Emergency Family Assistance Association

Position Paper on Child Poverty

Approved by Board of Directors, January 17, 2019

1. Objective

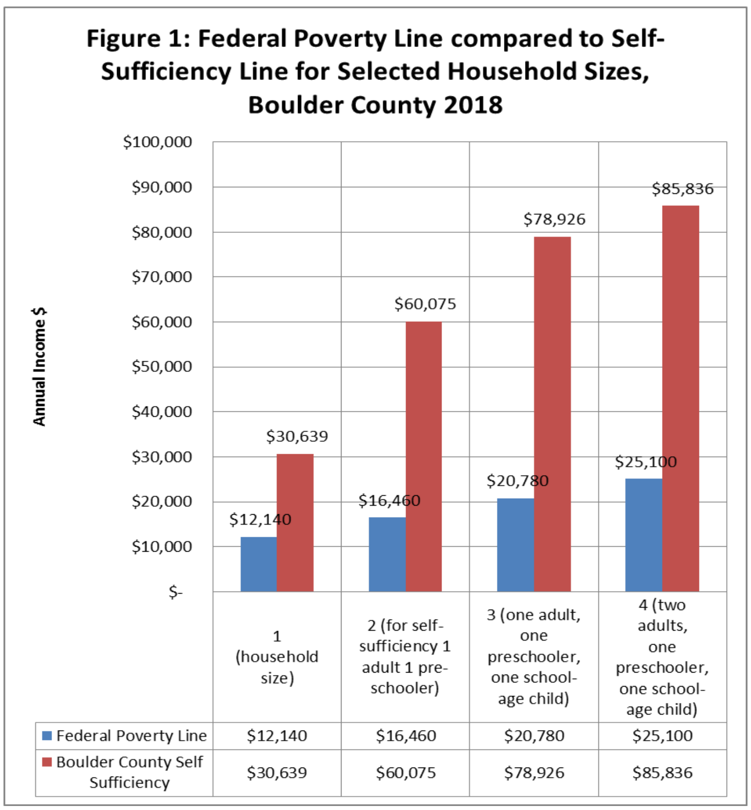
The objective of this paper is to explore issues of the more than 7,000 children living in poverty in our community. This paper assesses the incidence of poverty, the impacts of growing up in lower-income households, access to and gaps in critical services, and the longer-term implications of the transmission of poverty across generations. The goal is to better inform EFAA stakeholders and the broader community about child poverty and to help the EFAA Board of Directors adopt informed decisions about public policy and legislative positions pertaining to child poverty.

2. Understanding the context of child poverty

Definitions

The main measure of **poverty** is the Federal poverty threshold. Developed in the mid-1950s, poverty is defined as three times the US Department of Agriculture's 'subsistence food budget' for a family of a given size. It is standard across all 48 contiguous US states and so does not take into account regional differences in living costs or expenses. Poverty thresholds are calculated by household size by the Census Bureau and the US Department of Health and Human Services (HHS).[i] 2018 Federal Poverty Levels (FPL) range from $12,140 to $$20,780 for a family of three and $38,060 for a family of seven, for example. Additionally, **extreme poverty** is defined as an annual income of less than half the FPL.

The **Self-Sufficiency Standard** is another measure of economic well-being based on the costs of basic needs: housing, child care, food, health care, transportation, and miscellaneous items, as well as the cost of taxes and the impact of tax credits. One adult living in Boulder County needs to earn $30,369 annually to be self-sufficient (versus the Federal poverty line of $12,140). For families with children, the amount needed to cover basic needs increases considerably. If the single adult has a preschooler and a school-age child, the self-sufficiency threshold more than doubles, increasing to $78,926 annually in order to cover the cost of child care, a larger housing unit, and increased food and health care costs (versus the Federal poverty line of $20,780). To be self-sufficient, an individual must earn 250 percent of the FPL and a family of three 381 percent of the FPL, as presented in Figure 1.



	1 (household size)	2 (for self-sufficiency 1 adult 1 pre-schooler)	3 (one adult, one preschooler, one school-age child)	4 (two adults, one preschooler, one school-age child)
Federal Poverty Line	$12,140	$16,460	$20,780	$25,100
Boulder County Self Sufficiency	$30,639	$60,075	$78,926	$85,836

Income guidelines for accessing programs that benefit low-income children

Federal poverty levels are used to determine eligibility for most Federal safety net programs that help families make ends meet or help children access critical services. Each of the Federal programs has its own income eligibility guidelines (see Box 2). Of note, all of the programs' eligibility guidelines cut off access far short of households crossing the self-sufficiency line. The loss of benefits as income rises can leave a household with a net decline in resources, called the 'cliff effect'. Moreover, the absolute level of benefit is not sufficient to fill the poverty gap. Key programs like Temporary Assistance to Needy Families (TANF) have seen the real value of benefits erode over time. For example, at the beginning of the welfare reform process in 1996, cash assistance via TANF covered about 63 percent of the US Department of Housing and Urban Development's fair market rental values in Colorado, reducing to 37 percent by 2018. Similarly, the Child Care Assistance Program provides a base subsidy that is often blow prevailing market rates for child care. Overall changes in access to and benefit levels of these programs can have significant impacts on lower-income children.

Box 2: Governmental Anti-Poverty Programs of Benefit to Children

Program	Program Description	Income Eligibility Limits	Value of benefit
Temporary Assistance to Needy Families (TANF)	TANF is the historic cash 'welfare' system. While there are some federal rules that determine who may qualify for TANF-funded cash assistance (e.g., must have a dependent child), states determine financial eligibility criteria and benefit amounts, limited to 60 months in a lifetime.	Annual income limits (Boulder County): Household of 1: $3,036 Household of 2: $3,972 Household of 3: $5,052 Household of 4: $6,120	Colorado average monthly benefit of $508 for a family of three
Supplemental Nutrition Assistance Program (SNAP)	SNAP provides assistance to purchase eligible food defined as any food or food product for home consumption, including seeds and plants which produce food for consumption by SNAP households.	Max. gross income 130% of FPL	On average, SNAP households received about $253/month in 2018. The average SNAP benefit per person was about $126/ month, or about $1.40 per person per meal.
Free and reduced school lunch (FRL)	The National School Lunch Program (NSLP) provides nutritious school meals every day. Schools receive Federal funds for each lunch served, provided that the meal meets established nutrition standards.	Free lunch- 130% of FPL Reduced lunch 185% of FPL	For free lunch, if taken every day, per student annual benefit is $602-688 depending on grade level.
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	Federal grants for supplemental foods, health care referrals, and nutrition education for low-income pregnant, breastfeeding, and non-breastfeeding postpartum women, and to infants and children up to age five who are at nutritional risk.	185% of FPL (Colorado limit)	WIC provided an average value of $61.24 in food per participant per month in fiscal year 2016.
Medicaid and Children's Health Insurance Program (CHIP)	Medicaid is a joint federal and state program that, together with the Children's Health Insurance Program, provides health coverage to children, pregnant women, parents, seniors and individuals with disabilities.	Medicaid: Adults (ages 19-65) 133% of FPL Children (ages 0-18) 142% of FPL Pregnant Women 195% of FPL CHIP: Children (ages 0-18) 260% of FPL Pregnant women 260% FPL.	National average full-benefit enrollee cost about $7,941 per year in 2016.
Child Care Assistance Program	The Child Care Assistance Program (CCAP) provides financial assistance to eligible low-income families who need child care benefits for children from birth to age 12.	Counties set income maximums, but must serve families with income of 165 percent or less of the FPL and may not serve families that have an income of over 85 percent of the state median income. Currently Boulder County is about 185 percent of FPL.	Providers cannot charge more than the county's rate for authorized child care. The amount paid varies based on family size, income, hours of care, etc.
Head Start	Head Start provides comprehensive early childhood education, health, nutrition, and parent services to low-income children and their families. Head Start serves children ages 3 to 5; Early Head Start serves pregnant women and children up to age 3.	Income guidelines are 100-130 percent of FPL and children with disabilities.	In 2016, per child funding was $12,757 for Early Head Start and $8,038 for Head Start nationwide.

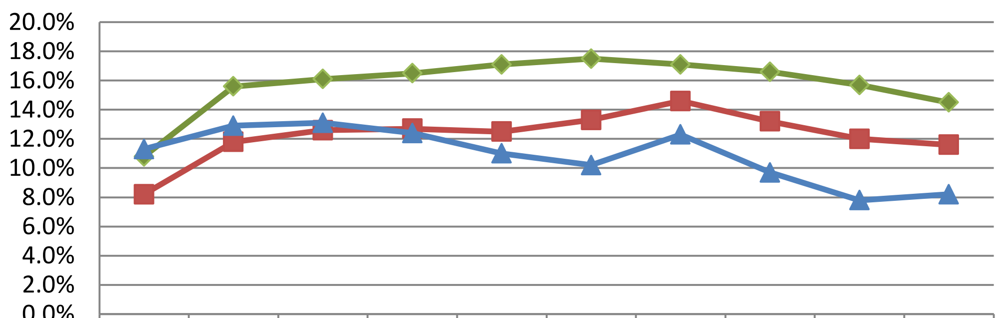
3. The current reality and evolving dynamics of our environment relative to child poverty

Incidence of child poverty

As shown in Figure 2, the percentage of children growing up in poverty in Colorado and locally has varied over time. Some key findings are:

- In 2000–2009, there was a significant increase in child poverty rates across the board.
- Since 2009 with the advent of the Great Recession, statewide child poverty levels rose to a peak in 2013 and have fallen since, with 2017 the first time child poverty rates in Colorado returned to below recession numbers.
- Trends in Boulder County follow a similar pattern, with a peak in 2014 perhaps exacerbated by the impact of local natural disasters.
- Child poverty levels in the City of Boulder appear less affected by the recession but did rise in 2014 and follow a similar trend statewide of significant declines in 2014-2017. In general child poverty has fallen faster in the City of Boulder over the last 4 years than county-wide, going from a 2.3 percentage point difference to a 3.4 percentage point difference at present.

Figure 2: Rate of Child Poverty - Historical Trends



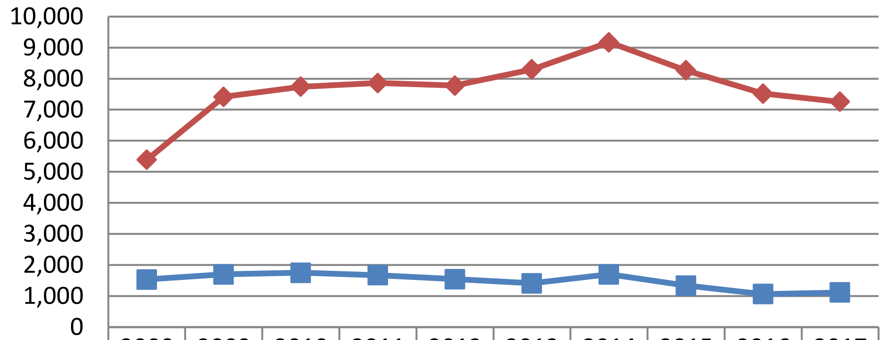
	2000	2009	2010	2011	2012	2013	2014	2015	2016	2017
Colorado	10.8%	15.6%	16.1%	16.5%	17.1%	17.5%	17.1%	16.6%	15.7%	14.5%
Boulder County	8.2%	11.8%	12.6%	12.7%	12.5%	13.3%	14.6%	13.2%	12.0%	11.6%
City of Boulder	11.3%	12.9%	13.1%	12.4%	11.0%	10.2%	12.3%	9.7%	7.8%	8.2%

Over 7,000 children are currently living below the poverty line in Boulder County, with over 1,000 in the City of Boulder (Figure 3). There are fewer children at both the county and city levels below the FPL than before the Great Recession. However, given the high costs of living locally, that level of income puts these children in a very precarious situation. There are different possible interpretations of these trends:

- The economic recovery with lower unemployment rates and slightly rising wages (aided by recent state-wide increases in the minimum wage) may mean that lower incomes have risen to move some existing households over the poverty line. There is some confirmation of this as the overall numbers of children in the City and County has been relatively flat with an under 2 percent increase in both since 2010.

- There are anecdotal stories that the high costs of living in Boulder County are driving low-income families to move out. This may be a contributing factor on the margin but unlikely to be the biggest driver of changing demographics.

Figure 3: Number of Children Living Below the Poverty Line

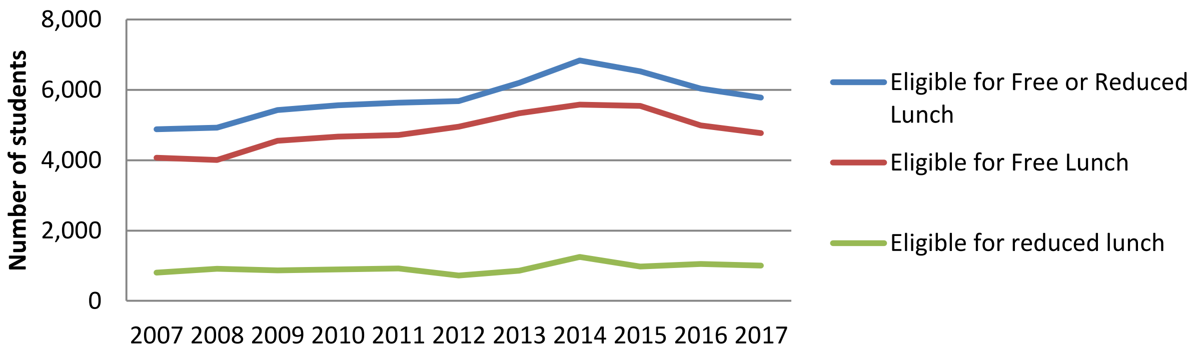


	2000	2009	2010	2011	2012	2013	2014	2015	2016	2017
Boulder County below poverty	5,389	7,415	7,739	7,858	7,778	8,300	9,170	8,268	7,517	7,254
City of Boulder below poverty line	1,532	1,699	1,750	1,672	1,541	1,410	1,699	1,337	1,064	1,117

- State-wide the total number of births has dropped in recent years, with significant decreases in births to teenaged mothers, which will also tend to decrease the child poverty rate in the youngest age cohorts.

A second measure of child poverty is enrollment in the free and reduced school lunch program (FRL). This helps capture an understanding of children living slightly above the poverty line since the program applies to 130 to 180 percent of the FPL. This is still well below the self-sufficiency standard and so reflective of children in need of assistance. Figure 4 below presents historical data for the Boulder Valley School District. Figures show a similar spike in the number of students accessing free and reduced lunches in 2014. However, the overall rate is still above pre-recession levels, with 5,776 children eligible in 2017.[ii]

Figure 4: Children Eligible for Free and Reduced Lunch in Boulder Valley School District



This more recent reduction in the number of children eligible for free and reduced lunch is also reflected in the City of Boulder schools (Table 1). Over the last two years with data, while total student count has been relatively stable, students eligible for FRL decreased by 7 percent. The elementary level has seen the greatest decrease in both student head count and the number of kids on FRL. Nevertheless, the younger kids still account for the greatest share of lower income children at 42 percent of all FRL kids versus 33 percent of high schoolers and 25 percent for middle schoolers. The rate of FRL in City public schools ranges from 65 percent (at Arapahoe Ridge High School) to 5 percent (at Southern Hills Middle School). Two other schools, University Hill elementary and Columbine elementary are the other schools with over 50 percent on FRL. Because high schools are much bigger, the school with the largest number of students on FRL is Boulder High School, with over 400 students eligible for FRL, or about 21 percent of all students in the city eligible for FRL.

Table 1: Free and Reduced Lunch Eligible Population in City of Boulder Public Schools

	2016/2017	2017/2018	% change
Total student count k-12	14113	14079	-0.2%
Total free and reduced lunch count	2853	2653	-7.0%
Total high school student count	4569	4697	2.8%
Total high school free and reduced lunch count	881	841	-4.5%
Total middle school student count	3290	3345	1.7%
Total middle school free and reduced lunch count	635	624	-1.7%
Total elementary school student count	5243	5037	-3.9%
Total elementary free and reduced lunch count	1220	1081	-11.4%

Factors that influence poverty levels among children:

Factors that determine if a child grows up in poverty are generally grouped into four areas:

- **Demographic or family factors**, including the age and education of parents, the number of children per household, and family structure (whether the child is living with a single parent or not). For instance, moving from a family of 1-2 children to 3-4 doubles the poverty rate observed in families in Boulder County. Child poverty rates are substantially higher for children in single-mother families than for those in married-couple families, in part because single-mother families have fewer potential earners, and many have difficulty collecting child support payments from fathers. In both the City of Boulder and Boulder County, children living in single parent, especially single mother-led households have about triple the rates of living in poverty.
- **Factors related to the labor market** including whether the parents are working and the annual earnings they each obtain. For example, the poverty rate among unemployed in Boulder County is 15.6 percent versus 3.6 percent for those employed in 2017.
- **Racial and ethnic discrimination** lead to higher poverty rates. For example, according to most recent Census data, the Hispanic/Latino population in Boulder County had a poverty rate more than twice that of the white population, at 23.5 percent versus 11.2 percent respectively. Other racial groups display similarly higher poverty levels, including African Americans (21.2 percent), Native Americans (18.6 percent), Hawaiian/Pacific Islanders (47.5 percent), and other races (26 percent). Some but not all of this is affected by differential educational outcomes. For example, 40.3 percent of African Americans living in Boulder County have a bachelor's degree or higher but still have higher poverty rates than other groups with lower educational attainment.
- **Immigrants**, particularly undocumented immigrants, face a range of issues from lack of access to services to exploitation and wage theft. Immigration status increasingly limits voice and creates fear as Federal policy changes become more hostile to immigrant families, causing increasing barriers and toxic stress for children of low-income families recently arriving in the US.

The effects of poverty on children

There is a great deal of evidence on the negative effects of poverty on children, both for immediate outcomes as well as over the subsequent lifetime of the child:

- Poverty is associated with worse **academic outcomes**, including achievement on standardized tests, years of completed schooling, and degree attainment. These general findings hold for our community well. Overall, student outcomes in terms of reading proficiency in grades 3 – 10 are higher in Boulder County than the state, but this is due to stronger results from better-off students. For students on free and reduced lunch, the reading proficiency rate in both St Vrain Valley School District and Boulder Valley School District are the same as for the Colorado average at about 23 percent. Non-free and reduced lunch students do far better, with 67 percent proficient in BVSD, 56 percent in St Vrain Valley School District and 53 percent statewide. In other words, in spite of the reputation of better schools, it appears that BVSD overall results are largely due to having wealthier households. Similarly, 71 percent of non-FRL and white high school graduates go on to college, compared with 50 percent for FRL and 47 percent for Latino graduates. (2015 figures),

- Family income in early childhood also shows a strong relationship with children's **health status**, which increases in magnitude and significance over time, likely as a result of the cumulative effects of negative health shocks.[iii] Poverty has a significant effect on birth weight, infant mortality, language development, chronic illness, environmental exposure, nutrition, and injury. Child poverty also influences brain development by exposure to toxic stress, a condition characterized by "excessive or prolonged activation of the physiologic stress response systems in the absence of the buffering protection afforded by stable, responsive relationships."[iv]

Income mobility over the lifetime of a child

The effects of growing up poor can last a lifetime. Research has shown that children who are born into poor families are more likely to drop out of high school, have teen premarital births, have inconsistent employment records, and be poor as adults than children not born poor.[v] Moreover, getting out of poverty over a lifetime is quite difficult. Despite the myth of the American Dream that if you work hard you can bootstrap your way out of poverty, in fact the US has the lowest income mobility of any developed nation.[vi] Recent research looked at income mobility over a lifetime by geographic area in the US estimating the probability that a child who was born in the bottom fifth of the income distribution in a particular area will reach the top fifth later in life. In the Denver metro area this probability is 8.7 percent, similar to the nationwide average of 9 percent for children born 30 years ago. This research further found that higher mobility areas have less residential segregation, less income inequality, better primary schools, greater social capital, and greater family stability.

Access to services

Overall, lower-income children have less access to essential services than their higher-income counterparts. Some critical areas include:

- With the Affordable Care Act, there was a significant improvement in access to **health insurance** by low-income families, in particular through the expansion of Medicaid. While Medicaid coverage is currently about 92 percent of the eligible population Boulder County, there are increasing reports of difficulties in finding doctors who take Medicaid locally.

- Availability of quality and affordable **childcare** is important not only for early child development but also for the ability of parents to work sufficient hours to rise out of poverty. Boulder County has enough capacity in licensed settings to serve approximately two-thirds of all young children whose parents are in the labor force.[vii] The Child Care Assistance Program (CCAP) supported 1,383 children in Boulder County in 2016, only an estimated 20 percent of eligible children.

- Thirteen percent of children living in Boulder County in 2016 were considered **food insecure**, defined as the lack of access, at times, to enough food for an active, healthy life for all household members and limited or uncertain availability of nutritionally adequate food. Although estimated coverage rates of SNAP food stamp benefits are under some dispute by the County, in general SNAP enrollment is well below the State average for levels of eligibility.
- **Housing instability**, including rapidly rising housing costs, have driven significant levels of family homelessness, with annually well over 1,000 school aged children being registered as experiencing episodes of homelessness, with the resulting toxic stress, dislocation and poor living and study environments. For families that remain in their homes, rising housing costs have crowded out other critical investments in their children.

4. **Responses to child poverty – EFAA's role**

EFAA provides important stabilizing services to a significant share of the children living in poverty in Boulder. In FY2018, EFAA served 1,540 children, of which 1,288 were living in the City of Boulder where EFAA's basic needs services are most heavily concentrated. The average EFAA household of three earns about $15,000, or about 75 percent of the FPL, putting their children at extreme risk of the deleterious effects of poverty.

EFAA services focus on access to critical services and support to the economic well-being of low-income households which can help mitigate the effects of child poverty. Critical services include food security through the provision of healthy food, housing stability through rental assistance and apartments for families experiencing homelessness, financial assistance with medical, dental and transportation needs, and access to other services like counseling and parenting support help address the toxic stress facing many lower–income households due to the precariousness of their situation. Selected contributions over the last year include:

- The average household received $816 in value of food distributed per year, equivalent to about 3 months of average household SNAP benefits.
- 244 homeless children lived in EFAA housing and were offered specialized case management to ensure they had the support they need to thrive. Sixty of those participated in after school programming to reduce trauma, support healthy living and better educational outcomes.
- A total of 356 families with children participated in the rental assistance program Keep Families Housed in the City of Boulder in 2018, ensuring housing stability as well as utilization of pre-natal visits for pregnant women, regular medical and dental check-ups for children, early childhood home visitation for 0-5 year olds and school engagement for children 5 – 18. An external impact evaluation confirmed improved housing stability, as well as significant decreases in food insecurity, as well as significant improvements in household self-sufficiency measures of income and employment.

5. **Policy issues and program interventions to address child poverty**

Economic supports

One of the most efficient and direct ways of reducing child poverty is to increase household incomes. Supplying cash transfers (including tax credits that are consumed as cash) rather than in-kind transfers are theoretically preferable as they offer the consumer the chance to spend the benefit in the way that best serves the needs of their family and typically cost less to transfer than in-kind benefits. Economic supports can take several forms:

- Earned Income Tax Credits (EITC) – During the 2016 tax year, the average EITC was $3,176 for a family with children. Nationwide in 2016, the EITC lifted about 5.8 million people out of poverty, including about 3 million children. Research indicates that children in families receiving the tax credits do better in school, are likelier to attend college, and have higher earnings as adults.[viii]
- The Child Tax Credit is available to be claimed for qualified children under age 17. For 2018, the recently passed Federal tax reform bill doubles the amount of the credit from $1,000 to $2,000 per qualifying child.
- Direct financial assistance is critical in addressing cash flow shortages in low-income households, diverting from asset depletion, homelessness and other negative effects of short-term shocks. More consistent direct financial assistance can also provide an important floor to reduce and mitigate poverty. The current formulation of TANF provides little coverage and a maximum benefit of about $6,000 per year. Benefit levels are set by the State and are to be increased in 2019 for the first time in 10 years.
- Employment supports – Improving household income via employment programs is possible on a relatively limited scale. For example, participants in EFAA's Job Uptake for Motivated Parents (JUMP) program have experienced an average of 254 percent improvements in income upon completion. An important element of employment support is the working conditions of parents, including paid sick and family leave.
- Other – Increasing minimum wage levels, helping single parents access child support payments, programs to reduce student loans of indebted parents, among others, can provide significant financial support to low-income households.

The potential for expanding economic supports to families receives relatively little public attention, Child and family allowances are common public policies in other industrialized countries, whether universal or means tested. Some discussion has begun about universal basic incomes in the US with a few regional pilots currently underway (Chicago, Il and Stockton CA) as well as expansions to the Earned Income Tax Credit. Locally policies and programs to increase economic supports should be considered.

Access to essential services

Nutritional programs such as SNAP and WIC support children being nourished, housing programs ensure basic housing, Head Start promotes early learning, and Medicaid promotes a basic level of access to healthcare. A number of causal studies have shown that these in-kind transfer programs positively affect the well-being of low-income children. In addition to these national-scale programs, a number of local interventions have shown to improve critical outcomes. For example, I Have a Dream makes significant investments in low-income students through their education, currently reaching over 500 children with a post-secondary enrollment rate of 85 percent.

The safety net is a vital lifeline for low-income families. Policies to support access to and funding levels of these programs are important. In addition, the local undocumented or visa-holding population face increased fears in accessing programs to provide essential services given the current immigration climate.

Investments in young children

Among all interventions, policies and programs that prioritize the 0-5 population have the most lasting impacts on breaking intergenerational cycles of poverty.[ix] Unable to forego critical income from work, many parents have little choice but to seek out low-quality care, potentially putting their children's health, safety, and development at risk. Evidence shows that children who attend good early education programs are more likely to stay in school and to have strong educational outcomes.

The Urban Institute and Children's Defense Fund recently estimated that a comprehensive set of policies, including increasing minimum wage, providing transitional jobs, expanding subsidized housing and child care, increasing food assistance, expanding federal income tax credits and changing how child support is counted in determining benefits would reduce the number of children living below the poverty line in New York City by 60 percent at a cost of between 9 to 12 percent of NYC operating budget expenditures.[x] Given Boulder's lower poverty incidence, eliminating child poverty through direct financial transfers to poor families would require 3.7 percent of the City's 2019 operating budget from the general fund or an additional 0.16 percent sales tax (City portion of sales tax currently at 3.85 percent).[xi]

7. Strategic Education priorities in child poverty

- Increase community understanding of the issue. There is generally little awareness in the community about the level of child poverty or the longer-term implications for the well-being of children growing up in low-income households in Boulder County. EFAA through its strategic education focus as well as its direct contact with the day-to-day challenges of low-income families can provide important outreach and education into the community in general and policymakers in particular about the nature of the problem.
- Expansion of effective services to break the cycle of intergenerational poverty. Anti-poverty policies and programs that promote expanded access to effective services have been proven to have a positive impact on reducing child poverty. EFAA will continue to deepen its work with families to move out of poverty and break intergeneration transmission of poverty and can be an effective voice for ensuring access to such programs, including speaking out on the importance of Federal, State and local safety net programs and expenditures.
- Legislative and public policy stances. There are a broad range of Federal, state and local policies that directly affect children in poverty. Recent examples of EFAA taking formal stances on issues related to child poverty include: support for the 2016 increase in the State minimum wage, supporting an increase in the TANF basic monthly allowance, providing public input to the recent proposed rule changes to the definition of public charge for immigrants accessing Federal safety net programs, and support to local policies to expand affordable housing and access to other essential services. EFAA will continue to identify the most critical public policies and legislative issues related to child poverty and serve as a voice for EFAA's participants in creating a more equitable community.

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[i] Throughout this paper all poverty statistics are derived from the US Census Bureau data. Self-Sufficiency figures are derived from the Colorado Center on Law and Policy's Self-Sufficiency in Colorado 2018 publication.
[ii] Please note BVSD figures include a portion of Broomfield County's student population. Source: Colorado Department of Education statistics. The State-level statistics may vary slightly from the BVSD Food Service statistics due to timing and methodology of collection.
[iii] Anna Aizer and Janet Currie, "The intergenerational transmission of inequality: Maternal disadvantage and health at birth" Science 344, 856 (2014).
[iv] "Poverty and Child Health in the United States", US Council on Community Pediatrics.
[v] Urban Institute findings.
[vi] Isaacs, J. "International Comparisons of Economic Mobility". The Brookings Institution

[vii] KIDS COUNT 2015, Annie E. Casey Foundation

[viii] Center on Budget and Policy Priorities.

[ix] Kathy Hirsh-Pasek, Andres S. Bustamante, and Roberta Michnick Golinkoff. "Funding childhood poverty programs is key to social mobility" Brookings Institute, 2017.

[x] Linda Giannarelli, Laura Wheaton, Joyce Morton. "How Much Could Policy Changes Reduce Poverty in New York City?" Urban Institute, 2015.

[xi] Currently in the City of Boulder the average income deficit between actual income and the poverty threshold for families below the poverty line is $8,961. Using a rough calculation of $9,000 multiplied by the 600 families with children below the poverty line results in about $5.4 million required in annual income transfers to lift all children out of poverty in the City.