Poverty is not an uncommon experience for children growing up in the United States. Although only about one in five children are in poverty each year, roughly one in three will spend at least one year living in a poor household. Child poverty is a significant concern to researchers and policymakers because childhood poverty is linked to many undesirable outcomes, including reduced academic attainment, higher rates of nonmarital childbearing, and a greater likelihood of health problems. Moreover, childhood poverty, especially when it is deep and persistent, increases the chances that a child will grow up to be poor as an adult, thereby giving rise to the intergenerational transmission of economic disadvantage.

**Child poverty dynamics**

In the United States, child poverty rates are higher than rates for the adult and elderly populations. In 2006, 17 percent of children lived in families with incomes below the official poverty threshold compared with only 11 percent of adults. Another 22 percent of children lived in families with incomes between 100 percent and 200 percent of the poverty threshold. Although it is difficult to make international comparisons, research suggests that the United States has one of the highest rates of child poverty among western industrialized nations.

These annual poverty rates provide only a snapshot of the number of children in poverty. With child poverty rates remaining relatively stable over time, it would be easy to mistakenly conclude that the population of children experiencing poverty also changes little. Yet, analysis of longitudinal data reveals substantial turnover among the poor, as events like unemployment and divorce push families into poverty, and reemployment, marriage, and career gains pull them out. As Table 1 shows, while on average children experience 1.8 of their first 15 years of life in poverty, this average masks considerable variation. About 65 percent of children never experience poverty, whereas 15 percent of children are poor for at least 5 of 15 years. African American children are considerably more likely than white children to experience chronic poverty. Children born to unmarried mothers and mothers with less than a high school diploma were also more likely to experience chronic poverty.

Childhood poverty can also be characterized by the number of poverty spells that are experienced. Most poverty spells are relatively short, ending within two years. However, about half of poor individuals who escape poverty experience another spell of poverty within four years. More than half of children who are ever poor experience more than one spell of poverty, and children who are in poverty for longer periods of time are more likely to experience deep poverty.

**Theoretical frameworks for understanding how poverty might affect families and children**

Three main theoretical frameworks describe the pathways through which child poverty may affect development: family and environmental stress, resource and investment, and cultural theories.

**Family and environmental stress perspective**

Economically disadvantaged families experience high levels of stress in their everyday environments, and such stress may affect human development. The family stress model was developed first by Glenn Elder to document the influence of economic loss during the Great Depression. According to this perspective, poor families face significant economic pressure as they struggle to pay bills and are forced to cut back on daily expenditures. This economic pressure, coupled with other stressful life events that are more prevalent in the lives of poor families, create high levels of psychological distress, including depressive and hostile feelings, in poor parents. Psychological distress spills over into marital and co-parenting relationships. As couples struggle to make ends meet, their interactions become more hostile, conflicted, and they tend to withdraw from each other. Parents’ psychological distress and conflict, in turn, are linked with parenting...

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**Table 1**

<table>
<thead>
<tr>
<th></th>
<th>Average Number of Years Poor</th>
<th>Never Poor</th>
<th>Poor for at Least 5 Years</th>
<th>Poor for at Least 8 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Sample</strong></td>
<td>1.81</td>
<td>65%</td>
<td>15%</td>
<td>10%</td>
</tr>
<tr>
<td><strong>African American</strong></td>
<td>5.53</td>
<td>30%</td>
<td>46%</td>
<td>37%</td>
</tr>
<tr>
<td><strong>White</strong></td>
<td>0.93</td>
<td>75%</td>
<td>7%</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Unmarried Mother</strong></td>
<td>5.39</td>
<td>24%</td>
<td>46%</td>
<td>33%</td>
</tr>
<tr>
<td><strong>Mother has less than a High School Diploma</strong></td>
<td>5.03</td>
<td>31%</td>
<td>44%</td>
<td>33%</td>
</tr>
</tbody>
</table>

**Notes:** Calculations of the Panel Survey of Income Dynamics conducted by Kathleen Ziol-Guest, Harvard University. Figures in this table are based on weights that adjust for differential sampling and response rates.
practices that are on average more punitive, harsh, inconsistent, and detached as well as less nurturing, stimulating, and responsive to children’s needs. Such lower quality parenting may be harmful to children’s development. In recent years, studies in cognitive neuroscience provide evidence to suggest that this type of stress exposure may affect children by influencing the development of brain structures, such as the hippocampus, which is of central importance for memory. These studies, however, have not yet been able to develop clear causal sequencing for these events or isolate the role of poverty per se in these processes.

Resource and investment perspective

Gary Becker argues that child development is affected by a combination of endowments and parental investments. Endowments include genetic predispositions and the values and preferences that parents instill in their children. Parents’ preferences, such as the importance they place on education and their orientation toward the future, combined with their resources, shape parental investments. Economists argue that time and money are the two basic resources that parents invest in children. For example, investments in high-quality child care and education, housing in good neighborhoods, and rich learning experiences enhance children’s development, as do nonmonetary investments of parents’ time. Links between endowments, investments, and development likely differ for achievement, behavior, and health outcomes. Characteristics of children also affect the level and type of investments that parents make in their children. For example, if a young child is talkative and enthusiastic about learning, parents are more likely to purchase children’s books or take the child to the library. This perspective suggests that children from poor families trail behind their economically advantaged counterparts because parents have fewer resources to invest in their children.

Cultural perspectives

Sociological theories about how the norms and behavior of the poor affect children began with the “culture of poverty” theory put forth by Oscar Lewis. Based on his field work with poor families in Latin America, he argued that the poor were economically marginalized and had no opportunity for upward mobility. Individuals responded to their marginalized position by adapting their behavior and values. The resulting culture of poverty was characterized by little impulse control and inability to delay gratification, as well as feelings of helplessness and inferiority. These adaptations manifested in poor communities’ high levels of female-headed households, sexual promiscuity, crime, and gangs. Although Lewis acknowledged that these behaviors emerged in response to structural factors, he argued that over time, these values and behaviors were transmitted to future generations, and therefore became a cause of poverty.

Cultural explanations for the effects of poverty on children were prevalent in the mid-1980s through the 1990s. These approaches suggested high levels of nonmarital childbear-

ing, joblessness, female-headed households, criminal activity, and welfare dependency among the poor were likely to be transmitted from parents to children. A common criticism of culture-of-poverty explanations is that they fail to differentiate the behavior of individuals from their values and beliefs. Evidence suggests that disadvantaged individuals hold many middle-class values and beliefs. However, unlike the middle class, the poor face circumstances that make it difficult for them to behave in accordance with their values and beliefs. Recently, sociologists have developed more sophisticated approaches to examine the intersection of culture and poverty, drawing on cultural concepts, including repertoires, frames, narratives, as well as social and cultural capital, to understand how poor adults experience, perceive, and respond to their economic position. For example, studies suggest that poverty is related to smaller and less supportive social networks. The notion that norms and behaviors are passed down from generation to generation is implicit in cultural theories, even if it has not been well documented.

Consequences of child poverty

Academic achievement and attainment

Does poverty affect children’s achievement and educational attainment? Modest gaps in achievement by income are present when children enter school and grow during the school years. Effects on educational attainment are larger, with the mean differences amounting to over a year of schooling. Differential rates in high school completion and college attendance are also large—poor children are one-third as likely to complete high school and the gap in college attendance between the lowest quintile and highest quintile of income is nearly 50 percentage points. These differences in children’s achievement and attainment likely contribute to differences in job opportunities and later earnings.

Despite theoretical predictions and correlational evidence, whether family income and poverty are causal determinants of children’s achievement and education behavior remains a controversial issue. Some scholars argue that both low family incomes and low achievement are the by-products of genetic, psychological, and social differences between poor and nonpoor families, which are the “true” causes of poor achievement and attainment. Researchers have used a variety of methods to study the effects of poverty and income, including capitalizing on income variation created by policy. Experimental welfare reform evaluation studies undertaken during the 1990s provided a unique opportunity to consider how increases in family income affect poor children’s development. The academic achievement of preschoolers and elementary schoolchildren was improved when income increased, but not by programs that only increased parental employment. Such benefits were not apparent for adolescents. More recently, Gordon Dahl and Lance Lochner found that increases in income generated by an expansion of the maximum Earned Income Tax Credit predicted improvements in low-income children’s achievement.
Poverty probably matters for children’s achievement and later educational attainment, although not as much as some of the early and less rigorous studies suggested. No study has been able to rule out all sources of bias or threats to internal validity, but taken together, the robust links between early childhood poverty and later achievement and attainment, as well as income in adolescence and later educational attainment, suggest that parental economic resources play a modest causal role.

Behavior

Poor children are typically rated by their parents and teachers as having more behavior problems than their peers. In childhood, this is reflected in elevated levels of externalizing problems, such as aggression and acting out, and internalizing problems, such as depression and anxiety; in adolescence and later adulthood, in higher rates of nonmarital fertility and criminal activity. Again, the extent to which these associations reflect causal associations remains uncertain.

Studies suggest that although poverty is associated with children’s socio-emotional well-being, to the extent that the effects are causal, they are likely to be selective. Accumulating evidence suggests that, for example, poverty may be more strongly associated with externalizing problem behavior, such as aggression, rather than internalizing behavior, such as depression. The fact that family income may be more linked with some types of behavior than others is not surprising. However, discrepancies across studies may also be attributable to differences in study design. Studies vary considerably in the ages of children and the timing of the poverty or income measure. There is little evidence to indicate whether current or permanent income is a stronger predictor of children’s behavior. Nor is there clear evidence on whether the age at which poverty is experienced or timing of poverty is salient in understanding associations between income and children’s behavior.

Nonmarital births are more prevalent among women who experienced poverty as children. Duncan and colleagues found that more than half of girls who experienced poverty for the first 5 years of life had a nonmarital birth by age 28, compared to 21 percent for those with family incomes between 100 percent and 200 percent of the poverty threshold, and only 8 percent for those with household incomes over 200 percent. In contrast, Robert Haveman, Barbara Wolfe, and Kathryn Wilson argued that the association between childhood poverty and subsequent nonmarital childbearing is not due to poverty per se, but to the fact that many poor children are raised in single-parent families.

Physical health

Growing up in poverty is associated with a variety of worse health outcomes. Compared with children in nonpoor households, poor children are reported by their mothers as having worse overall health. Janet Currie and Wanchuan Lin found that only 70 percent of poor children were reported to be in excellent or very good health, compared with 87 percent of nonpoor children. In western industrialized nations, economic disparities in health tend to grow from early childhood through adolescence. This is, in part, because income seems to protect children’s health at the onset of early chronic conditions.

In the United States, children from poor households also have higher rates of chronic conditions, such as asthma, diabetes, and hearing, vision, and speech problems, with 32 percent of poor compared with 27 percent of nonpoor children reporting at least one such condition. Associations between childhood poverty and health extend into adulthood. Economic disadvantage in childhood has been linked to worse overall health status and higher rates of mortality in adulthood. By age 50, individuals who have experienced poverty in childhood are 46 percent more likely to have asthma, 83 percent more likely to have been diagnosed with diabetes, and 40 percent more likely to have been diagnosed with heart disease, in comparison to individuals whose incomes are 200 percent of the poverty line or greater. Adult disparities in chronic health problems by poverty status tend to become more pronounced with age. Unadjusted differences in physical health by childhood poverty status likely overstate the true causal effect of childhood poverty and physical health.

As few studies directly consider the effect of childhood poverty on later health, it is worth considering other sources of evidence that may shed light on this question. Research examining policies aimed at reducing poverty-related material hardships may provide additional information about poverty’s influence on health. For example, the food stamp program, designed to reduce food insufficiency, has been shown to increase birth weight and reduce prematurity. Furthermore, participation in another food-assistance program, Women, Infants, and Children (WIC), has been linked to improved birth outcomes and reductions in childhood obesity. Unfortunately, rigorous research on programs such as these has not yet been extended to consider physical health benefits beyond these very early years of childhood. To the extent that programs like food stamps and WIC lead to improvements in the health of the economically disadvantaged, one can infer that at least some of the influence of poverty on physical health may be causal.

Summary

About one in three children will experience poverty during childhood. For most, poverty will be transient; however, for some, poverty persists for many years. About 10 percent of children will spend more than half of their childhood in poverty (at least 8 out of the first 15 years). Children experiencing such chronic poverty are more likely to be born into single-parent families, to mothers with low levels of education, and to be African American.

Theories suggest that experiencing poverty during childhood may affect one’s life chances by increasing family stress and reducing parental investments. Families may also adapt their
behaviors when facing diminished economic opportunities, and this may result in lower quality parenting, leading to harmful effects on children.

Studies confirm that children who experience persistent poverty are at risk of experiencing poor outcomes across important domains later in life. Because identifying the unique effect of poverty on child and adult outcomes is challenging, the extent to which these associations are causal is uncertain. Poor and nonpoor families differ in a variety of ways that may also affect individual’s outcomes, making it difficult to isolate the causal effect of income from that of other related disadvantages and family characteristics.

Cumulative research evidence suggests that deep and early poverty is linked to lower levels of achievement, holding constant other family characteristics. Low family income during adolescence is likewise linked to lower levels of educational attainment. Despite such robust associations, it is difficult to provide a precise estimate of the magnitude of poverty’s causal effects on achievement or attainment, due to differing measures and methods used in studies.

The associations between poverty and child and young adult behaviors, such as problem behavior, crime, and nonmarital childbearing, are more selective. Some evidence suggests that effects on externalizing behavior may be causal, although probably small. More research is necessary to better understand the associations between poverty and behavior, with particular attention to the age and timing of poverty as well as the particular type of behavior under consideration.

Although correlations between child poverty and health are well documented, there is little indication of whether these associations persist after adjustments are made for observable and unobservable differences across families. Theory and related literature provide good reasons to suspect that poverty is detrimental to children’s health. Yet, the base of rigorous research is inadequate for drawing any firm conclusions about the magnitude of causal effects.

**Policy implications**

Before discussing concrete policies for addressing child poverty, we briefly highlight key issues for policymakers and researchers to consider when weighing the merits of different strategies. First, we remind readers that poverty experienced during early childhood, deep poverty, and persistent poverty appear to be especially harmful to children’s achievement, and may have enduring effects on health and social functioning as well. Thus, early, deep, and persistent childhood poverty should be of particular concern to policymakers. Research suggests that children who experience economically disadvantaged circumstances are particularly likely to benefit from additional financial resources.

Second, meaningful improvements in poor children’s achievement, and perhaps health or behavior, can be accomplished with modest financial investments. The income increases experienced by families due to increases in the EITC during the 1990s as well as income gains experienced as part of antipoverty programs appeared to have been sufficient to bring about measurable gains in children’s achievement. Put another way, a few thousand dollars for several years can make a meaningful difference in children’s lives.

Third, the United States has a long history of differentiating eligibility for social benefits based on factors such as labor force attachment, immigrant status, and family structure. Yet, alleviating the consequences of child poverty necessitates access to benefits for all poor children and families. Excluding families, for example, by making antipoverty programs dependent upon employment, may result in providing the least support to children who are in greatest need. Finally, policymakers should consider the relative costs and benefits of differencing programs and policies when deciding how to allocate limited public resources. Although it is often difficult to precisely value program outcomes, when choosing between strategies, it is important to consider whether the benefits of programs and policies exceed their costs, and whether funds spent on a particular program would be better directed to an alternative program or policy with a larger net benefit.

Strategies for improving the life chances of poor children focus on boosting family economic resources, by providing either cash supplements or in-kind benefits that offset the costs of basic necessities, or by increasing the earnings of poor workers. Interventions aimed directly at children and families, many of which are described in other articles in this issue, provide an additional policy lever for enhancing the development of poor children. Next we prioritize these strategies for confronting the harmful consequences of child poverty.

First, income support policies including child allowances and cash supplements provide a basic minimum level of support to families with children. Such benefits are common in advanced welfare states, but have not been prominent in U.S. policy discussions. Instead, the U.S. tax system has been used to redistribute cash to low-income families. The child tax credit, a partially refundable tax credit; and the Earned Income Tax Credit (EITC), a fully refundable tax credit; are two mechanisms that direct economic resources to working-poor families with children. The EITC, which provides cash support to low-income workers, has been heralded by many policy analysts for its ability to boost family incomes and promote employment. Making the child tax credit fully refundable and more generous would provide more help to poor families. Other ways to boost family income would be to increase the minimum wage or allow for generous earnings disregards in calculating cash welfare benefits, allowing recipients to keep a larger portion of their welfare benefits as their earnings increase.

Given the links between early poverty and development, targeting additional income support to families with young
children may be particularly valuable. Expansions in cash support could be targeted to families with children under age 6. Currently, the maximum child care tax credit is $1,000 for each child under the age of 17. An expansion that increased the credit to $2,000 for all children under the age of 6 would channel needed resources to poor families with young children. Likewise, the EITC schedule of benefits could be revised to provide larger benefits to parents of young children.

Second, means-tested in-kind benefits such as food stamps, WIC, housing assistance, and children’s health insurance provide poor families with valuable in-kind support and hence raise disposable income. Child care subsidies are especially important to supporting low-income working mothers by offsetting the high costs of non-parental care. In-kind benefits may be effective in attenuating the effects of child poverty if they reduce economic hardship and increase investments in poor children. Benefits that are not tethered to work supports may be particularly important to families during economic downturns and rising unemployment.

Third, some interventions aimed directly at enhancing the educational experiences of poor children have been shown to be cost-effective. High-quality early education programs for low-income three- and four-year olds, including Head Start and prekindergarten programs, top the list of proven interventions. State and federal investments in Head Start or preschool programs operated by local school districts or nonprofit organizations could go a long way in addressing developmental disparities related to child poverty by enhancing access to high-quality early childhood education.

If some of the association between poverty and child development are due to poorer quality parenting by economically disadvantaged parents, parenting programs may offer another opportunity for improving the life chances of poor children. These diverse programs typically seek to improve parents’ ability to provide enriching, stimulating, and sensitive caregiving. A review of parenting program evaluations suggests that although many programs can improve some dimensions of parenting, few can improve child outcomes, particularly cognitive development. Two important exceptions should be noted. The first are parent management programs, such as the Incredible Years program, designed specifically for parents with young children exhibiting high levels of problem behaviors such as aggression. The second are intensive nurse home-visitation programs for disadvantaged new mothers, which have been shown to be a cost-effective means to reduce abuse and neglect as well as improve child outcomes well into adolescence. Although parenting interventions may have effects on selective populations, on balance, it seems unlikely that existing intervention programs can significantly improve the life chances of poor children.

Finally, in recent years, place-based antipoverty strategies such as the Harlem Children’s Zone (HCZ) have garnered much attention as a promising approach to improving the outcomes of poor families and children. Place-based interventions provide comprehensive programs and services throughout childhood to families in low-income urban neighborhoods. The HCZ, for example, begins with “Baby College,” which provides parenting education and services to new and expectant parents, and continues through the College Success Office, which supports adolescents as they prepare for college and career decisions. Preschool and after-school enrichment programs, charter schools, as well as health, fitness, and nutrition initiatives are also provided. By engaging an entire community, place-based initiatives seek to transform the culture of economically disadvantaged communities. Yet, to date this approach of providing a comprehensive package of services has not been rigorously evaluated. A main component of the Obama Administration’s antipoverty agenda is the establishment of 20 “Promising Neighborhoods,” modeled after HCZ. If these programs come into fruition, it will be important to evaluate the extent to which children’s lives are improved by these programs.

There are many programs and policies that may succeed in reducing poverty among families with young children or limiting the harmful effects of poverty. Children who experience chronic and deep poverty face many threats to their healthy development, only some of which are directly attributable to poverty. Given the heterogeneity of circumstances across poor families, no single policy response will be sufficient to break the link between poverty and child outcomes. While it is uncertain how much of an effect poverty has on any one particular outcome, alleviating childhood poverty would almost certainly improve children’s life chances.

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2M. Jäntti, “Mobility in the United States in Comparative Perspective,” in Changing Poverty.