

# Race and poverty: Divergent fortunes of America's children?

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It is widely believed that children in America may be on separate tracks into adulthood.<sup>1</sup> On one track are economically advantaged children, many of whom reside with two highly educated parents. The other track typically includes poor children residing with a single mother or with two parents struggling to make ends meet in a changing global economy. In many ways, these tracks represent distinct fortunes along lines of racial and ethnic background. White children are proportionally over-represented among the more advantaged segments of the child population, while children of historically disadvantaged racial minorities and America's "new" immigrants make up disproportionately large shares of the economically deprived.

How true is this perception? In the study whose findings we summarize here, our goal is to document racial differentials in child poverty, while also evaluating the potentially divergent economic paths among America's racial and ethnic minority children. The key question here is not whether the children of racial and ethnic minorities are poor, but whether—and to what extent—they are joining the American economic mainstream. Our findings demonstrate that analyses of poverty, without attention to racial/ethnic diversity and inequality, misrepresent the changing circumstances of America's disadvantaged children.

## Child poverty and racial inequality

The racial and ethnic makeup of the United States has changed dramatically over the last half of the 20th century, largely because of immigration from Latin America and Asia. In 1950, for example, the U.S. Census Bureau reported that nearly 90 percent of America's 151 million people were white, and blacks accounted for well over 90 percent of the nonwhite population.<sup>2</sup> Today, the white population share has fallen to 75 percent of the U.S. population, and about 8 percent of whites are of Hispanic origin. Hispanics are now America's largest racial or

ethnic minority—at 12.5 percent—whereas the black population has remained relatively constant at 10 to 12 percent since 1950. A diverse Asian population comprising many different nationalities accounts for about 4 percent of the U.S. population.<sup>3</sup> Overall, in 2000, nearly 2 out of 5 children were members of racial/ethnic minority groups and/or immigrant families.<sup>4</sup>

Poverty in America has changed as well—becoming increasingly “juvenilized” over the past three decades.<sup>5</sup> In the 1960s, the child poverty rate was only 60 percent of the poverty rate for the elderly, but was 180 percent of the elderly rate by the early 1990s. These same decades witnessed dramatic changes in family circumstances associated with child poverty. In the 1960s, most poor children lived in married-couple families. By the end of the 1990s, 57 percent of poor children lived in female-headed families.<sup>6</sup> Research has suggested that about half of the rise in child poverty during the 1980s was attributable to shifts in the child population from married-couple families to “high-risk” female-headed families.<sup>7</sup> These shifts slowed in the 1990s, and were no longer associated with increases in poverty, even among children.<sup>8</sup>

The child poverty rate peaked at 23 percent during the 1993 recession, subsequently declining to 16 percent at the end of the decade, the lowest level in 20 years. Yet, the overall decline in poverty and patterns of family change may conceal very different trends among subgroups of children, some of whom may not have benefited from economic growth in the 1990s. Large racial and ethnic differences in child poverty persist while racial diversity has grown rapidly.

## Data and methodology

This analysis uses 1990 and 2000 U.S. census data weighted to correct for underrepresented populations in order to ensure a nationally representative sample including minorities and immigrants.<sup>9</sup> Our sample is limited to

The ideas discussed in this article are developed at length in “Poverty and Economic Polarization among Children in Racial Minority and Immigrant Families,” included in *Handbook of Families and Poverty: Interdisciplinary Perspectives*, edited by D. Russell Crane and Tim B. Heaton (Sage Publications, 2007).

children age 17 or younger who are related to the head of the household, or whose parent is an unmarried partner of the head of the household.<sup>10</sup> The total sample includes over 3 million children in both 1990 and 2000.<sup>11</sup> For each child, we have information on the family and the parents, including parents' marital or cohabiting partners.<sup>12</sup> Because parents may pool incomes with cohabiting partners, we include supplemental analysis in which we define unmarried partners and their coresident children as a family, and adjust child poverty statistics to account for these living arrangements.<sup>13</sup>

## Child poverty

As suspected, the overall decline in poverty conceals very different trends among subgroups of children (Figure 1). Rates declined modestly for non-Hispanic whites and Asians, but significantly for African Americans and Native Americans. On the other hand, these historically disadvantaged groups had the highest child poverty rates in 2000—both exceeding 30 percent. Asian Americans had the lowest child poverty rate among racial minorities in 2000, and non-Hispanic whites had the lowest rate overall.

## Family structure

Because children in married-couple families are less likely to be poor than those in female-headed single families, we asked whether poverty declines over the 1990s reflected changes in family structure. First, we estimated what poverty rates might have been if children lived in the same kinds of families in 2000 as they did in 1990; as Figure 2 shows, poverty would have fallen further if family structure had remained stable. These results indicate that changes in family structure slowed the decline in child poverty during the 1990s.

Second, we asked how changes in child poverty rates would have differed in the absence of race differences in family structure (Figure 3). In other words, what race differences would be apparent if children were uniformly distributed among married-couple and single-parent families (in rates reflective of the total child population)? In this case, child poverty rates would have been higher for whites and Asian Americans, who are more likely to live in married-couple families, but lower for blacks and Native Americans, who are more likely to live in single-parent families. Racial differences in family structure account for some, but not all of the differences in child

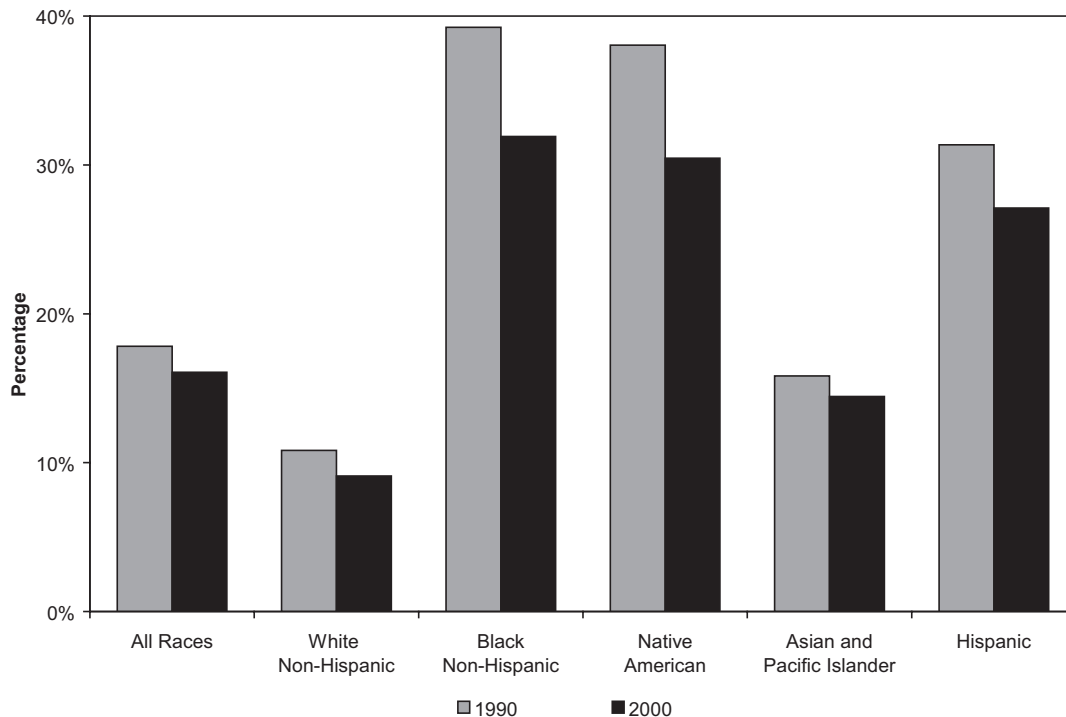
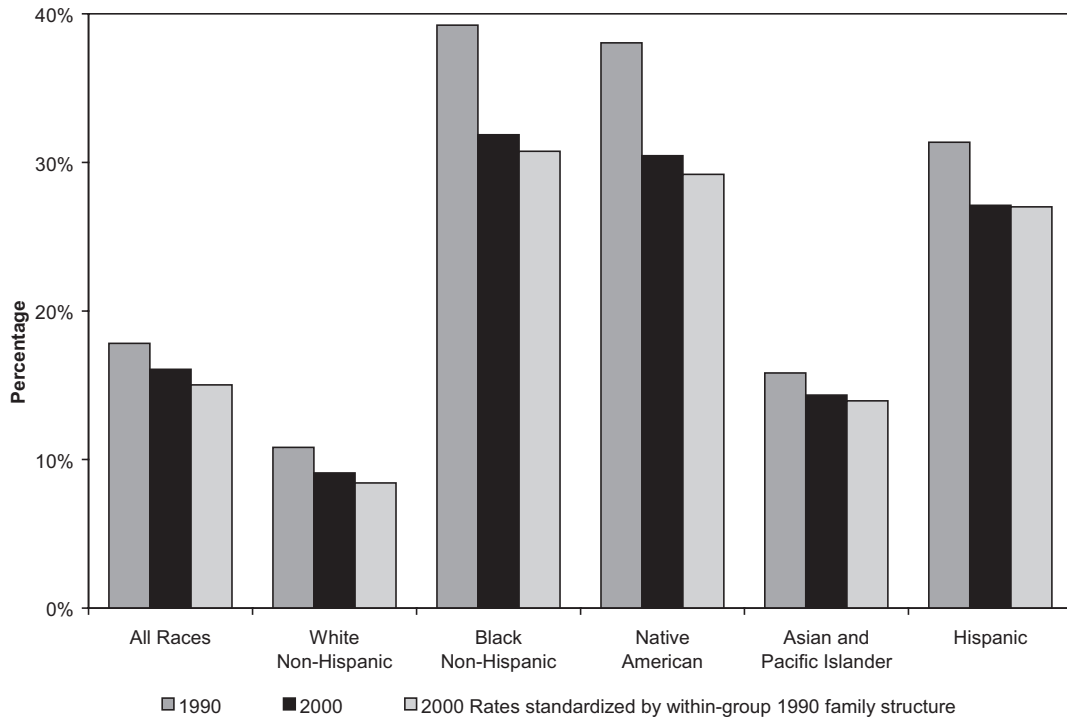


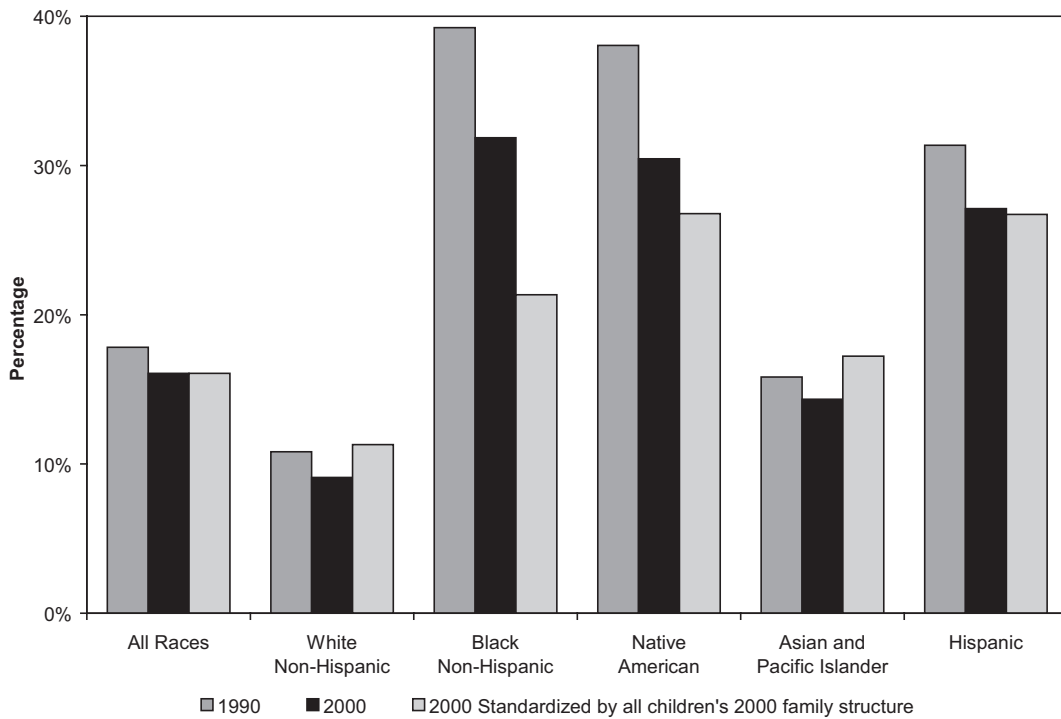
Figure 1. Child poverty by race, 1990 and 2000.

Source: U.S. Census Bureau, Integrated Public Use Microdata Series (IPUMS) 5 percent sample.



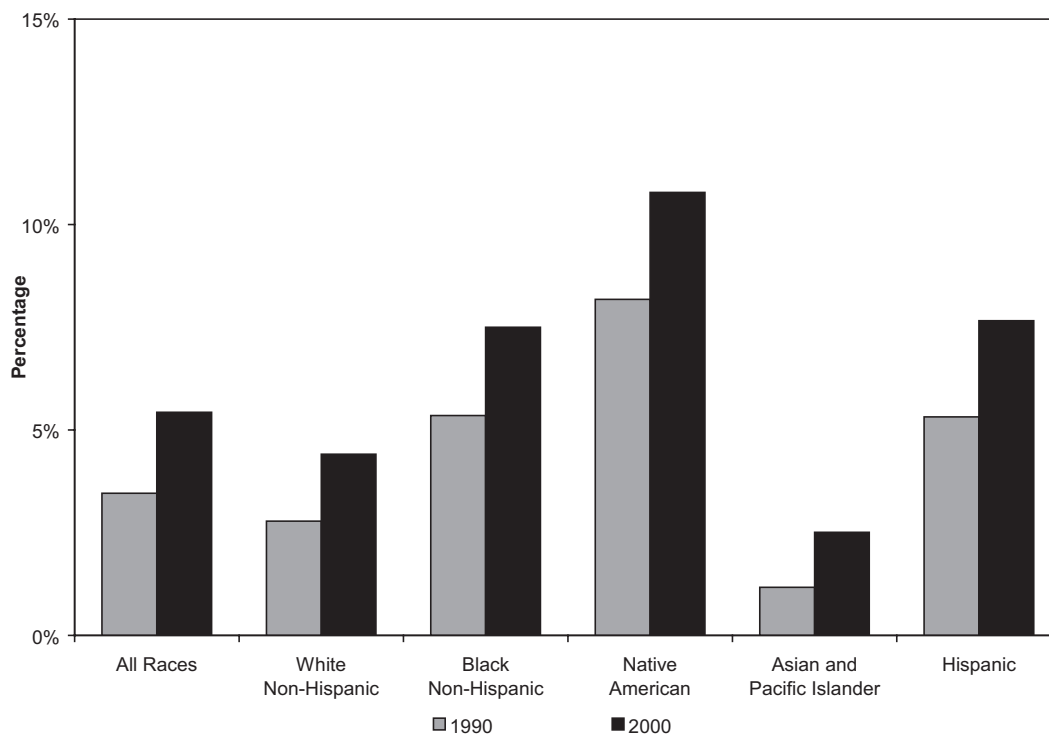
**Figure 2. Estimated poverty rate change in the absence of family structure change.**

Source: U.S. Census Bureau, IPUMS 5 percent sample.



**Figure 3. Estimated poverty-rate change if family structure did not vary by race.**

Source: U.S. Census Bureau, IPUMS 5 percent sample.



**Figure 4. Percentage of children residing with a cohabiting couple.**

Source: U.S. Census Bureau, IPUMS 5 percent sample.

poverty. For example, if black children lived in married-couple families in the same proportion as whites, their poverty rates would still be nearly double those of white children.

Evaluating poverty among children living in single-parent families is increasingly complex because a growing number of children of all ethnic groups also live with a parent’s cohabiting partner. Our estimates suggest that the percentage of children living in cohabiting families increased from 3.5 percent to 5.4 percent from 1990 to 2000 (Figure 4). Although it may be unrealistic to assume that partners pool their incomes to the benefit of coresidential children, we ask how rates of child poverty would change if coresident parents married their cohabiting partners, and family configuration and income were adjusted accordingly (Figure 5). Our measure surely overstates the degree to which children benefit economically from cohabiting-parent relationships. Nevertheless, it demonstrates a potential benefit, and suggests that the family-based measure, which has not kept pace with children’s changing living arrangements, may overstate the number of children actually living below the poverty threshold.

## Maternal employment

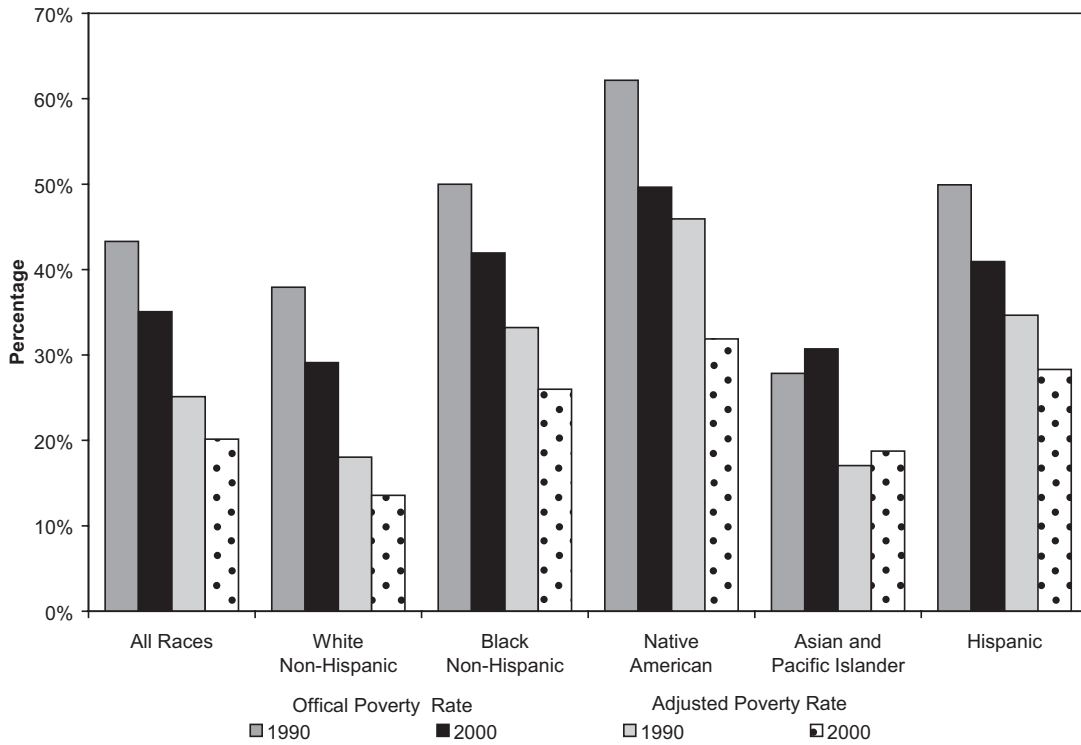
Family changes alone cannot explain recent declines in child poverty. Poverty has declined even within the most disadvantaged subgroup—children living in female-

headed families. Our estimates (Figure 6) show that the rise in maternal employment accounted for about one-third of the 9-percentage-point decline in poverty for children in single-mother families. This suggests that increases in maternal employment over the 1990s lifted many at-risk children out of poverty.

Do differences in maternal employment also explain large racial differences in poverty rates among children in single-parent families? To address this question, we calculated an “employment-standardized” rate of child poverty for 2000, which assumes that maternal employment patterns in each racial group were identical to those of all single mothers. Our results indicate that if maternal employment rates were the same for each group, blacks, Native Americans, and Hispanics would have even higher child poverty rates relative to white or Asian children. Other explanations for these racial differences must be considered, such as differences in wage rates attributable to lower education, limited opportunities, or discrimination.

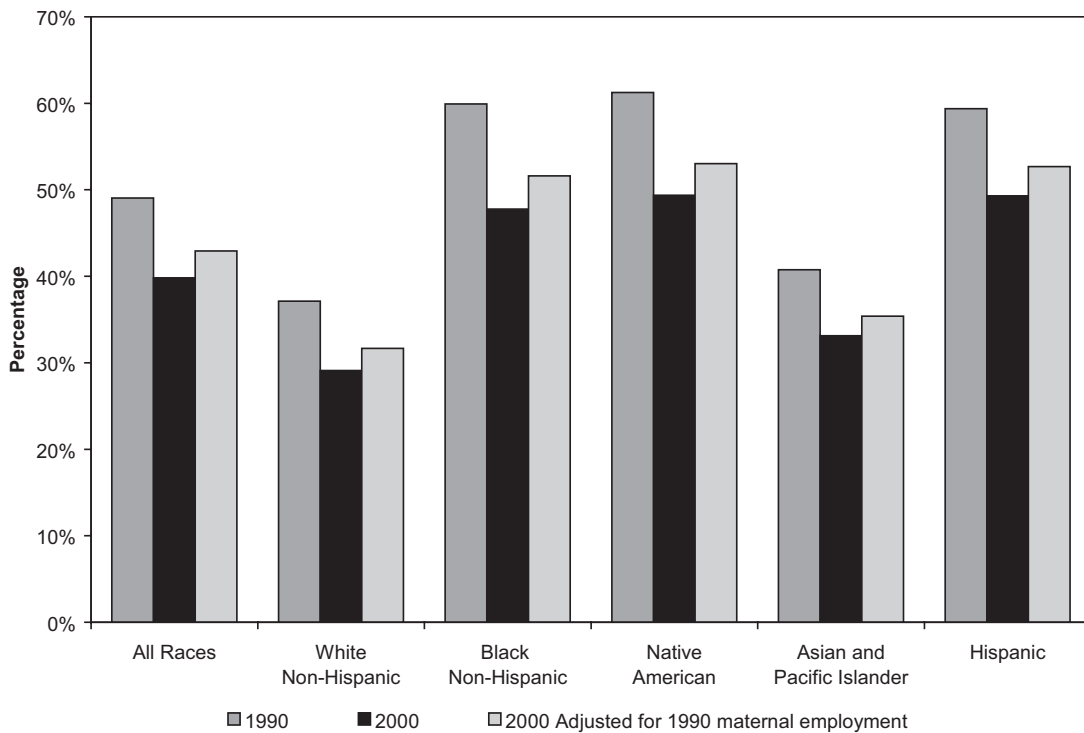
## Income inequality

If we focus only on declining poverty rates during the 1990s, we may overlook evidence that poor children today may be poorer than in the past, or that the incomes of poor children may have increased in absolute terms while declining relative to the rising incomes of middle-class and affluent children. We asked whether income inequal-



**Figure 5. Official and adjusted poverty rates for children living with cohabiting parents.**

Source: U.S. Census Bureau, IPUMS 5 percent sample.



**Figure 6. Poverty-rate changes for children living with single mothers, actual, and adjusted for maternal employment.**

Source: U.S. Census Bureau, IPUMS 5 percent sample.

ity among children changed during the 1990s, and whether growing racial diversity altered existing patterns of racial inequality. In other words, has the racial distribution of affluent children become “whiter” while the ranks of the poor increasingly comprise historically disadvantaged minorities or America’s “new” immigrants?

To address these questions, we first compared trends in children’s income-to-needs ratios (family income relative to poverty threshold) (Figure 7). Between 1990 and 2000, these ratios increased for every race group at the 20th, 50th, and 80th income percentiles. For example, family incomes for all children at the 20th percentile increased from 10 percent over the poverty threshold in 1990 to 19 percent over the threshold in 2000. Yet, racial differences in ratios were sizeable throughout the income distribution, with lower ratios apparent for blacks, Native Americans, and Hispanics at each percentile.

To assess whether income inequality increased in the 1990s, we calculated the ratio of family income at the 80th percentile to family income at the 20th percentile; a higher ratio represents greater income inequality. As Figure 8 shows, the ratio of the family income of affluent to low-income children increased only slightly in the 1990s, from 3.92 to 3.98 (meaning that affluent children had about four times as much family income as low-income children in both 1990 and 2000). We find little evidence for large increases in income inequality over this period, at least as measured with these points in the income

distribution. For historically disadvantaged children such as blacks, Native Americans, and Hispanics, income inequality appears to have actually declined during the 1990s. On a percentage basis, the incomes of minority children at the bottom of the within-group income distribution grew faster than the incomes of minority children at the top. The declines in child poverty among these children, accompanied by income growth and declines in income inequality, appear to mark a significant departure from the trends of previous decades.<sup>14</sup>

### Distribution of children among income classes

Any interpretation of income growth must also take into account the changing percentages of children in particular income classes. Perhaps more poor children are deeply impoverished today, or families of poor children who rise above the poverty line still have quite low incomes. Figure 9 shows that overall, the percentage of children living in deep poverty declined from 1990 to 2000, but the percentage in marginal or near poverty remained largely unchanged.<sup>15</sup> The overall decline in child poverty during the 1990s apparently reflected mostly the declining percentage of the most impoverished children. At the same time, the share of affluent children increased slightly, with a corresponding decrease in the middle-class share. The decline in the percentage in deep poverty is particularly evident for black children. Racial differences are also reflected in the composition of each income class. In 2000, nearly 70 percent of deeply poor

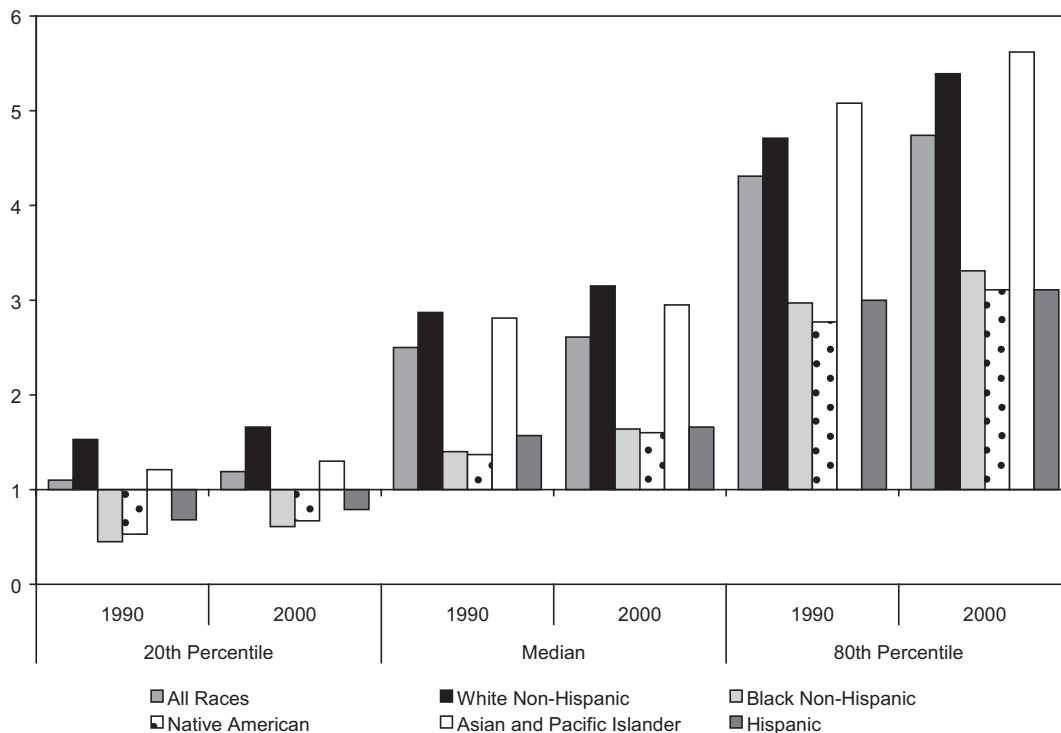
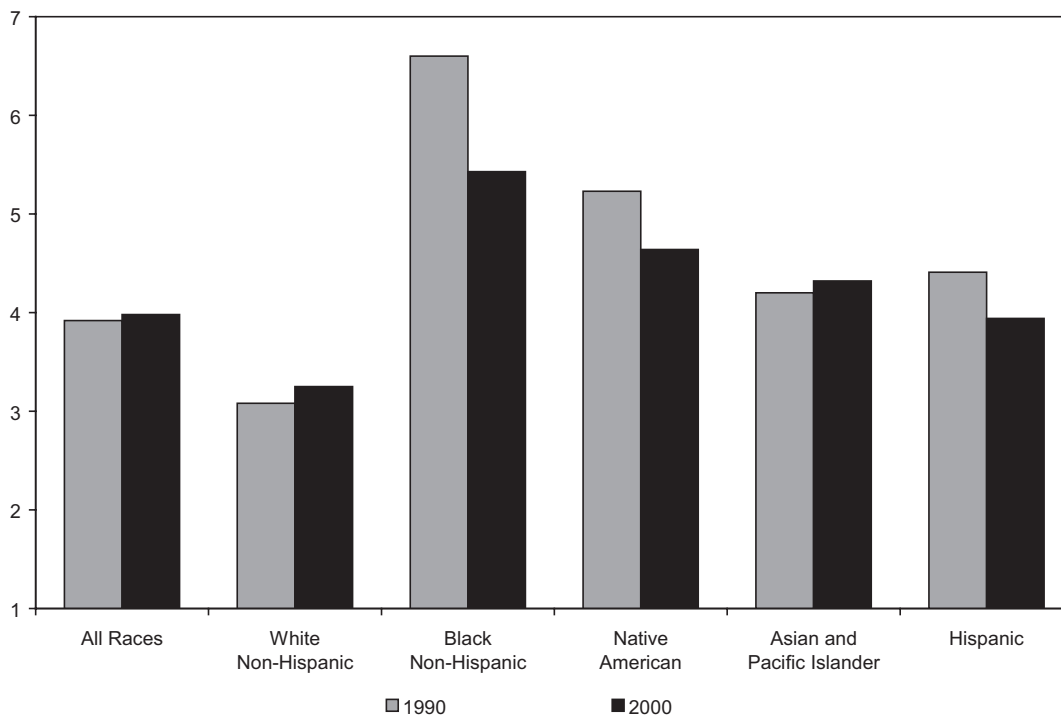


Figure 7. Income-to-needs ratios.

Source: U.S. Census Bureau, IPUMS 5 percent sample.



**Figure 8. Ratio of family income at the 80th and 20th percentiles.**

Source: U.S. Census Bureau, IPUMS 5 percent sample.

children were racial minorities, whereas only 20 percent of affluent children were minorities.

### How do families with children compare to those without?

Overall, families without children were more likely than those with children to be at the extremes of the income distribution. A higher and growing percentage of families without children lived in deep poverty. For families with children, the comparable percentages were roughly one-half as large, and declined over the decade. Similar patterns of inequality between families with and without children were evident across racial groups. Racial differences in poverty tend to be smaller when families rather than children are the unit of analysis. This is partly attributable to family size and composition differences among families of different races and socioeconomic status.<sup>16</sup>

### Conclusion and policy implications

The current economic circumstances of minority children provide a window to the future of racial stratification and inequality. The 1990s were a period of widespread poverty declines for America's children. Each of the racial groups considered here appears to have benefited from this period of economic and employment growth. Our results suggest that this growth, particularly in maternal employment, accounted for the largest share of declines in the child poverty rate. In the past, changes in family

structure such as the shift from married-couple to single-parent families had affected child poverty rates, but the 1990s brought little change in children's living arrangements.

Our results with respect to racial and ethnic diversity in children's economic circumstances do not lend themselves to simple conclusions. On the one hand, maternal employment played a large role in accounting for declines in child poverty among minority children. On the other hand, high rates of poverty among children of minority families cannot be explained away by existing differences in employment rates or work patterns among children's mothers. Conversely, whereas changes in family structure cannot fully explain the trends in child poverty among population subgroups, racial differences in family structure continue to account for a significant portion of the differences in child poverty among minority groups. Our results confirm the view that differential child poverty rates by race cannot be discussed in isolation from the currently large racial differences in out-of-wedlock childbearing, marriage, and divorce.

Any analysis of trends in child poverty, if considered alone, may give a rather incomplete or even misleading picture of children's changing economic circumstances. Significantly, our results indicate that the family incomes of America's poorest children, regardless of racial or ethnic background, increased during the 1990s, at the same time as poverty rates declined. Rates of deep pov-

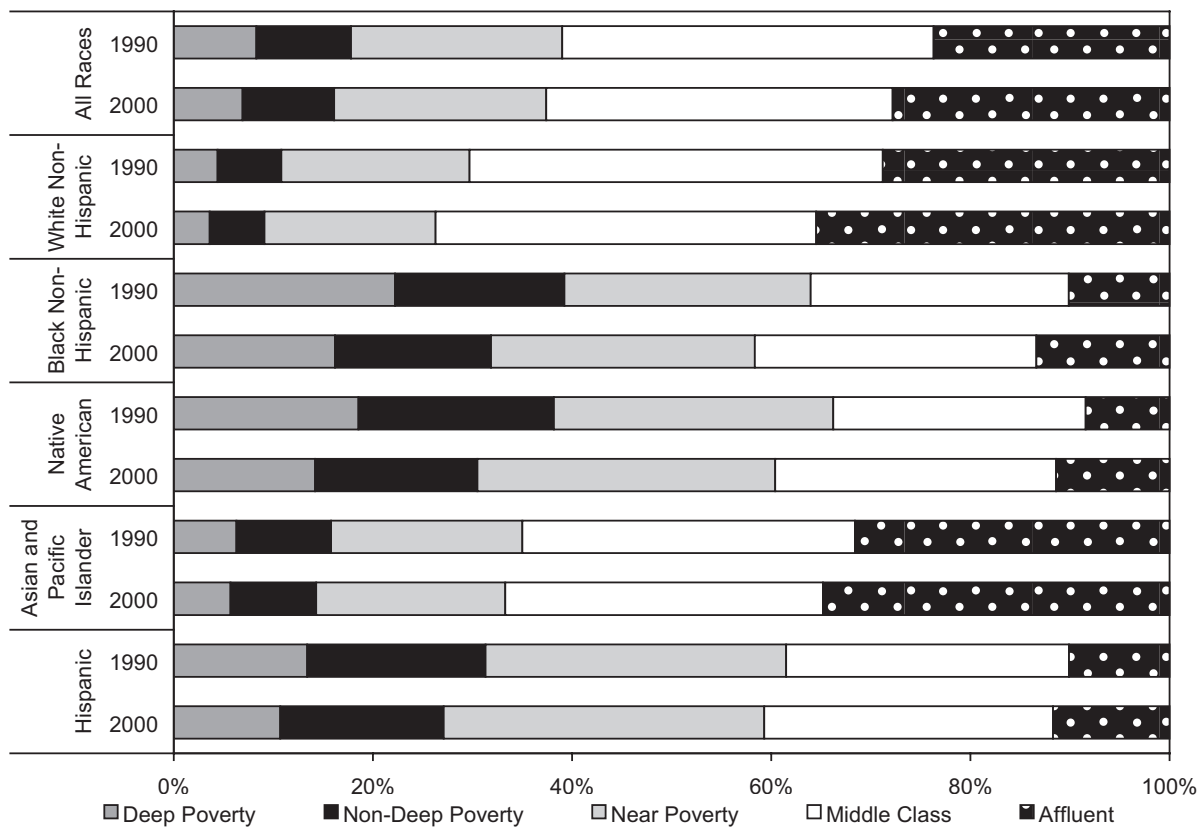


Figure 9. Child poverty and affluence by race.

Source: U.S. Census Bureau, IPUMS, 5 percent sample.

erty also declined among children and families with children. The growth in income inequality among children also apparently slowed significantly during the 1990s. For most racial and ethnic groups, the incomes of the poorest children increased at a similar or faster pace over the past decade than the incomes of “average” or wealthy children. Still, it is also the case that the absolute dollar gap in income between America’s poor and affluent children increased during the 1990s. Whether trends and racial differences in poverty and income during the 1990s should be viewed largely with optimism or pessimism is a matter of personal judgment or emphasis. There can be no disagreement, however, that racial differences in economic well-being remain large in the United States. Few observers will disagree that any progress toward racial inequality has been slow, or that continuing high rates of child poverty today will reproduce existing patterns of racial inequality in the future. Only by severing the link between childhood and adult poverty through better education, a secure safety net, or economic opportunity will America’s future take a different or faster route toward racial economic equality. ■

<sup>1</sup>S. McLanahan, “Diverging Destinies: How Children are Faring under the Second Demographic Transition,” *Demography* 41 (2004): 607–627.

<sup>2</sup>C. Gibson and K. Jung, “Historical Census Statistics on Population Totals by Race, 1790 to 1990, and by Hispanic Origin, 1970 to 1990, for the United States, Regions, Divisions, and States,” Working Paper no. 56, U.S. Bureau of the Census, Washington, DC, 2002.

<sup>3</sup>E. M. Grieco and R. C. Cassady, “Overview of Race and Hispanic Origin,” Census 2000 Brief 01-1, U.S. Census Bureau, Washington, DC, 2001; J. S. Barnes and C. E. Bennett, “The Asian Population, 2000,” Census 2000 Brief 01-16. Census Bureau, Washington, DC, 2002.

<sup>4</sup>D. J. Hernandez, “Demographic change and the life circumstances of immigrant families,” *Future of Children* 14 (2004): 17–47.

<sup>5</sup>S. M. Bianchi, “Feminization and Juvenilization of Poverty: Trends, Relative Risks, Causes, and Consequences,” *Annual Review of Sociology* 25 (1999): 307–333.

<sup>6</sup>U.S. Bureau of the Census Historical Poverty Tables, <http://www.census.gov/hhes/poverty/hstpov/hstpov10.html>. Accessed March 6, 2004.

<sup>7</sup>D. J. Eggebeen and D. T. Lichter, “Race, Family Structure, and Changing Poverty among American Children,” *American Sociological Review* 56 (1991): 801–817.

<sup>8</sup>J. Iceland, “Why Poverty Remains High: The Role of Income Growth, Economic Inequality, and Changes in Family Structure, 1949–1999,” *Demography* 40 (2003): 499–519; D. T. Lichter, Z. Qian, and M. L. Crowley, “Child Poverty among Racial Minorities and Immigrants: Explaining Trends and Differentials,” *Social Science Quarterly* 86 (2005): 1037–1059.

<sup>9</sup>The data come from the Integrated Public Use Microdata (IPUMS) drawn from the decennial censuses, S. Ruggles, M. Sobek, T. Alexander, C. A. Fitch, R. Goeken, P. K. Hall, M. King, and C.



Ronnander, "Integrated Public Use Microdata Series: Version 3.0," Minneapolis: Historical Census Projects, University of Minnesota, 2003.

<sup>10</sup>Children who head households or who are married to heads of households are excluded from our analysis.

<sup>11</sup>We also draw secondary samples for the purpose of comparing the income distributions of families with and without children. Individuals aged 12 to 59 not residing in group quarters are weighted with the person weight and aggregated to the level of the household and then the family. This sample includes 3,935,446 families in 1990 and 4,727,901 families in 2000. Children were present in 51 percent of families in 1990 and 46 percent of families in 2000.

<sup>12</sup>A small number of cases lacking basic demographic data for the head of household are excluded.

<sup>13</sup>Children are defined as poor when they live in families with incomes below the official poverty income thresholds for families with their specific size and configuration (i.e., adults and children), as determined by the Office of Management and Budget. Family income is measured in the year prior to the year of enumeration. Thus, poverty status for 1990 and 2000 is based on money income and poverty thresholds for 1989 and 1999, respectively.

<sup>14</sup>Studies that used data from before 1990 suggested that income inequality was increasing. For example, see D. T. Lichter and D. J. Eggebeen, "Rich Kids, Poor Kids: Changing Income Inequality among American Children," *Social Forces* 73 (1993): 761–780.

<sup>15</sup>All income classes are based on family income relative to the poverty threshold: "deep poverty" is under 50 percent of the threshold; "marginal poverty" is between 50 and 100 percent of the threshold; "near poverty" is between 100 and 200 percent of the threshold; "middle class" is between 200 and 400 percent of the threshold, and affluent is more than 400 percent of the threshold.

<sup>16</sup>Analyses for children weight families by family size, which is positively associated with poverty. For example, a poor single mother with three children is counted as one poor family, but three poor children.

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