

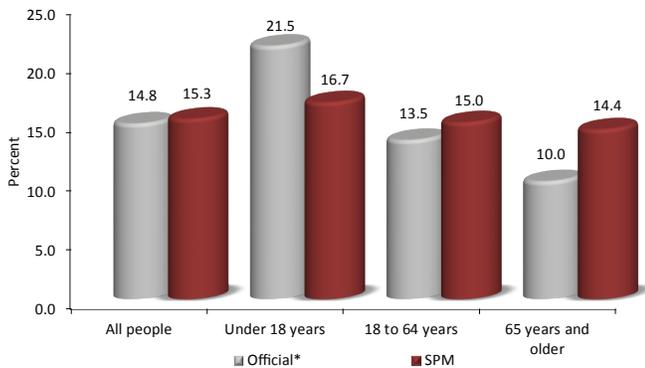
This fact sheet explores how to improve opportunity and reduce poverty among struggling families. It draws heavily from a recent report from the American Enterprise Institute/Brookings Working Group on Poverty and Opportunity by a group of poverty experts which highlights differences in family, education, and work and wages which influence whether families are poor.

The Reality

Americans at the top of the income distribution are getting richer, while wages among the rest of the population are either stagnant or falling. In addition, children born to poor parents are likely to be poor as adults, and vice versa for children born to wealthy parents.

The most recent official poverty rates indicate that in 2014 almost 15% (14.8%) of the U.S. population, more than one-fifth (21.5%) of children, and 10% of the elderly were poor. Rates based on the Supplemental Poverty Measure (SPM), which counts antipoverty programs such as food assistance, whereas the official measure does not, were over 15%, almost 17%, and more than 14% for the overall population, children, and the elderly, respectively (see Fig. 1).

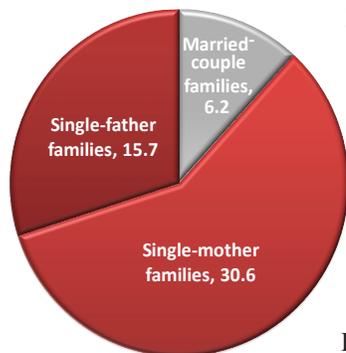
Figure 1. Differences in poverty rates between the official and SPM measures are substantial.



*Includes unrelated individuals under the age of 15.

Poverty rates differ a lot by family type. The 2014 official rate for single-mother households was almost 31%, 16% for single-father households, and just over 6% of married-couple families were poor (see Fig. 2).

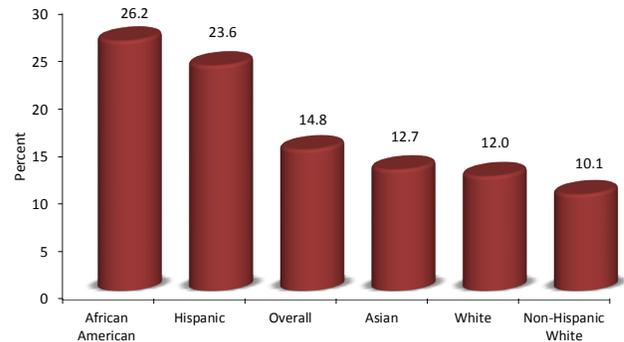
Figure 2. Single-parent households are by far the poorest among family types.



Significant variation also exists in poverty rates among racial and ethnic groups (see Fig. 3). Under the official measure, 10% of non-Hispanic whites were in poverty in 2014, compared to over 26% of African Americans, 12% of Asians, and almost 24% of Hispanics (any race).

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Figure 3. U.S. official poverty rates vary significantly by race and ethnic



Figures 1–3 Source: U.S. Bureau of the Census, Current Population Survey, 2015 Annual Social and Economic Supplements.

Associated Factors

Factor #1: Family

The American family has changed dramatically since 1970. Divorce rates are much higher; marriage rates have steadily declined; and nonmarital birth rates have skyrocketed. Today, more than 40% of all U.S. babies are born outside marriage.

Many nonmarital births are to parents who are living together, but these parents are three times more likely than married parents to split up by a child's fifth birthday. This instability in living arrangements and associated changes often coincide with poverty and other disadvantages for children.

Factor #2: Education

A primary reason for poverty among families (and individuals) is low education, which usually leads to low wages. Almost 30% of people without a high school diploma were poor in 2014, while only 5% of people with at least a bachelor's degree were poor.

At least since the 1960s, people with more education earn more, but since the 1980s this payoff has been increasing. Today, it is hard to earn a middle-class wage without a college degree or at least a postsecondary credential. And just as the payoff to education has been growing, so too have gaps in educational attainment between children from higher- and lower-income families.

Factor #3: Work and Wages

Declining job opportunities and wages of low-skilled workers are among the factors that have led less-educated men (especially black men) to work less over time; these trends are also thought to be associated with changes in family composition (see below). Many workers face a high long-term unemployment rate, in July 2015, almost 27%, and the percentage of workers who are employed or looking for work has dropped to 63%.

The employed also face difficulties. Fields that have a high concentration of low-educated women (many of whom are single mothers), such as retail and service jobs, are low-wage and often part-time even though many such workers want full-time hours. Involuntary part-time work more than doubled from 2007–2012.

Helping Families Move Out of Poverty: What Policy Can Do

Public policy can increase opportunity to enable individuals and families to meet their responsibilities, and provide an adequate social safety net to those who need it, as tangible ways to reduce poverty and increase mobility.

Factor #1: Family

“As the reach and effects of many antipoverty policies vary with family structure, changes in family life pose challenges to the effective design and operation of a host of social programs and policies.” —Marcia J. Carlson and Daniel R. Meyer

To reduce poverty and increase social mobility, policy should:

- Assist individuals in avoiding unintended pregnancy;
- Encourage childbearing that follows education and is planned;
- Support marriage as a path to family stability and greater resources for children;
- Encourage parenting skills and positive parenting practices, especially among low-income parents; and
- Encourage skill development, family involvement, and employment among young men as well as women.

Factor #2: Education

“One of the best ways to avoid being poor as an adult is to obtain a good education.” —Brian A. Jacob and Jens Ludwig (see Fig. 5)

To reduce poverty and increase social mobility, policy should:

- Increase public investment in preschool and postsecondary schooling, two underfunded areas of education;
- Promote soft skills, such as getting along with others, as well as academic skills for children;
- Modernize the way education is organized and accountable; and
- Reduce education gaps by evening out distribution of school resources.

Factor #3: Work and Wages

“Employment is the primary pathway out of poverty for most non-elderly adults.” —Carolyn J. Heinrich and Timothy M. Smeeding

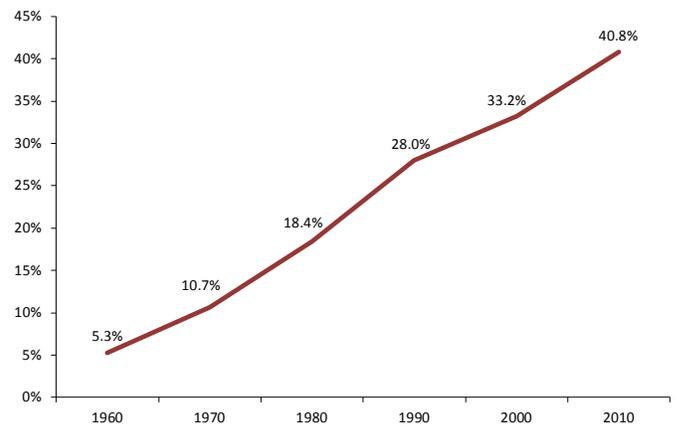
To reduce poverty and increase social mobility, policy should:

- Improve the skills of disadvantaged persons to expand their labor market opportunities (see Fig. 6);
- Make work pay better than it does now for those with high school education or less by wage regulation or subsidies;
- Expand work requirements and increase opportunities for the hard-to-employ while maintaining an effective work-based safety net for the most vulnerable members of our society, especially children; and
- Make more jobs available.

“The decline in marriage and increase in nonmarital births, all else equal, will increase poverty.” (See Fig. 4)

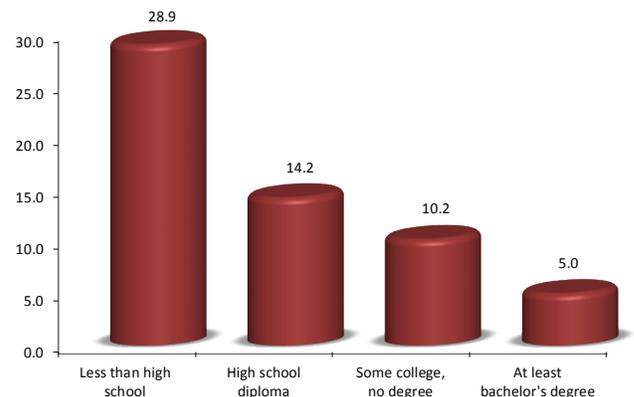
—Maria Cancian, Institute for Research on Poverty, and
Ron Haskins, Brookings Institution

Figure 4. The proportion of nonmarital births has steadily risen since 1960.



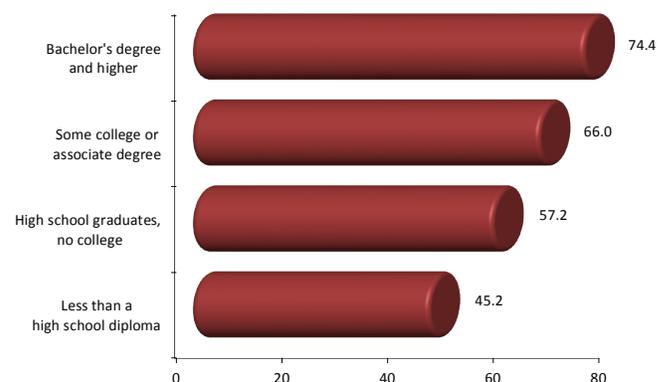
Source: National Vital Statistics Reports.

Figure 5. Poverty rates decrease as level of education increases.



Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement.

Figure 6. Labor force participation rates decrease as level of education declines.



Source: U.S. Department of Labor Bureau of Labor Statistics, June 2016.

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