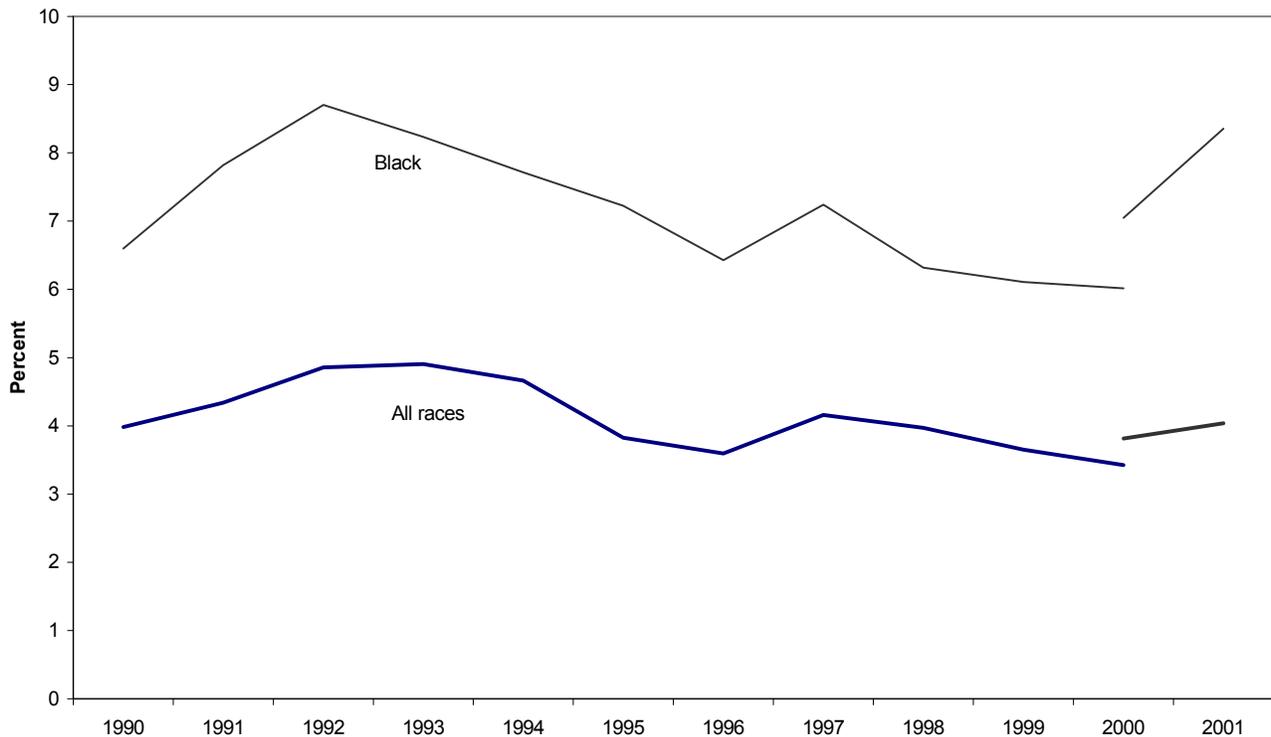
1. Despite the decline in official Black child poverty, the number of Black children in extreme poverty (counting noncash benefits and taxes) reached a record high in 2001



Break in lines at 2000 reflects Census Bureau's introduction of an expanded survey sample.
 Source: Children's Defense Fund tabulations from the March Current Population Survey.

2. The proportion of Black children in extreme poverty is near its 1992 peak

Percentage of persons under 18 with aftertax nearcash income below half the poverty line, by race, 1990-2001

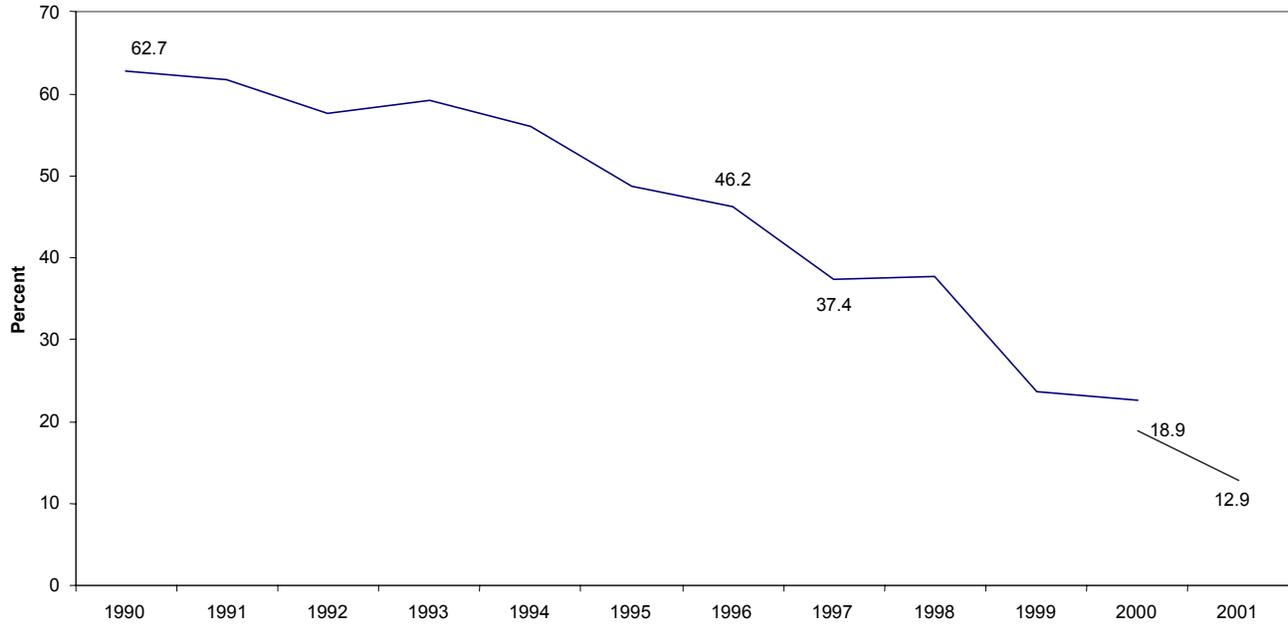


Break in lines at 2000 represents Census Bureau's introduction of an expanded survey sample.
 Source: Children's Defense Fund tabulations from the March Current Population Survey.

EXTREME POVERTY – 4

3. The dwindling safety net no longer provides a shield from poverty for most Black children who need one

Black children lifted above half the poverty line by AFDC/TANF as a percentage of all Black children whose family (apart from AFDC/TANF) is below half the poverty line, 1990-2001

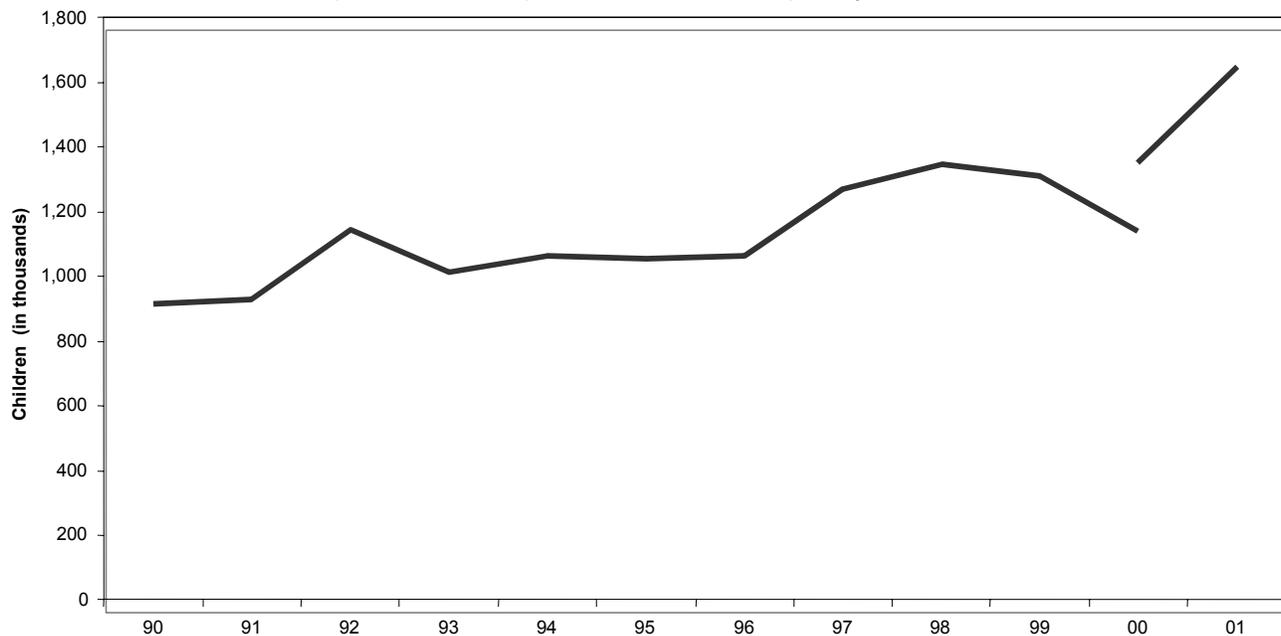


Break in line at 2000 reflects Census Bureau's introduction of an expanded survey sample.
Source: CDF tabulations from the March Current Population Survey.

EXTREME POVERTY – 5

4. Among the worst-off children, more go unprotected

Number of children of all races with no AFDC or TANF assistance,
despite living in female-headed families
with (aftertax nearcash) incomes below half the poverty line, 1990-2001



Break in line at 2000 reflects changes in Census Bureau survey data.
Source: Children's Defense Fund tabulations from the March Current Population Survey.

EXTREME POVERTY – 6

Data for fig. 1

Black children in poverty and extreme poverty, by selected definitions of income, 1979-2001

Children defined as children under 18 related to the head of household.

Year	Poor (official, cash definition)	Extremely poor (cash definition)	Extremely poor (nearcash aftertax definition)
1979	3,723,000	1,422,000	454,000
1980	3,937,000	1,626,000	456,000
1981	4,212,000	1,921,000	583,000
1982	4,459,000	2,165,000	624,000
1983	4,373,000	2,195,000	635,000
1984	4,380,000	2,196,000	674,000
1985	4,133,000	2,045,000	611,000
1986	4,122,000	2,222,000	780,000
1987	4,234,000	2,173,000	657,000
1988	4,148,000	2,308,000	712,000
1989	4,257,000	2,165,000	720,000
1990	4,411,000	2,227,000	584,000
1991	4,637,000	2,585,000	741,000
1992	4,850,000	2,824,000	882,000
1993	5,030,000	2,847,000	851,000
1994	4,787,000	2,573,000	812,000
1995	4,644,000	2,253,000	761,000
1996	4,411,000	2,267,000	680,000
1997	4,116,000	2,180,000	766,000
1998	4,073,000	1,944,000	665,000
1999	3,644,000	1,656,000	622,000
2000	3,415,000	1,520,000	625,000
2000*	3,495,000	1,673,000	746,000
2001	3,423,000	1,814,000	932,000

* Reflects the start of a new Current Population Survey series, incorporating expanded sample size and Census 2000 population information.

“Nearcash” income includes all cash income plus the estimated value of food stamps, school lunch, and housing benefits.

Source: Children's Defense Fund tabulations of data from the March Current Population Survey, March 1980-2002. Public use data files available at www.unicon.com. Data prior to 1987 may differ slightly from published data.

EXTREME POVERTY – 7

Data for fig. 2.

Percentage of persons under 18 in extreme poverty, by race: 1990-2001

Children defined as persons under 18. Income is after taxes and includes the value of food and housing benefits.

	All races	Black
1990	4.0	6.6
1991	4.3	7.8
1992	4.9	8.7
1993	4.9	8.2
1994	4.7	7.7
1995	3.8	7.2
1996	3.6	6.4
1997	4.2	7.2
1998	4.0	6.3
1999	3.6	6.1
2000	3.4	6.0
2000*	3.8	7.0
2001	4.0	8.4

* Reflects the start of a new Current Population Survey series, incorporating expanded sample size and Census 2000 population information.

Income includes all cash income minus taxes plus tax credits and the estimated value of food stamps, school lunch, and housing benefits.

Source: Children's Defense Fund tabulations of data from the Current Population Survey, March 1991-2002.

EXTREME POVERTY – 8

Data for fig.3

The safety net no longer protects most Black children from extreme poverty

Black children lifted above 1/2 poverty line by AFDC/TANF income as % of otherwise-extremely-poor children

(Children defined as persons under 18. Income is after taxes and includes the value of food and housing benefits.)

1990	62.7
1991	61.7
1992	57.7
1993	59.3
1994	56.1
1995	48.7
1996	46.2
1997	37.4
1998	37.8
1999	23.6
2000	22.6
2000*	18.9
2001	12.9

* Reflects the start of a new Current Population Survey series, incorporating expanded sample size and Census 2000 population information.

Source: Children's Defense Fund tabulations of data from the Current Population Survey, March 1991-2002.

EXTREME POVERTY – 9

Data for fig.4

Children with no AFDC/TANF despite living in female-headed families below 50% of poverty line

(Children defined as persons under 18. Income is after taxes and includes the value of food and housing benefits.)

1990	914,000
1991	929,000
1992	1,144,000
1993	1,015,000
1994	1,062,000
1995	1,055,000
1996	1,062,000
1997	1,270,000
1998	1,348,000
1999	1,313,000
2000	1,138,000
2000*	1,350,000
2001	1,649,000

* Reflects the start of a new Current Population Survey series, incorporating expanded sample size and Census 2000 population information.

Source: Children's Defense Fund tabulations of data from the Current Population Survey, March 1991-2002.