

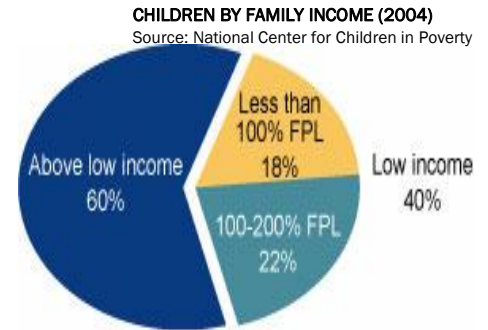


What Docs Should Know About... The Impact of Poverty on Young Children

www.DocsForTots.org

Millions of children in this country are living in poverty, with millions more considered low-income.

- In 2004, 13.5 million or 18% of children under age 18 were living in poverty, which means that their parents' income was at or below the federal poverty level (\$20,000 for a family of four in 2006). Research shows that, on average, families need an income of about twice the federal poverty level to meet basic needs such as adequate food, health care and stable housing. Therefore, in 2006, families with income of \$40,000 are considered low-income.
- The rate of children living in low-income families began to rise in 2000, after a decade of declining rates.
- Forty-three percent or 10.4 million children under age 6 live in low-income families, of which 5.3 million are infants and toddlers.¹
- Children from racial and ethnic minority groups, children from single-parent families, children living in the rural south or west, and children with parents who have lower levels of education are all more likely to be living in poverty.
- A majority of children in low-income families have at least one employed parent who works full-time or part-time; 19% do not have even one employed parent.



Poverty can have profound detrimental effects on children's development.

- Research indicates that children may be especially vulnerable to the effects of poverty during the prenatal period and through the first years of life. Poverty presents multiple risk factors to typical early brain development including inadequate nutrition, maternal substance abuse, maternal depression, environmental toxins, risk of trauma and abuse, and the quality of daily care.²
- Poverty continues to affect children across a range of outcomes. For young children, poverty status is associated with low birth weight, harmful exposure to lead, lower scores on measures of cognitive ability as well as increased internalizing behaviors such as anxiety and depression and externalizing behaviors such as aggression. The effects of poverty seem to be most marked when it is long-term poverty, and when the poverty is experienced early in the child's life.³

Intensive early childhood interventions have been found to combat some of the negative effects of poverty.

- Research demonstrates that early childhood intervention programs such as the High/Scope Perry Preschool Project, the Carolina Abecedarian Project, and the Infant Health and Development Program, which combined early education with comprehensive health and social services, have had lasting effects on children's cognitive scores, behavioral development, school retention, and special education placement. Cost benefit analysis suggests that every dollar spent on the Perry Preschool Project resulted in a savings of \$7.16 in avoided costs by the time the participant reached age 27.⁴

¹ National Center for Children in Poverty. Basic Facts About Low-Income Children: Birth to Age 6. Retrieved on 21 June 2006 from http://www.nccp.org/pub_vcp06.html.

² National Center for Children in Poverty. *Poverty and Brain Development in Early Childhood*. (1999). <http://www.nccp.org/media/pbd99-text.pdf>.

³ Brooks-Gunn, J., & Duncan, G.J. (1997). *The effects of poverty on children*. The Future of Children CHILDREN AND POVERTY Vol. 7, No. 2. http://www.futureofchildren.org/usr_doc/vol7no2ART4.pdf.

⁴ NGA Center for Best Practices. (2000). Issue Brief: Research Findings on Early Childhood Intervention Programs. <http://www.nga.org/portal/site/nga/menuitem.9123e83a1f6786440ddcbeeb501010a0/?vgnnextoid=d6e7303cb0b32010VgnVCM1000001a01010aRCRD>.

Government programs that make up the “safety net” help lift children and families from poverty and provide important support services to poor children and families.

- The Earned Income Tax Credit (EITC) lifts approximately 2 million children from poverty—more than any other government program for working families.⁵ The EITC reduces the income tax liability of low-income working families and serves as a wage supplement to families with low earnings.
- Programs that provide nutrition assistance—primarily the Food Stamp program and The Special Supplemental Food Program for Women, Infants, and Children (WIC)—have been linked to increased expenditures on food (Food Stamps), as well as positive outcomes in the areas of utilization of prenatal care, and infant health (WIC).⁶
- A major barrier to sustained employment is the availability and cost of child care, especially for low-income families. Families can receive child care assistance through the Child Care and Development Fund (CCDF).

State Earned Income Tax Based on Federal Credit

(As of January 2006)

Refundable Credits

Colorado
District of Columbia
Illinois
Indiana
Kansas
Maryland
Massachusetts
New Jersey
Oklahoma
Oregon
Rhode Island
Vermont
Wisconsin

Non-refundable Credits

Delaware
Iowa
Maine
Virginia

Source: Nagle, A., and Johnson, N. (2006) “A Hand Up: How State Earned Income Tax Credits Help Working Families Escape Poverty in 2006.” Washington, D.C.: Center on Budget and Policy Priorities.

A **REFUNDABLE TAX CREDIT** means that a family receives the full amount of credit even if the credit amount is greater than its income tax liability. The amount by which the credit exceeds annual income taxes is paid as a refund. If a family has no income tax liability, the family receives the entire Earned Income Tax Credit (EITC) as a refund.

A **NON REFUNDABLE TAX CREDIT** is available only to the extent that it offsets a family’s income tax. A non-refundable EITC can provide substantial tax relief to families with state income tax liability, but it provides no benefits to working families that have income too low to owe any income taxes. Thus a non-refundable credit assists somewhat fewer working-poor families with children and is likely to be less effective as a work incentive.

(Source: Center on Budget and Policy Priorities)

Docs can get involved by helping families access support services and by advocating for legislation aimed at helping children living in or near poverty.

- Docs can advocate for the expansion of support services and programs to help reduce the poverty rate. To become involved in advocating for programs to reduce child poverty, contact Docs For Tots at dft@DocsForTots.org.
- Docs can get involved at the local level with efforts such as comprehensive community initiatives, programs which use multifaceted approaches to better the lives of poor children and families, ranging from neighborhood building and transformation, to improving coordination among social service providers.⁷

Additional Resources for Docs

- What Docs Should Know About... Welfare, Child Care, and Head Start, www.DocsForTots.org

⁵ Nagle, A., and Johnson, N. (2006) “A Hand Up: How State Earned Income Tax Credits Help Working Families Escape Poverty in 2006.” Washington, D.C.: Center on Budget and Policy Priorities.

⁶ Currie, J. (1997). Choosing among alternative programs for poor children. *The Future of Children CHILDREN AND POVERTY*, Vol. 7, 113-131. http://www.futureofchildren.org/usr_doc/vol7no2ART7.pdf.

⁷ National Center for Children in Poverty. Infant and Toddler Project, Initiatives. http://www.nccp.org/it_initiatives.html.

- National Center for Children in Poverty, <http://www.nccp.org>
- The David and Lucille Packard Foundation, *The Future of Children*, Special Issue: Children and Poverty, http://www.futureofchildren.org/pubs-info2825/pubs-info.htm?doc_id=72141