

A Look at
Child Poverty
in New York State



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Introduction

Each day in New York State children are born with boundless potential. This potential includes their ability to master skills that allow them to respond to the endless stimuli in their world, as well as their capacity to develop sound relationships with others that will support them throughout their lives. Children are born with the means to learn from the people and experiences they encounter, enabling them to acquire knowledge that affords academic success and personal fulfillment. In short, children's realization of their potential is the culmination of healthy child development.

Children's healthy development—their successful attainment of physical, social-emotional, and cognitive skills—is essential to their ability to succeed in a dynamic society. Yet, children who experience poverty are disproportionately at-risk of being exposed to factors that can compromise their development. Furthermore, their reduced likelihood of meeting traditional childhood milestones can translate to adulthood outcomes that pose challenges to them throughout their entire life.

The personal and social consequences of childhood poverty and its influence on healthy development are costly; it has been estimated that childhood poverty in the United States may be as high as \$500 billion per year or 4 percent of the U.S. gross domestic product (1).



The Influence of Poverty on Child Development

The negative effect of poverty begins before birth with the quality of pregnant mothers' nutrition and prenatal care. Its early detrimental impact is further compounded by the nature of parent-child interactions in homes, the instructional quality of schools, and the environmentally unsafe housing and neighborhoods where children live. The emotional strain that poverty places on children and families also is well-established as debilitating to children's healthy development.

By influencing children's cognitive, social-emotional, and physical development, childhood poverty has been shown to affect each dimension of child development.

Even when taking into account variations due to genetic characteristics, children exposed to poverty are more likely to score lower on academic measures, leave high school before graduating, and experience poorer health conditions throughout childhood, into their adult lives (2-4).



COGNITIVE DEVELOPMENT

Numerous studies have shown that early cognitive stimulation helps prepare children for school so they are better able to meet traditional benchmarks associated with academic success, including higher test scores, fewer grade retentions, increased school completion, and fewer reports of truancy or delinquent behavior (5). Yet, children in low-income families have less access to learning-oriented toys and developmentally appropriate activities that provide the type of stimulation critical to their cognitive development—placing them in jeopardy of not reaching their full potential (6-8). As such, it has been shown that children in impoverished families have lower cognitive and academic performance than children from more affluent backgrounds (9). Differences in test scores are noted among children as young as two years of age through adolescence (10-16). Furthermore, the disparity is maintained even when taking into account the cognitive skills of mothers, parents' educational attainment, and family structure (11, 13, 14-18).

Studies have shown children's cognitive development is influenced by the developmental stage at which they are exposed to poverty, the frequency with which they experience poverty, and the depth of poverty encountered. Some research has shown that experiencing poverty during early years more accurately predicts one's future levels of academic achievement and educational attainment than experiencing poverty during later stages of development (3, 11, 19-22) even when allowing for differences associated with parents' cognitive ability and educational attainment (18, 23). Other studies indicate persistent poverty from early childhood through adolescence is likely to limit children's cognitive potential more than transient deprivation at any particular developmental stage (3, 9, 12-14, 19, 24-26). Additionally, there is

evidence that cognitive development is influenced by the depth of poverty; children whose family income is 50 percent below the poverty threshold have lower test scores and IQ scores when compared to children in families with incomes between 150 percent and 200 percent of the poverty level (14, 27). Moreover, children living at 50 percent below the poverty threshold were shown to be less likely to complete high school (11). Regardless of one's depth of poverty, poor children are one-third as likely to complete high school as their nonpoor peers (28).

The cognitive differences associated with poverty extend beyond children's school years and eventually manifest as differences in earnings. As an example, in 1979, graduates of a four-year college earned 46 percent more on average than high school graduates, and this widened to 74 percent by 2005. During the same period, the average inflation-adjusted earnings of high school dropouts fell 16 percent (29). Poor educational attainment during childhood also has been linked to poor overall health quality in adulthood (30-31).



PHYSICAL DEVELOPMENT

Poverty is inversely related to children's physical health. The condition of poverty tends to influence the amount and quality of food available to children, the type of housing and environment in which children are raised, and the psychological stress encountered by children and their parents. These circumstances are disproportionately concentrated in poor communities and contribute to health disparities that often result in poorer health outcomes for children (32-34). In fact, a review of children's health status indicated poor children were almost twice as likely as nonpoor children to be in fair or poor health (19).

As with cognitive development, children's physical development is influenced by the quality of their mothers' nutrition during pregnancy. It has been noted that women with inadequate diets during pregnancy can have either poor or excessive weight gain. These conditions, which are most common among low-income pregnant women, are associated with an increase in preterm and low birthweight infants who are at risk for such health problems as blindness, deafness, mental retardation, mental illness, and cerebral palsy (35).

Children from food insecure households—where there is limited or uncertain availability of food for an active, healthy life—are two-thirds more likely than peers from households with adequate food to experience developmental risks. The risks include poorer gross and fine motor skills, language skills, and social-emotional development (36). Food insecurity also is often linked with an increased risk for undernutrition and being overweight among children in low-income families, with both conditions having negative health consequences (37, 38).

The nutritional inadequacies experienced by low-income children are compounded by their exposure to environmental risk factors. Pollutants, lead exposure, and other risk factors contribute significantly to disparities in the incidence and prevalence of asthma, lead poisoning, and neurodevelopmental disabilities. For instance,

children's exposure to lead is linked with lower intelligence, a shortened attention span, and reading problems (34), as well as hearing loss, vitamin D metabolism damage, impaired blood production, and toxic effects on kidneys (19). Additionally, small increases in blood level threshold (10ug/dL) are associated with a decrease in the intelligence quotient (IQ) of children (19).

The daily lack of control experienced by poor children and their parents often leads to increased stress, which plays a critical role in morbidity and mortality. For example, youth living in poverty are more likely than their nonpoor peers to exhibit elevated hypothalamic-pituitary-adrenocortical (HPA) axis activity, which has been identified as the mechanism underlying disease etiology (39-44). Furthermore, youth who have spent a greater portion of their lives in poverty are more likely to exhibit damage to their stress regulatory mechanisms, which can disrupt healthy brain development and impair language skills and memory (45, 46). The stress dysregulation that occurs in childhood has far reaching effects that play out in adulthood, as evident by findings showing that stress dysregulation in childhood is indicative of long-term morbidity regardless of the child's economic status in adulthood (47-50).

SOCIAL-EMOTIONAL DEVELOPMENT

The health problems encountered by poor children are not limited to physical well-being. It has been noted that the burden of poverty can influence family process (e.g., supervision, use of balanced discipline, family attachment), which, in turn, is instrumental to children's emotional development. Specifically, the ability of parents to model appropriate emotional responses to various circumstances, their parenting style, and the emotional climate they establish within their homes are associated with emotion regulation (ER), which refers to one's ability to understand emotions and employ healthy strategies or behaviors in response to the emotions (51, 52).

Studies have found that parents in low-income families are more likely to use harsh, inconsistent, or detached parenting styles, and these approaches to parenting are associated with children's inability to use a wide range of ER strategies (53-55). The influence of parents' expressivity on children's development of ER begins early as it has been shown that children are aware of others' angry or affectionate interactions at about one year of age and are able to display emotional reactions to them (56). This has particular relevance for children since low-income families are more likely than families in other income levels to suffer from conflict, violence, and social unrest—conditions less than ideal for modeling effective ER strategies (5).

While children's ability to develop healthy responses to emotions often begins within the family setting, their successful development of ER has a major influence on the quality of social interactions they have in other life arenas. For example, kindergarten and first grade students with lower levels of ER tend to have more difficulty adjusting to school (57). Additionally, family factors that influence ER development, such as strain and parent-child relationships, have been linked to increased rates of delinquency; it has been shown that youth whose parents are not present or engaged may be more likely to be arrested. This pattern is maintained even when controlling for youths' age, sex, race, parental education, family income, mother's marital status, and child's behavior problems (58).

It is important to note that effective family process can mediate the impact of poverty on delinquency. Cohesive families, characterized by consistent discipline that allows the youth to reintegrate into the family, as well as families with effective supervision and close emotional ties, can reduce youths' risk of delinquency. Children living in households with exceptional family functioning are less likely to be involved in crime than their peers in dysfunctional households. However, the powerful influence of effective parenting tends to be minimized in neighborhoods with high levels of poverty, where neighborhood disadvantage and violence can amplify the effects of poverty on children (59-64). Community disadvantage also has been linked to higher school dropout rates (19).

Another way in which children's social-emotional development is impacted by poverty is related to parents' threshold for financial strain. It has been noted that low-income families tend to have higher rates of depression, psychological distress, anxiety, post-traumatic stress disorder, and drug and alcohol abuse (65-67). Furthermore, poor women, especially mothers of young children, are more likely than nonpoor women to experience psychological problems, such as depression (68-70). Maternal depression has been associated with a wide range of developmental problems among children, including poor infant mental health and motor development, social interactive difficulties, behavioral problems, and language and cognitive deficits (71-74).

Given the substantial toll that poverty takes on the quality of child development, a number of anti-poverty policies and programs have been put in place to help families meet their own basic needs (see Box 1).



Supports to Reduce Child Poverty in New York

New York State residents have access to a wide range of anti-poverty programs designed to support low-income families. Furthermore, in several instances, New York expands eligibility criteria established for federally-funded programs, enabling a broader group of children and families to access benefits. As an example, the state children's health insurance program (SCHIP) in New York includes families with incomes up to 400 percent of the poverty level. Also, the state earned income tax credit (EITC) provided to families is 30 percent of the federal EITC. The myBenefits! website (www.mybenefits.ny.gov/selfservice), developed by the Office of Temporary and Disability Assistance helps families learn more about the health and human service programs available in New York and allows them to determine whether they may be eligible for program benefits. Below is a description of programs currently in place to support children and families.

STATE CHILDREN'S HEALTH INSURANCE PROGRAM (SCHIP)

SCHIP health care benefits for children are reduced to a monthly premium, based on the number of children and income as a percentage of the federal poverty level. Families with incomes up to 400 percent of the federal poverty level are eligible for reduced premiums.

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP)

SNAP is a federally-funded entitlement program designed to help low- and no-income families purchase food. The amount of income, expenses, and the number of persons who live and eat together are factors used to determine the amount of food stamps received. Income and resource limits in the Food Stamp Program are somewhat higher than in public assistance programs, allowing more households to be eligible for food stamps than are eligible for public assistance. Consequently, more children in New York State receive food stamps than receive public assistance.

FREE- AND REDUCED-PRICE SCHOOL LUNCH

The free- and reduced-price lunch is a federally-assisted meal program. Children in families with incomes below 130 percent of the federal poverty level are eligible for free lunch and those with family incomes at 130 to 185 percent of the poverty level may receive lunch at a reduced price.

WOMEN, INFANTS AND CHILDREN (WIC) SPECIAL SUPPLEMENTAL NUTRITION PROGRAM

WIC provides nutritious foods, milk, juice, baby formula, and other items to low-income pregnant or breastfeeding women, as well as infants and children up to age five.

CHILD CARE ASSISTANCE

Child care subsidies are provided by local social services districts to enable parents or caretakers to work or participate in required work activities. Benefits allow child care costs to be reduced to a co-payment set by the local social services district. The co-payment is 10 to 35 percent of family income that exceeds the federal poverty level. While New York State sets eligibility at 200 percent of the federal poverty level, counties may set a lower or higher eligibility standard.

CHILD CARE TAX CREDIT (CCTC)

The federal CCTC allows families who pay for day care expenses for their children to receive a federal tax credit of up to 35 percent of the cost of day care. The cost of day care, preschool, before- and after-school care, day camp, a nanny or other babysitter can count toward this credit. The amount received depends on the number of children, cost of care, and family income. Families with children ages 12 or younger may qualify if they have earned income from a job. In addition to the federal credit, New York State offers a refundable tax credit of up to 110 percent of the amount for which one is eligible for the federal tax credit (whether or not they received it from the federal government). In contrast to the federal tax credit, the New York State child care tax credit is refundable so that a very low-income individual who does not have an income tax liability can still receive money.

EARNED INCOME TAX CREDIT (EITC)

EITC is a refundable federal income tax credit for low- to moderate-income working individuals and families. The federal EITC, a refundable tax credit that supplements the earnings of low-income workers, encourages and rewards work in that the amount of the credit earned increases as income increases. The amount of the EITC received depends on the worker's income, marital status, and number of children. New York State and New York City have EITCs to supplement the federal credit.

PUBLIC ASSISTANCE PROGRAMS

These programs provide cash aid to meet the basic support needs of individuals and families. To be eligible for public assistance, a family's countable income and resources must fall below certain limits. Families receive the difference between countable income and a standard of need based on their family size and the housing costs for their district (districts include New York City and each of the Rest of State counties). Children can receive aid under the state's Family Assistance (FA) program or the state's Safety Net (SN) program. A federally subsidized program, FA is the state's primary public assistance program for families with children. SN, a state-funded general assistance program, provides public assistance for single adults, childless couples, and a relatively small number of families with children who are not eligible for aid under FA.

Child Poverty in New York State

The official federal poverty measure is a long established means of assessing which individuals are unable to meet their basic economic needs. Developed in the 1960s as part of President Johnson's war on poverty, the measure uses two components to determine whether an individual is living in poverty. The first element in the poverty measure is family income resources. This refers to the total of all family members' gross, pre-tax, cash income. Gross, pre-tax, cash income includes major sources of income such as earnings, dividends, interest, Social Security, and pensions. Gross income also includes public assistance, Supplemental Security Income (SSI), alimony, and child support payments.

The second element that is used to determine poverty is the poverty threshold (i.e., poverty lines). This is the minimum level of income necessary to secure families' basic consumption. When the poverty measure was first developed, the poverty threshold was heavily based on food costs since food accounted for about one-third of a family's after-tax expenditures. Accordingly, the U.S. Department of Agriculture's lowest food budget was multiplied by three to account for all other expenditures.



Two Components Used to Determine Poverty Status:
Measure of Family Resources and **Poverty Thresholds**

Living at
or above the
poverty threshold
Family resources are
adequate to meet families'
basic economic needs.

Family Resources

Poverty Thresholds

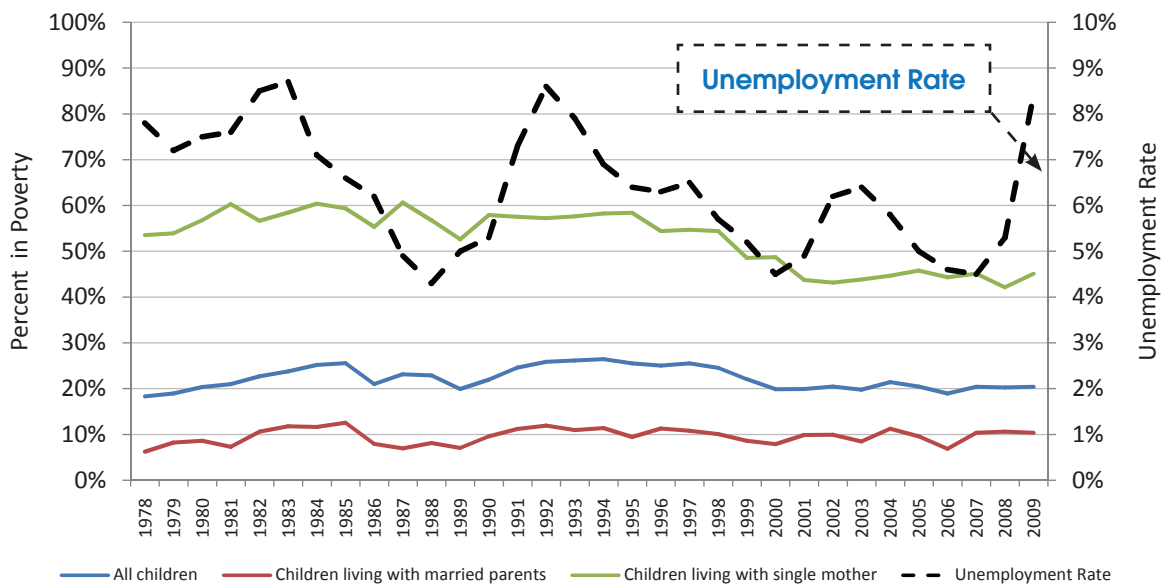
Living below the
poverty threshold
Family resources are too
low to meet families'
basic economic needs.

The poverty threshold varies by the number of individuals in a family so that the threshold will be higher for a four-person family than a two-person family. To determine whether someone is poor, the official poverty measure compares gross, pre-tax, cash income (the resource measure) of a family or individual to specific income levels (the poverty thresholds) considered to be the minimum resources an individual or family of a given size needs to meet their basic needs. Individuals are considered to be living in poverty in those instances where their family income resources do not exceed the poverty threshold established for the number of individuals within their family. The following section provides a look at child poverty in New York, based on the official poverty measure.

THE PATTERN OF POVERTY: 1978-2009

The child poverty rates in New York State from 1978 through 2009, including rates for children living with married and single mothers are depicted in Figure 1. The figure also shows changes in the economy during the period, as measured by the average monthly unemployment rate (right axis).

Figure 1. Unemployment rates and child poverty rates by family type, 1978-2009



Data Source: Current Population Survey Annual Social and Economic Supplement, 1979-2010

The overall child poverty rate has varied within a fairly narrow range during the past three decades, from a low of 18.3 percent to a high of 26.4 percent. Not surprisingly, periods of decrease or increase in the overall poverty rate correspond to periods of decline or rise in the unemployment rate. As shown above, changes occur in the poverty rate about one or two years after the corresponding changes in the unemployment rate.

Changes in the poverty rate of children in two-parent families display the same pattern as changes in the overall poverty rate. Although much below the overall rate and far below the rate for single mothers, the poverty rate of children in two-parent families varies by about 5 percentage points throughout the period depicted in Figure 1. As with the overall rate, change in the poverty rate among children in two-parent families tends to lag changes in the unemployment rate by one to two years.

During the first half of the period displayed, the child poverty rate for children living with single mothers varied up or down according to changes in the economy in a manner similar to that of other children. But from 1995 through the early years of the next decade, the poverty rate plummeted for children living with single mothers. Their poverty rate declined 15 percentage points to a level 10 percentage points below the lowest poverty rate reached during the economic expansion of the 1980s, when the unemployment rate declined to a slightly lower rate (4.3%) than the lowest rate reached during the economic expansion of the 1990s (4.5%).

After 2002, changes in the poverty rate of children living with single mothers followed the same pattern that occurred during the first half of the period, and that occurred during the entire three decades for children living with married parents. Specifically, small changes in the poverty rate were observed one or two years after corresponding changes in the unemployment rate.

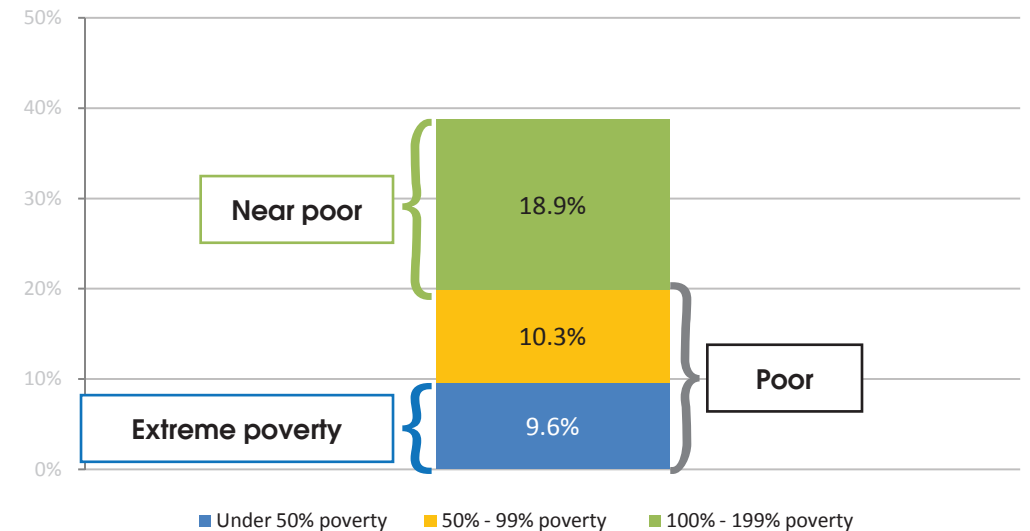
An examination of work rates of single and married women in New York, which was conducted by OTDA, suggested that the reason for the unprecedented decline in the poverty rate of children living with single mothers was due to the unprecedented increase in the work rates of their mothers. Like the poverty rates of the children with single mothers prior to welfare reform, work rates of single mothers varied within a narrow range prior to the mid 1990s, from about 50 percent to a little below 60 percent, depending on the economy. But beginning in the mid 1990s, work rates of single mothers rose dramatically, reaching a rate in the early part of the next decade more than 20 percentage points higher. Work rates of single mothers were far above any previous rates attained during the period, including the work rate of single mothers at the height of the previous economic expansion. In contrast, throughout the three decade period, work rates of married mothers and single women without children moved modestly up or down in response to changes in the economy, including the economic expansion that occurred during the 1990s.

The most likely explanation for unusually large changes after the mid 1990s in the work rate of single mothers and the poverty rate of their children, but not other groups, is the major changes that were made in welfare and closely related programs in New York and elsewhere during the same period. Under the reforms implemented in New York, welfare recipients were required to work or engage in work-related activities. At the same time, federal and state-funded program supports for low-wage, working parents, on and off welfare, were increased. These included income supports such as the New York State and New York City EITC, and publicly subsidized health insurance and child care.

DEPTH OF CHILD POVERTY

About one in five children (19.9%) in New York lives below the traditional measure of poverty (below 100% of poverty threshold), and about half of those children (9.6%) live in extreme poverty. Furthermore, the percentage of children in families with economic insecurity almost doubles to 38.8 percent when children living in poor or near poor families are included (Figure 2). The depth of poverty experienced by children is particularly pertinent since some research, as noted previously, suggests it plays a critical role in the extent that child development is compromised.

Figure 2. Child poverty by depth of poverty, 2009



Data Source: U.S. Census Bureau American FactFinder, 2009 American Community Survey

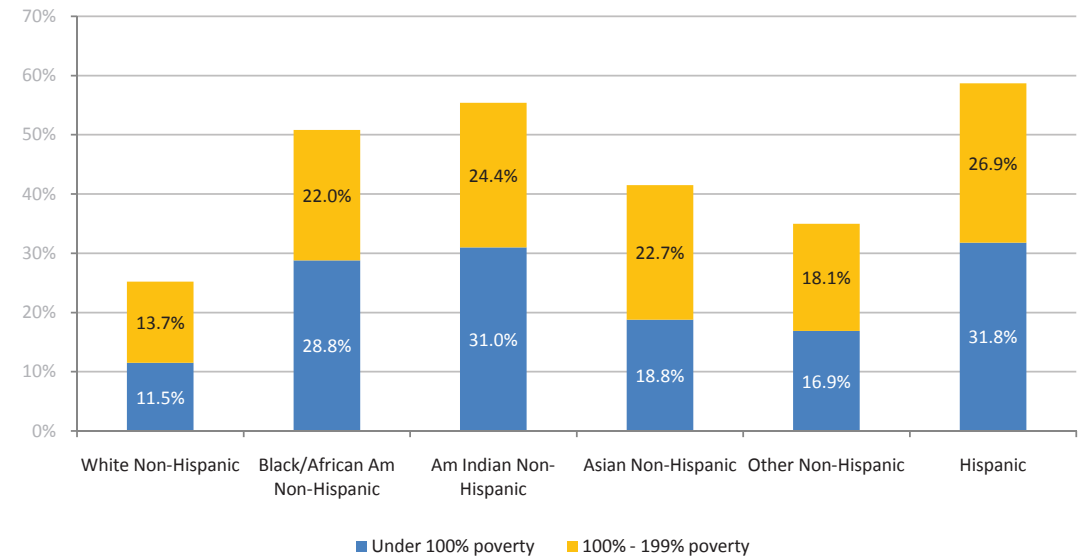
FAMILY AND CHILD CHARACTERISTICS RELATED TO POVERTY

A closer look at poverty rates reveals that a child's risk of living in poverty increases substantially by certain child and family characteristics. Descriptions of these variations follow.

Children's Race/Ethnicity

The overall child poverty rate is 19.9 percent, with approximately two in ten children living in poverty. Yet, when poverty is examined by race/ethnicity, the proportion of Hispanic and African American children in poverty increases to three in ten—a threefold increase from their White non-Hispanic peers. The disparity is greatest for children who identify as American Indian or Alaskan Native (Figure 3).

Figure 3. Child poverty by race/ethnicity, 2009



Data Source: U.S. Census Bureau, 2009 American Community Survey Public Use Micro Sample data

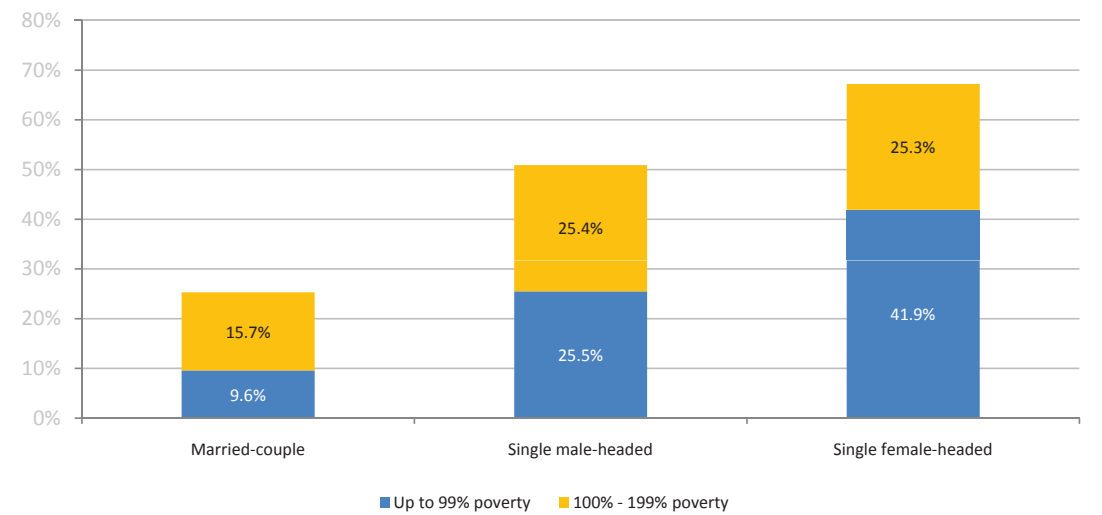


Type of family household

Another factor that influences whether children live in poverty is type of family household, with children in single-headed households being at greater risk of poverty. Children in single male-headed households are about 2.7 times more likely than children in married-couple households to live in poverty (25.5% and 9.6% respectively), and this risk increases fourfold for children in female-headed households (41.9%). The percentage of children living in near poor households tends to be similar for children in single-headed households whether they are headed by men or women (25.4% and 25.3% respectively).



Figure 4. Child poverty by family type, 2009



Data Source: U.S. Census Bureau, 2009 American Community Survey Public Use Micro Sample data

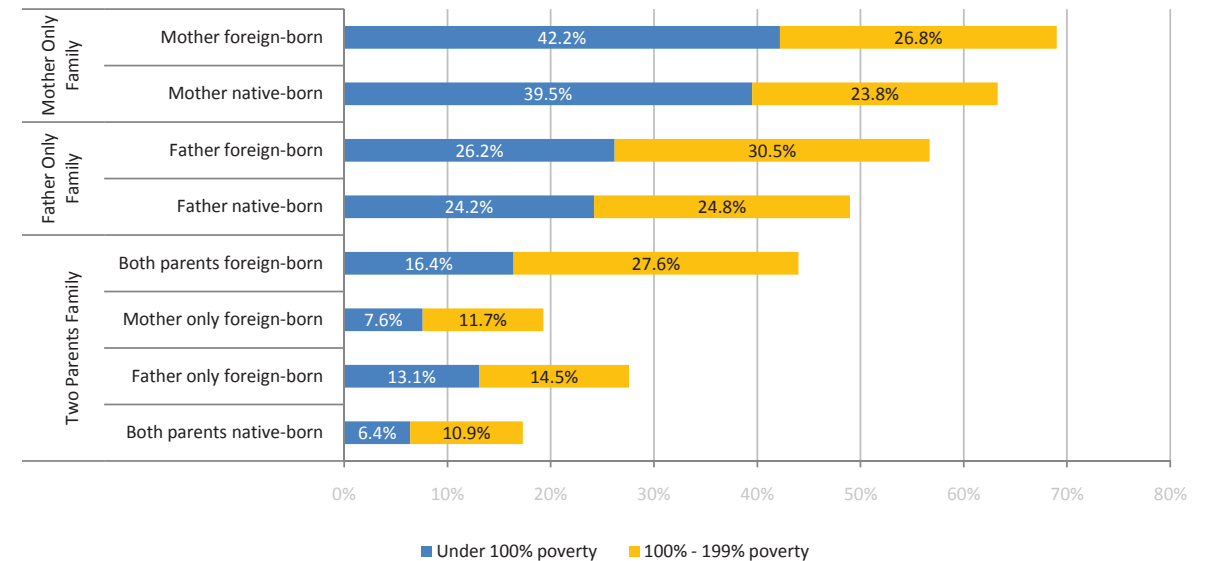
Children in immigrant families

When poverty levels are examined by the immigrant status of parents, we see that children with immigrant parents have a higher risk of living in poverty or in near poor households. Children in two-parent immigrant families are about 2.5 times more likely than children in two-parent, non-immigrant families to live in poverty (16.4% and 6.4% respectively).

It is interesting to note that single-parent households increase children's risk of living in poverty regardless of parents' immigrant status. As depicted in Figure 5, a similar percentage of children in father-headed households live in poverty regardless of the father's place of birth (24.2% native-born father; 26.2% foreign-born father). The gap is somewhat wider for mother-only households, but overall, about four in ten children live in poverty, regardless of the mother's place of birth.



Figure 5. Child poverty by family type and parent nativity, 2009



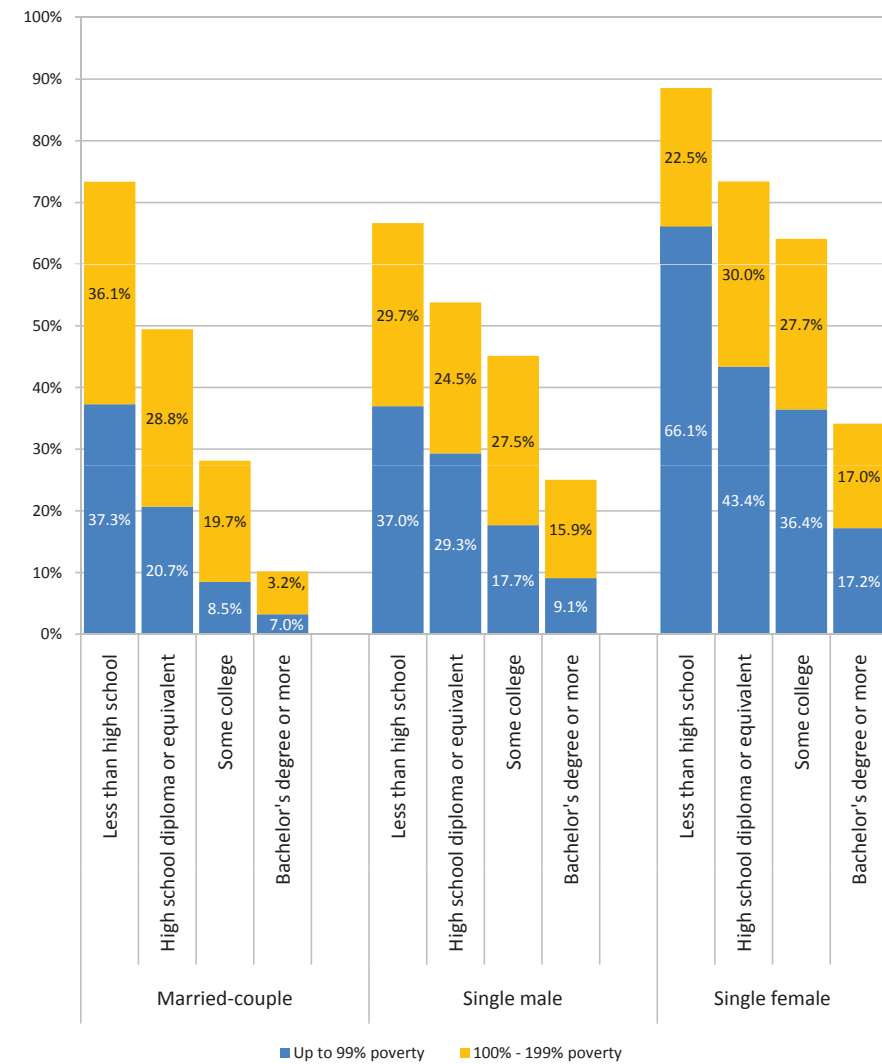
Data Source: U.S. Census Bureau, 2009 American Community Survey Public Use Micro Sample data

Parent's highest level of education

Parents' educational attainment is highly related to parents' employment and the quality of that employment. When child poverty is examined by the highest level of parents' educational attainment, it is readily apparent that higher levels of education reduce the chances that children will live in poverty (Figure 6). Furthermore, parents' educational attainment is related to children's educational achievement, which can factor into one's economic security in adulthood (75, 76).



Figure 6. Child poverty by family type and parent's highest level of education, 2009



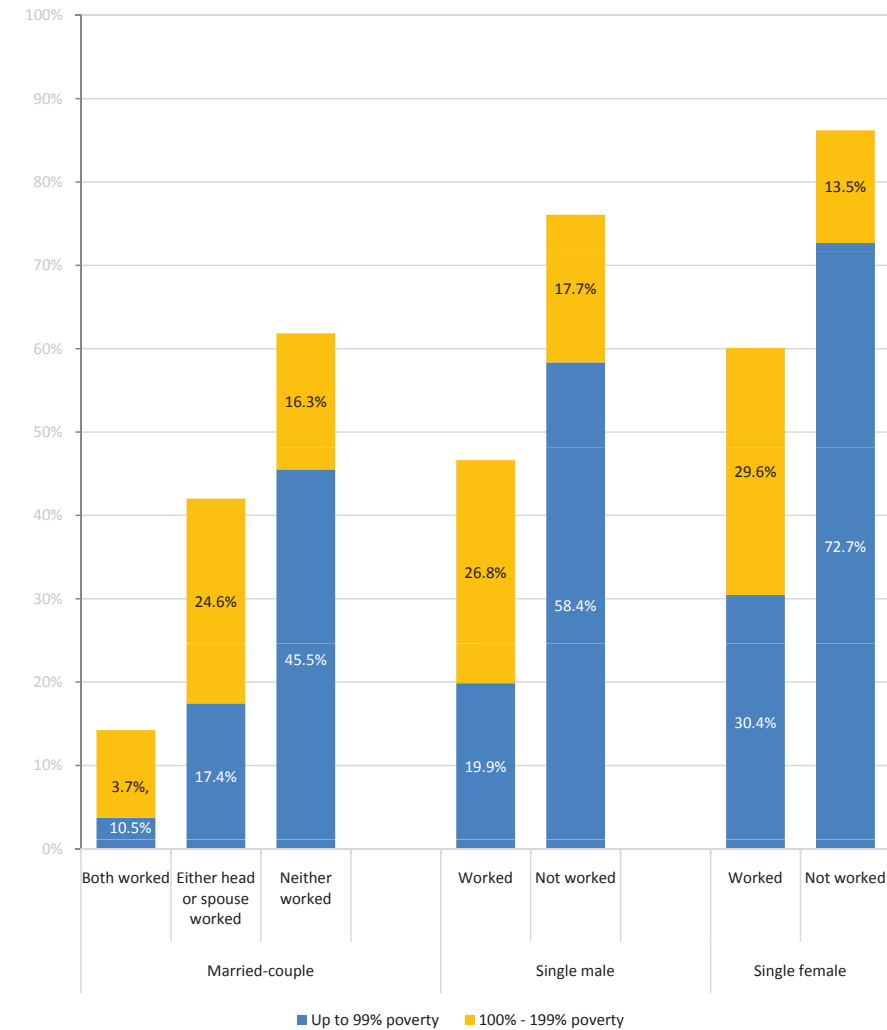
Data Source: U.S. Census Bureau, 2009 American Community Survey Public Use Micro Sample data

Parent employment

A fundamental factor that reduces children's likelihood of living in poverty is whether their parents are working. As might be expected, a lower percentage of children in two-parent families lives below the poverty threshold. This may be due, in part, to the fact that two parents are able to work more hours, which increases family earnings. However, regarding male and female single parents, children in female-headed households are at a 53 percent greater risk of living in poverty than their peers who live in a male-headed household.



Figure 7. Child poverty by family type and parent employment during previous year, 2009



Data Source: U.S. Census Bureau, 2009 American Community Survey Public Use Micro Sample data



Improving How Poverty is Measured

THE NEED FOR A NEW POVERTY MEASURE

The method of counting the nation's poor (i.e., the official poverty measure) is the same today as the method first developed in the early 1960s. As noted earlier, to determine whether families are poor, the official poverty measure compares gross, pre-tax, cash income of the family to specific income levels that are considered to be the minimum resources necessary for families of a given size to meet their basic needs. Gross, pre-tax, cash income includes major sources of income such as earnings, dividends, interest, Social Security, and pensions. Gross income also includes public assistance, SSI, alimony, and child support payments. The poverty thresholds used to assess whether gross, pre-tax, cash income is enough to escape poverty are the same throughout the U.S. for each household size.

There are several, frequently cited problems with the official poverty measure.

- First, the official resource measure (i.e., gross, pre-tax, cash income) does not include receipt of a number of major cash and near-cash government benefits developed in the years since the official poverty measure was first introduced (e.g., food stamps, housing subsidies, school lunch assistance, EITC).
- Second, the official resource measure does not account for unavoidable or nondiscretionary expenses that families incur, which can reduce the resources available to meet their basic needs. Such expenses include FICA and income tax liabilities, out-of-pocket medical expenses, and, particularly in the wake of welfare reform, work-related child care and transportation expenses.

- Third, the official poverty thresholds do not reflect the true basic needs of today's families. The thresholds developed in the early 1960s were based on research regarding family needs conducted in the late 1950s and have been updated since then to reflect only changes in the cost-of-living. However, there have been changes in the typical expenses families incur, including the cost of basic need items, such as food and housing, and an overall rise in the general standard of living. Each affects where the poverty thresholds might be drawn today.
- Fourth, official poverty thresholds are not adjusted for differences in the cost-of-living in different areas of the U.S. This means that the poverty threshold is the same for the various counties across the country. For example, the threshold is the same for a four-person family living in New York's Bronx County as it is for a similar-sized family living in New York's Allegheny County.

Together, these problems can distort the picture of economic deprivation, making it unclear how many New Yorkers actually experience economic deprivation and where they reside in the state. The inability to accurately measure poverty has major consequences for our ability to evaluate policies aimed at alleviating economic deprivation, assess progress the state is making over time in reducing such deprivation, and design new policies to reduce current levels of economic deprivation.



The National Academy of Sciences (NAS) Recommendations

In response to growing concern with the official poverty measure, a panel of experts assembled by the NAS made several recommendations for improving the way poverty is measured in the U.S. (77). These recommendations required modifications to both the poverty resource measure and poverty threshold levels that are used to determine poverty status. The main recommendations of the panel were:

Poverty resource measure

- Add refundable tax credits (e.g., EITC) and major near-cash benefits received (e.g., food stamps, free school meals, and housing subsidies) to the gross, pre-tax, cash income that an individual or family receives.
- Subtract from gross income specific expenses considered to be nondiscretionary, including tax liabilities (e.g., FICA and income taxes), out-of-pocket medical expenses, and out-of-pocket expenses for work-related child care and transportation.



Poverty threshold measure

- Change the method of calculating poverty thresholds, increasing the four-person poverty threshold to reflect the rise in the standard of living since the 1960s and the corresponding rise in the public's assessment of the minimum required for a family to meet its basic needs.
- Improve poverty threshold estimates for households smaller or larger than four persons by applying more accurate adjustments to the four-person threshold.
- Adjust the new poverty thresholds for differences in the cost-of-living (COL) across the U.S., restricting adjustments to differences in costs of housing, which were the primary source of differences in the cost-of-living across the U.S.

Since their original release in 1995, the recommendations of the NAS panel have met with widespread approval, and recently the U.S. Census Bureau announced it will produce a supplemental poverty measure (SPM), which incorporates NAS recommendations.



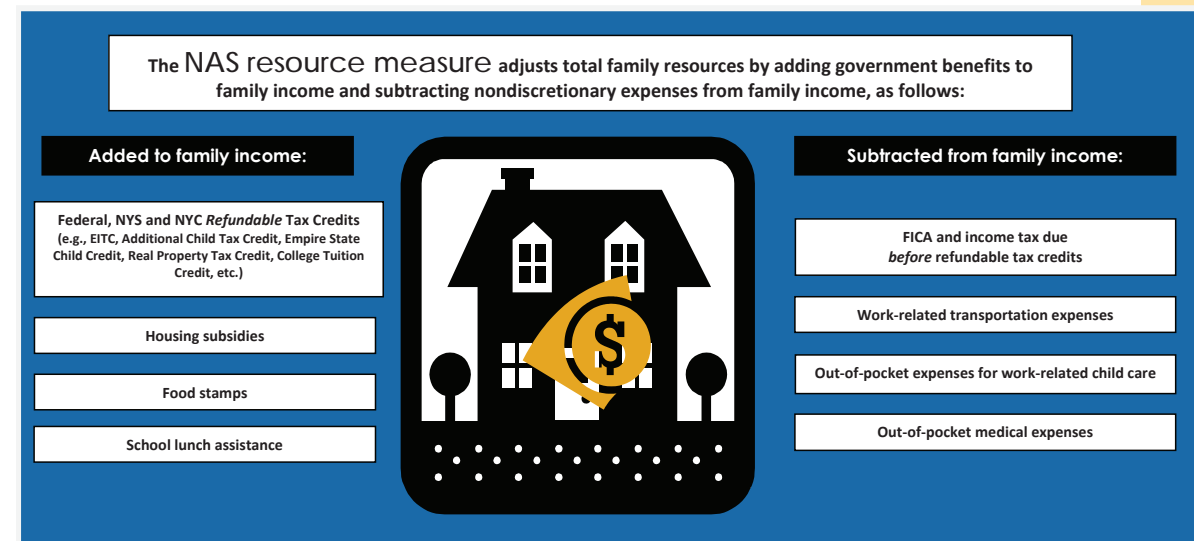
DEVELOPMENT OF NAS-TYPE POVERTY MEASURES FOR NEW YORK

OTDA developed NAS-type poverty measure for New York State that incorporates the NAS recommendations noted previously. With the exception of the imputation of housing subsidies, the measure closely follows the data sources and methods developed by Center for Economic Opportunities (CEO) in the New York City Mayor’s Office. OTDA developed a second state NAS measure that also is used to analyze how poverty rates change when implementing the improvements recommended by the NAS panel. Both measures are described below.

The Partial NAS (PNAS) Poverty Measure

The PNAS measure uses the recommendations of the NAS to update the resource component of the official poverty measure. Specifically, it adds the value of benefits received and subtracts nondiscretionary expenses incurred from gross, pre-tax income. The benefits added to a family’s income include city, state, and federal refundable tax credits, as well as the value of housing subsidies, food stamps, and school meals assistance received by family members. Expenses subtracted from their income include tax liabilities prior to receipt of refundable credits, out-of-pocket medical expenses and out-of-pocket work-related child care expenses and transportation expenses.

The NAS Resource Measure adjusts total family resources by adding government benefits to family income and subtracting nondiscretionary expenses from family income, as follows:



While the PNAS measure determines family resources more accurately than the official poverty measure, no change is made to the official poverty thresholds. Accordingly, the PNAS measure shows the share of New York's children who live below the current, official poverty thresholds when a more accurate measure of total family resources is used. By holding thresholds constant at the level they have been since they were first developed in the 1960s, the PNAS measure enables an examination of the anti-poverty effects of government benefits, using as the criteria for living in poverty the same criteria in use when the benefit programs were designed.

The Full NAS (FNAS) Poverty Measure

The FNAS measure incorporates NAS recommendations related to updating and improving the poverty thresholds as well as the NAS recommendation for the resource measure. Implementing NAS recommendations related to poverty thresholds involves three steps:

1. updating the base poverty threshold for the reference family in a manner that reflects the rise in the standard of living since the 1960s;
2. making adjustments to the new reference family threshold for differences in family size and composition, and;
3. adjusting the thresholds for differences in the costs of living (i.e., housing costs) in New York State counties.

With these adjustments, the 2008 poverty threshold for the four-person reference family in New York State increases from \$21,834, the threshold for the official poverty threshold, to \$28,458. Given these adjustments, the average poverty threshold for New York's four-person families is 30 percent higher than the official poverty threshold and 15 percent higher than the NAS threshold for the U.S. (\$24,755).



Using the NAS recommended poverty measure, the 2008 poverty threshold for a four-person family in New York increases from \$21,834 to \$28,458—

30 percent higher than the official poverty threshold.

Child Poverty in New York State Using Improved Poverty Measures

The updated poverty measures described in the previous sections are necessary to address a number of important questions about child poverty that cannot be answered using the official poverty measure. Key questions include the following:

How does the child poverty rate change when major government benefits and non-discretionary expenses are taken into account?

How much does each government benefit reduce the share of children living below the official poverty line?

Does the child poverty rate increase if poverty lines are raised and adjusted for cost-of-living differences, as recommended by the NAS?

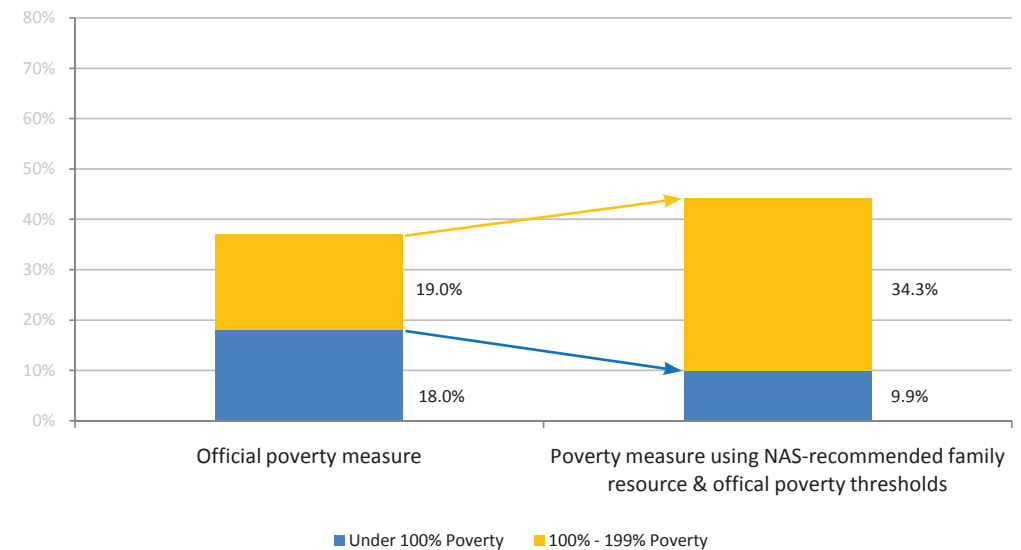
Do government benefits remain effective in reducing child poverty when the higher NAS poverty lines are used?

What regional changes occur in child poverty rates when the higher, cost-of-living adjusted thresholds are used?

HOW DOES THE CHILD POVERTY RATE CHANGE WHEN MAJOR GOVERNMENT BENEFITS AND NON-DISCRETIONARY EXPENSES ARE TAKEN INTO ACCOUNT?

When the resources available to meet families' basic needs are more accurately assessed, the share of children living below the official poverty line decreases greatly. As shown in Figure 8, the 2008 child poverty rate in New York declines from 18 to 9.9 percent, a decrease of 8.1 percentage points, which translates to a decline of 44.6 percent.

Figure 8. A comparison of child poverty using the official and PNAS poverty measures, 2008



Data Source: U.S. Census Bureau, 2009 American Community Survey Public Use Micro Sample data

Note that the major decline in child poverty occurs despite the subtraction of nondiscretionary tax, work and medical expenses from gross pre-tax income. This suggests that major government benefits not accounted for in the official poverty measure are highly effective at reducing child poverty: government benefits not counted in the official poverty measure reduce the child poverty rate by almost 50 percent despite the substantial increase in poverty that occurs when nondiscretionary expenses are subtracted from income.

Although the decline in child poverty is large when family resources are measured more accurately, a substantial share of New York's children – about one in ten – still lives below the official poverty thresholds (poverty lines). Moreover, the share of children considered to be near poor (i.e., living at 100%-199% of the poverty threshold) nearly doubles when a more accurate measure of family resources is used (Figure 8). This means about one in three rather than one in five children lives in near poor families. As a result of the large increase in near poor, the total share of children considered to be low-income (i.e., either poor or near poor) rises from 37.0 percent to 44.2 percent when a more accurate measure of family resource is used.



There are several reasons the share of children considered to be near poor increases greatly when benefits and expenses are accounted for, while the share of children who are poor declines greatly. First, the poor children who escape poverty when benefits and expenses are accounted for do not escape very far. Accordingly, they join the ranks of the near poor, swelling the share of near poor children. Second, benefits are less effective at moving near poor children beyond the near poor threshold (i.e., 200% of the official poverty threshold) than at moving them beyond the poverty threshold. Individuals living in the near poor range (i.e., 100%-199% of the poverty line) are not eligible for some benefits. And when near poor families are eligible for benefits, the amount they receive is less than families at lower income levels. Third, family expenses rise as income increases. The subsidies families receive to offset child care and medical expenses decline as income increases, increasing the out-of-pocket expense. At the same time, FICA and income taxes owed prior to refundable tax credits increase. Rising expenses make it harder for near poor children to exceed the 200 percent threshold. In addition, expenses move some children who were above the near poor, 200 percent threshold before benefits and expenses were considered, to below that thresholds after benefits are added and expenses subtracted from family income.

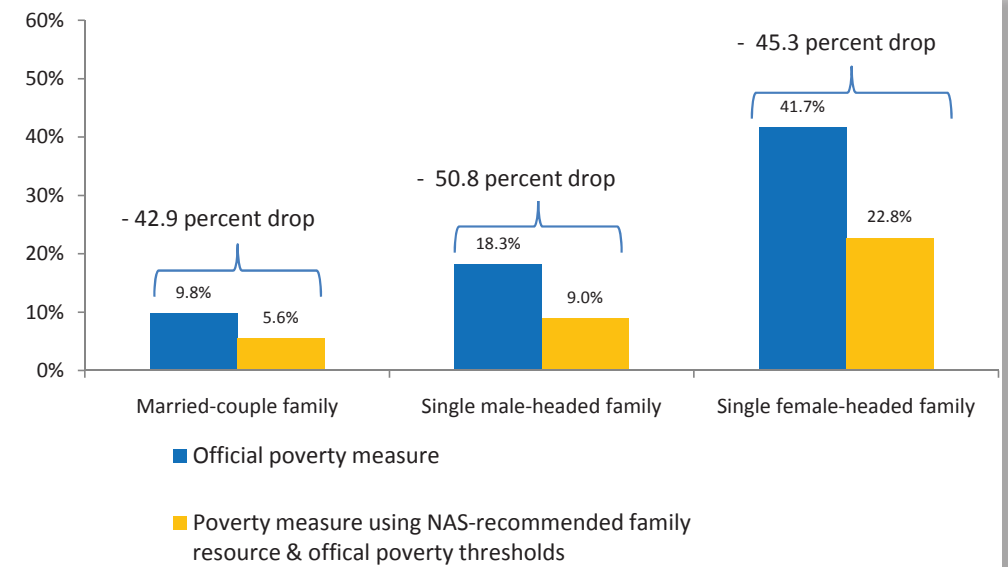
POVERTY RATE CHANGES BY FAMILY TYPE

The net impact of accounting for government benefits and nondiscretionary family expenses is similar for each family type. As shown in Figure 9, the child poverty rate declines by 40 to 50 percent for each family type when the more inclusive family resource measure recommended by the NAS is used (i.e., when using the PNAS poverty measure). This means that regardless of the type of family in which they live, poor children benefit equally from the large decline in child poverty that occurs when government benefits and family expenses are taken into consideration. A poor child living with married parents is just as likely to escape poverty due to a net increase in family resources when benefits and expenses are considered as a poor child living with a single mother.

The similar percent decline in child poverty rate for all family types greatly reduces the differences between the poverty rates of children in the different family types (see Figure 9). Using the official poverty measure, the difference in poverty rate for children in married couple and single, female-headed families is about 30 percentage points (9.8% vs. 41.7%). That difference is cut in half (5.6% vs. 22.8%) when the more inclusive NAS-type resource measure is used.

Note that while differences in risk or likelihood of poverty between children in single and two-parent families diminishes greatly, large differences still remain. For example, children living in female, single-parent families have a poverty rate that is four times children in married-couple families (22.8% vs. 5.6% respectively) after government benefits and non-discretionary expenses are considered.

Figure 9. A comparison of child poverty by family type using the official and PNAS poverty measures, 2008



Data Source: New York State Office of Temporary and Disability Assistance

Table 1. Change in Child Poverty by Family Type and Parent Work Status Using the PNAS Poverty Measure

	Child Poverty Rate Under:		Percentage point change in child poverty	Percent change in child poverty
	Official measure	PNAS measure		
Married-couple family				
Both work	3.2	2.2	-1	-31.30%
Either works	18.8	9.5	-9.3	-49.50%
None works	52.9	38.5	-14.4	-27.20%
Single male-headed family				
Working	13	5	-8	-61.50%
Not Working	44.3	28.6	-15.7	-35.40%
Single female-headed family				
Working	30.8	13.4	-17.4	-56.50%
Not Working	73.9	50.1	-23.8	-32.20%

Data Source: 2008 American Community Survey Public Use Micro Sample as augmented by OTDA

POVERTY RATE CHANGES BY PARENT EMPLOYMENT

An important objective of welfare reform was to ensure that low-wage working parents, particularly single parents, would have an incentive to work. The goal was to have the government benefits they remained eligible for when working, minus work, health and other expenses they would incur increase earnings enough to ensure there was an incentive to work. The data in Table 1 suggest that as measured by whether or not a family is above the official poverty thresholds, parents in all family types have an incentive to work, particularly single mothers. With major government benefits included as well as work, medical and other expenses, the poverty rate for children living with a single mother that worked at any time in the previous year is 37 percentage points below that of children with a non-working single mother (50.1% vs. 13.4%). Eligibility for tax credits, child care subsidies and public health insurance probably contributes to much of the large difference in poverty rate.

HOW MUCH DOES EACH GOVERNMENT BENEFIT REDUCE THE SHARE OF CHILDREN LIVING BELOW THE OFFICIAL POVERTY LINE?

Refundable income tax credits and housing assistance make major contributions to reducing the percent of children living below the official poverty threshold. As shown in Table 2, refundable tax credits reduce the child poverty rate to 41.2 percent below what it would otherwise be – what it would be if it were adjusted for all benefits and expenses except refundable credits. Most of the very large impact of the refundable tax credits is due to the effects of the federal, state, and New York City EITCs. Together, the three EITCs reduce child poverty in New York State by 26.9 percent below what it would be otherwise (not shown in Table 2). Housing subsidies also make a large contribution toward reducing child poverty rates. The share of children living below the official threshold is 28.3 percent lower than it would be in the absence of housing subsidies. Although the contribution of food stamps is less than that of the EITC or housing subsidies, food stamps have a substantial impact on poverty as well, reducing the share living below the official threshold by 17 percent.

While government benefits included in the resource measure reduce poverty, non-discretionary expenses increase child poverty. But as shown in Table 2, the increase in child poverty due to nondiscretionary expenses is much smaller than the decrease in child poverty due to government benefits. Commuting costs, out-of-pocket medical costs, and taxes owed before refundable credits increase the child poverty rate by about 14 percent each. Out-of-pocket, work-related child care expenses increase the child poverty rate by 8.6 percent, a smaller increase than other expenses. The relatively small increase in child poverty due to work-related childcare costs may be due to the substantial levels of child care subsidies provided to working single parents in the wake of welfare reform.

DOES THE CHILD POVERTY RATE INCREASE IF POVERTY LINES ARE RAISED AND ADJUSTED FOR COST-OF-LIVING DIFFERENCES, AS RECOMMENDED BY THE NAS?

Table 2. Marginal Impact of Benefits and Expenses on Child Poverty, Using the PNAS Poverty Measure

Benefit and Expenses	Percentage Point Change in Poverty Rate	Percent Change in Poverty Rate
Refundable tax credits (e.g., EITC)	-7	-41.2
Food stamps	-2.8	-21.8
School lunch assistance	-0.7	-7
Housing subsidies	-3.9	-28.3
Out-of-pocket child care costs related to work	0.8	8.6
Out-of-pocket transportation costs related to work	1.3	14.6
Out-of-pocket medical costs	1.2	14
Tax due prior to non-refundable credit (including FICA)	1.3	14.6

Note: Marginal effects are the change in poverty rate when each item (i.e., benefit or expense) is removed from the full poverty resource measure. More specifically, we first estimate the poverty rate with all the benefits and expenses that comprise a family’s disposable income. Then, we calculate the poverty rate without each benefit or expense of interest. The marginal effect in percentage-point terms is calculated by subtracting the second rate from the first.

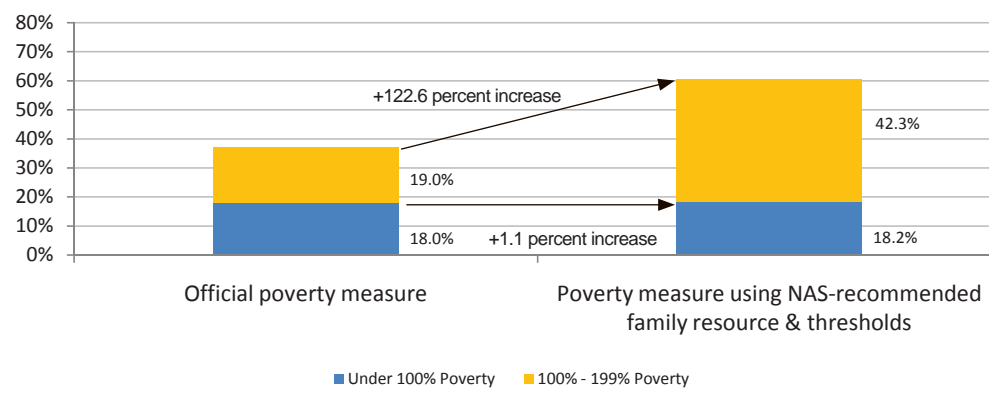
Data Source: 2008 American Community Survey Public Use Micro Sample as augmented by OTDA

As discussed above, we compare the improved measure of family resources recommended by the NAS to both the current, official poverty thresholds (the PNAS poverty measure) and to the new, updated poverty thresholds recommended by the NAS (the FNAS poverty measure). The data presented below show results for the FNAS measure – when thresholds are increased to NAS recommended levels in addition to improving the measure of family resources.

When the higher NAS thresholds are used (FNAS poverty measure), the child poverty rate in New York State is about the same as the official poverty rate (see Figure 10). This suggests that at the higher NAS threshold levels, the reduction in child poverty due to government benefits remains large enough to completely offset the increase in poverty due to the increase in share of children living in families with gross, pre-tax cash income below the higher NAS thresholds, as well as any increase in share caused by nondiscretionary expenses.

Results differ, however, when examining the percent or share of children who are near poor, (i.e., children living at 100%-199% of the NAS-recommended poverty thresholds). Using the FNAS poverty measure, the percent of children who are near poor is more than twice the percent of children near poor when using the official poverty measure.

Figure 10. A comparison of child poverty using the official and NAS-recommended poverty measures, 2008



Data Source: New York State Office of Temporary and Disability Assistance

The reasons for the very large increase in near poor children when using the higher NAS thresholds are the same as the reasons noted previously for the somewhat smaller increase of near poor children when using the PNAS measure (i.e., more accurate family resource measure and official poverty line). As income rises, government benefits decline (phase out) and nondiscretionary expenses rise. The increase of near poor using the FNAS is larger than the increase using the PNAS because the near poor region (100%-199% of the threshold) begins at a higher income level using the NAS threshold (at about 130% of official threshold), than when using the official threshold. Moreover, the region extends to a much higher income level (about 260% of the official threshold) rather than 200 percent of the official threshold. This means that the decrease in benefits and increase in expenses as income rises will be larger within the near poverty income range of the NAS threshold than within the near poverty range of the official threshold.

It appears then that while child poverty declines greatly when using the official thresholds (PNAS poverty measure) and remains about the same when using the NAS thresholds (FNAS poverty measure), the share of children who are near poor increases greatly regardless of the threshold used. Moreover, the increase in share of near poor using either the PNAS or FNAS measure is large enough to make the percent of children considered to be living at low income levels (i.e., poor or near poor) increase considerably using either the PNAS or FNAS measures.

Like the overall results, child poverty rates by family type are about the same using either the FNAS poverty measure or the official poverty measure (see Table 3). This means that rather than a large decline in the differences in likelihood of poverty across family types, as occurred when thresholds are held constant at official levels (see Figure 9 above), there is virtually no decline in the differences in likelihood of being poor when thresholds are increased to NAS recommended levels.

Table 3. Child Poverty by Family Type Using the NAS Recommended Poverty Measure (FNAS)

	Child Poverty Rate Under:		Percentage point change in child poverty	Percent change in child poverty
	Official measure	NAS recommended measure (FNAS)		
Married-couple family	9.8	11.2	1.4	14.30%
Single male-headed family	18.3	19.5	1.2	6.60%
Single female-headed family	41.7	38.2	-3.5	-8.40%

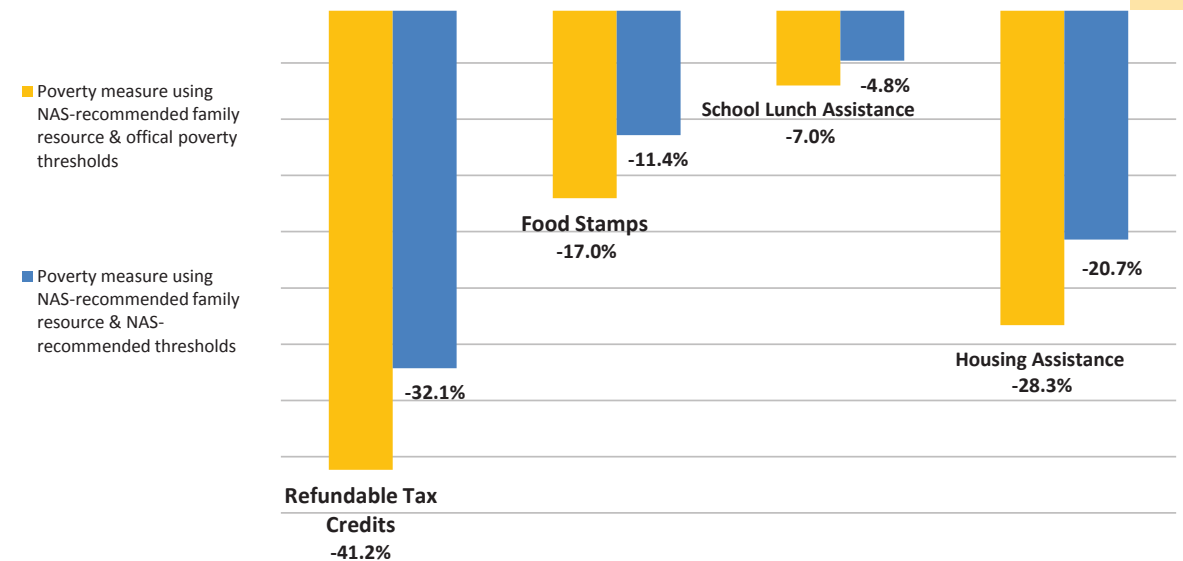
Data Source: 2008 American Community Survey Public Use Micro Sample as augmented by OTDA

DO GOVERNMENT BENEFITS REMAIN EFFECTIVE IN REDUCING CHILD POVERTY WHEN THE HIGHER NAS POVERTY LINES ARE USED?

Although the impact of government benefits on child poverty declines when thresholds are raised to NAS recommended levels, government benefits continue to have a major impact on child poverty. Figure 11 compares the percent reduction in the child poverty rate for each benefit using the official poverty thresholds and the NAS poverty thresholds. As shown, the percent reduction in poverty due to each benefit declines considerably when the NAS thresholds are used. Nonetheless, impacts remain large for all but school lunch benefits



Figure 11. Marginal reduction in child poverty rates after accounting for government benefits not in official poverty measure: Official vs. NAS-recommended measures



NOTE: The refundable tax credits include two federal tax credits (EITC and Additional Child Tax Credit), five state tax credits (empire state child credit, NYS child and dependent tax credit, NYS EITC, real property tax credit, and NYS college tuition credit), and two NYC tax credits (STAR and EITC).

Data Source: New York State Office of Temporary and Disability Assistance

WHAT REGIONAL CHANGES OCCUR IN CHILD POVERTY RATES WHEN THE HIGHER, COST-OF-LIVING ADJUSTED THRESHOLDS ARE USED?

Housing costs vary considerably across New York State. As a result, measures using the NAS recommended thresholds, which include adjustments for geographic differences in housing costs, provide a more valid assessment of differences in child poverty rates by area than the official poverty measure or the PNAS measure. An important element of the NAS thresholds developed for New York's FNAS poverty measure is that adjustments for the costs of housing are made at the county level rather than by region or metropolitan area, as originally recommended by the NAS.

As shown in Table 4, the change in child poverty rate when the FNAS poverty measure is used range from 47.7 percent below the official poverty rate in the rural Chemung/Schuyler region, to 110 percent above the official rate in Nassau County on Long Island. While some areas increase greatly, the predominant pattern, observed in 27 of 39 counties/county clusters, is a decrease in the child poverty rate (Table 4). Most of the counties that show an increase in child poverty are the down-state suburban counties surrounding New York City. Because their housing costs are higher than other parts of the state, these counties experience the largest increase in poverty thresholds.

The rise in child poverty in many suburban counties, together with the decline in child poverty in most other counties in the state, increase the share of poor children in the state who live in the suburban areas of the state. This "suburbanization of poverty," has been noticed in other areas of the U.S. as well when the NAS thresholds are used to measure poverty.

Table 4. Child Poverty Rates in New York by County/County Cluster, 2008

County/County Cluster	Official	NAS	Percent Change	County/County Cluster	Official	NAS	Percent Change
Albany	12.9%	9.7%	-24.8%	Nassau	4.9%	10.2%	108.2%
Allegany, Cattaraugus	22.1%	16.9%	-23.5%	New York	19.4%	15.9%	-18.0%
Bronx	39.4%	34.1%	-13.5%	Niagara	13.6%	10.8%	-20.6%
Broome, Tioga	16.0%	13.0%	-18.8%	Ontario	8.8%	6.2%	-29.5%
Chautauqua	25.3%	20.5%	-19.0%	Orange	13.7%	15.4%	12.4%
Chemung, Schuyler	23.7%	12.4%	-47.7%	Oswego	16.4%	13.9%	-15.2%
Chenango, Cortland	11.8%	6.5%	-44.9%	Putnam, Westchester	9.6%	16.7%	74.0%
Clinton, Essex, Franklin, Hamilton	20.0%	13.2%	-34.0%	Queens	15.8%	22.9%	44.9%
Columbia, Greene	7.8%	8.0%	2.6%	Rensselaer	9.0%	11.3%	25.6%
Delaware, Otsego, Schoharie	15.4%	11.7%	-24.0%	Richmond	11.1%	12.6%	13.5%
Dutchess	10.5%	13.3%	26.7%	Rockland	20.7%	22.2%	7.2%
Erie	16.2%	10.3%	-36.4%	Saratoga	7.6%	6.1%	-19.7%
Fulton, Montgomery	26.4%	24.2%	-8.3%	Schenectady	16.9%	12.4%	-26.6%
Genesee, Orleans	15.4%	13.6%	-11.7%	Seneca, Tomkins	10.1%	9.2%	-8.9%
Herkimer, Oneida	21.2%	16.8%	-20.8%	St Lawrence	23.7%	21.3%	-10.1%
Jefferson, Lewis	13.0%	11.6%	-10.8%	Steuben, Yates	18.4%	15.6%	-15.2%
Kings	29.5%	28.7%	-2.7%	Suffolk	6.4%	10.8%	68.8%
Livingston, Wyoming	13.4%	12.4%	-7.5%	Sullivan, Ulster	12.6%	15.3%	21.4%
Madison, Onondaga, Cayuga	12.9%	7.7%	-40.3%	Warren, Washington	12.2%	14.4%	18.0%
Monroe, Wayne	17.5%	13.1%	-25.1%				

Source: The 2008 American Community Survey Public Use Micro Sample as augmented by OTDA

The relative rise in poverty thresholds in one county compared to another is a primary reason for the differences in change in child poverty rates when NAS-type poverty thresholds are used. However, there are other reasons for variation in the change in child poverty that occurs in each county. First, counties with the same NAS thresholds (e.g., Richmond and the Bronx) may have a different share of their population with gross, pre-tax family income higher than the official threshold, but below the NAS threshold. Second, use of some benefits or expense subsidies (i.e., take up rates) may differ by county, even for families with the same gross, pre-tax income. This can occur either because of differences in benefit or subsidy availability in a county (e.g., availability of HUD housing subsidies in rural areas) or due to differences in preference for use of a benefit that is available to residents in all counties (e.g., preference for use of food stamps by eligible families). Third, work-related transportation expenses can differ greatly by county. For example, the cost of commuting for residents of New York City, which is mainly by subsidized bus or subway, is lower than the cost of commuting in surrounding suburbs, which is mainly by personal car and commuter rail.



Summary

Children are born with boundless potential and their healthy development—their successful attainment of physical, social-emotional, and cognitive skills—is essential to their ability to thrive in a dynamic society. Yet, children who experience poverty are disproportionately at-risk of being exposed to factors that can compromise their development. Children raised in poverty are more likely to perform poorly in school, have low earnings, and experience poor health during both their childhood and adulthood. However, it is also well established that key investments in family supports can decrease the percentage of children living in poverty. As indicated in this report:

- The government benefit programs not currently accounted for in the official poverty measure are highly effective at reducing child poverty in New York State. These benefit programs reduce the proportion of children in New York State living below the official poverty threshold by almost 50 percent. This reduction occurs even after work and medical expenses are taken into account. Refundable tax credits and housing subsidies make the largest contributions toward the reduction of the child poverty rate. The likelihood of escaping poverty was the same (almost 50%) for poor children in two parent and single parent families. This suggests that in New York State, a poor child in a two parent family is just as likely to escape poverty due to receipt of government benefits as a poor child in a single parent family.
- Government benefits remain effective at reducing poverty even if poverty thresholds are increased to reflect the rise in living standards since the 1960s and the generally high housing costs in New York State. Government benefits are able to offset the rise in poverty due to the NAS-recommended rise in the poverty threshold, the higher costs of housing in New York State, and the nondiscretionary work and medical expenses of the family. However, no further decline occurs, leaving child poverty in New York State at about the same level as shown by the official poverty rate.

- Regardless of whether the official or higher NAS thresholds are used, the share of children who are near poor – living between 100 percent and 199 percent of poverty – rises greatly when government benefits and family expenses are taken into account. The large rise occurs because benefits decline and expenses increase as family income rises. The end result is that accounting for government benefits and nondiscretionary expenses raises the share of children considered to be low income, regardless of the poverty threshold used.

In this report, we examined the effects of policy changes, such as welfare reform and specific government cash and near cash benefits, on child poverty. These policies and benefits, coupled with other well-established programs and services, effectively promote the well-being of children. For example, early learning opportunities through investments like Head Start and quality universal prekindergarten, as well as early access to health care make substantial contributions to children’s healthy development, and minimize the impact of poverty. Given evidence on the effects of such services, as well as the effects of benefits described in this report, it is apparent that many different service systems contribute to the positive well-being of poor and low-income children.



Endnotes

1. Food costs accounted for about one-third of expenditures for all U.S. families, not all low-income families.
2. The federal poverty threshold is used by the U.S. Census Bureau to calculate the official number of individuals living in poverty. The threshold differs somewhat from the federal poverty guidelines used by the Department of Health and Human Services to determine program eligibility.
3. In this report, we use the terms children living with single mothers, single female parents, and single female-headed families interchangeably. Note that while the vast majority of single women referred to are mothers, they could also be related to the children in some other way (e.g., grandmother, aunt, or other female relative).
4. ACS data are available only for 2000 through 2009; therefore, CPS data are used here to examine a longer trend. CPS rates are usually lower than ACS rates due to data collection methods. The CPS is better able to identify related persons in the households who pool income and covers fewer individuals living in group quarters. As a result, poverty rates derived from ACS and CPS for the same year (e.g., 2009) will be very close but not exactly the same. Such differences do not substantially affect analysis of trends over time.
5. For example, for all children, the highest and lowest poverty rates occurred in 1985 and 1989 respectively; the highest and lowest unemployment rates occurred in 1983 and 1988 respectively, either one or two years earlier.
6. Major effort to move welfare and related programs to a more work-oriented system began in 1994 under the Aid to Families with Dependent Children (AFDC) program. In August of 1996, Congress passed federal legislation to abolish AFDC and create

the TANF program. TANF made work and work-related activities a condition for receipt of federally-funded welfare payments while also increasing federal support for the work efforts of low-income parents.

7. The rapid rise in the work rates of single mothers in NYS and the corresponding decline in poverty rates of their children in the years after welfare reform are analyzed in greater detail than here in a number of previous papers and conference presentations. These studies use logistic regression and several alternative comparison groups to more precisely control for the effects of the economy and other factors that might account for the rapid change in work and poverty rates. Using such methods, estimates of the impact of reform on work rates of single mothers ranged from a low of 13 percentage points, to a high of 19 percentage points, depending on the control group used for the “difference in difference” logistic regression model; corresponding estimates for the impact of reform on poverty rate of children living with single mothers was 8 or 9 percentage points.

8. The official poverty thresholds are based on research conducted in the mid- to late 1950s on food budgets and family expenditures. To estimate the poverty threshold for the four-person reference family, the USDA’s lowest food budget was multiplied by three. A multiplier of three was chosen to account for total poverty level expenditures because research in the 1950s had shown that food costs accounted for about one-third of expenditures for all U.S. families. Yet, present day food costs account for approximately one-seventh of family expenses. Furthermore, while some expenses, like food and clothing, have decreased since the poverty measure was originally calculated, today’s families have costs that were not as necessary four decades ago. Such costs include work-related child care and transportation expenses as well as out-of-pocket health care costs. These costs are common expenditures for today’s families that are not incorporated into the official federal poverty measure.

9. Members of the NAS panel recommended basing the four-person reference threshold on a fixed percentile of median U.S. expenditures on food, clothing, housing, and utilities in a given year. They also convincingly argued that: (1) poverty thresholds or “poverty lines” are relative to the time and place of their development, rising over time as standards of living rise; (2) standards of living have risen since the early 1960s when the official thresholds were first developed; and (3) public perceptions of the minimum a family needs to get by has risen since the early 1960s. Therefore, the members concluded that poverty thresholds should be higher than those developed in the early 1960s, and recommended a range of expenditure percentiles to choose from that would produce thresholds higher than the current thresholds by about the same modest amount as living standards and public perceptions of poverty lines had risen.

10. The supplemental poverty measure is expected to be available in Fall, 2011. More information about the U.S. Census Bureau’s supplemental poverty measure (SPM) can be accessed online at: <http://www.census.gov/hhes/povmeas/methodology/supplemental/overview.html>

11. The method developed by OTDA reproduces the Center for Economic Opportunity’s (CEO) results for New York City and, except for the imputation of housing subsidies, uses the same methods as developed by CEO to generate NAS poverty estimates for the rest of state (ROS). OTDA developed a separate method for estimating housing subsidies in New York State because the method used by CEO relied on the New York City Housing and Vacancy Survey, a unique data source unavailable in any other locality in the U.S. For a detailed description of the method of imputing Housing and Urban Development (HUD) housing subsidies statewide, see: Falco, G. & Shin, J. (in press 2011). Use of HUD administrative data in measuring the impact of housing subsidies on the economic well-being of New York State residents. Cityscape. US Department of Housing and Urban Development. For a description of all other methods used in generating NAS poverty estimates, see:

http://www.nyc.gov/html/ceo/downloads/pdf/ceo_poverty_measure_v5.pdf. The PNAS measure incorporates NAS recommendations related to the resource measure and does not implement recommendations pertaining to thresholds. This is done to examine the impact of government benefits on child poverty as currently defined and as defined when the benefits were designed.

12. The PNAS measure incorporates NAS recommendations related to the resource measure and does not implement recommendations pertaining to thresholds. This is done to examine the impact of government benefits on child poverty as currently defined and as defined when the benefits were designed.

13. Like the supplemental poverty measure (SPM) recently announced by the U.S. Census Bureau, the FNAS, which incorporates all NAS recommendations, provides important supplementary information about poverty but does not in any way replace the official poverty measure.

14. More specifically, the steps involve the following:

- Increase the official, four-person reference threshold for the U.S. in 2008 (\$21,834) to the NA- recommended level for the U.S. (\$24,755). This adjustment increases the four-person threshold by 13 percent.
- Apply a three-parameter equivalence scale to adjust thresholds for families of different sizes and compositions.
- Adjust the new NAS thresholds for differences in the cost of housing across New York State counties, relative to the population-weighted U.S. average. These county-by-county adjustments for the cost of housing raised the weighted average threshold for the state 15 percent above the NAS threshold for the U.S.

15. Analyses comparing the official poverty measure, PNAS, and FNAS measures presented here use 2008 data, rather than the 2009 data used to examine child poverty in the previous section. This is because the 2009 data sources required to estimate these NAS-type measures are not currently available for New York State. Accordingly, comparisons are for 2008, the latest year for which all three measures are available.

16. Due to variations in the cost-of-living across the state, the NAS thresholds vary greatly by county. For example, the 2008 NAS threshold in Nassau County is 51 percent higher than the official poverty threshold and well above the NAS threshold for the U.S. In contrast, the 2008 NAS threshold for Allegheny/Cattaraugus is only slightly higher than the 2008 official poverty threshold and well below the NAS threshold for the U.S. The NAS threshold for Allegheny/Cattaraugus is below the NAS threshold for the U.S. because the cost of housing in those counties is below the average cost for the U.S. In fact, it is far enough below to offset the entire 13 percent rise in the threshold for all U.S. counties, leaving the four-person threshold only slightly higher than the current official poverty threshold.

17. The 15 percent increase that results from out-of-pocket medical costs are due to expenses incurred from medical costs not covered by Medicaid, State Children's Health Insurance Program (S-CHIP) coverage, or private insurance. Note that estimates of the impact of out-of-pocket medical expenses are not specific to New York State families. Instead, estimates of costs for families in the state are imputed from responses by statistically similar families responding to the Medical Expenditure Panel Survey (MEPS). It is not clear at this time whether imputations derived in this fashion overestimate out-of-pocket medical costs for New York State families (perhaps due to New York's relatively generous Medicaid and S-Chip programs), or whether imputations underestimate medical costs (perhaps because well-insured, low-income families use more medical care and, therefore, incur more related out-of-pocket medical costs).

18. Similar to estimates of out-of-pocket medical expenses incurred by New York State families, estimates of work-related child care expenses are not specific to New York. Estimates of such expenses use responses regarding child costs provided by respondents from the urban subsample of the national Survey of Income and Program Participation. Also, like the procedures used in estimating medical expenses, MEPS respondent data are manipulated to predict costs for statistically similar New York state families. Current limitations in state administrative data regarding child care subsidies prevent a determination of whether the imputations derived in this fashion are substantially higher or lower than actual costs for families in New York State.

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