

# Child Poverty In Connecticut

## Ending Child Poverty in the Wealthiest State

**Coalition to End Child Poverty in Connecticut**  
**35 Marshall Rd., Rocky Hill, CT 06067 860-529-8287**

January, 2005

Coalition to End Child Poverty in CT

**“We are guilty of many errors and faults,  
but our worst crime is abandoning the children,  
neglecting the fountain of life.  
“Many of the things we need can wait. The child cannot.  
Right now is the time his bones are being formed;  
his blood is being made  
and his senses are being developed.  
To him we cannot answer, ‘Tomorrow.’  
His name is ‘Today.’”**

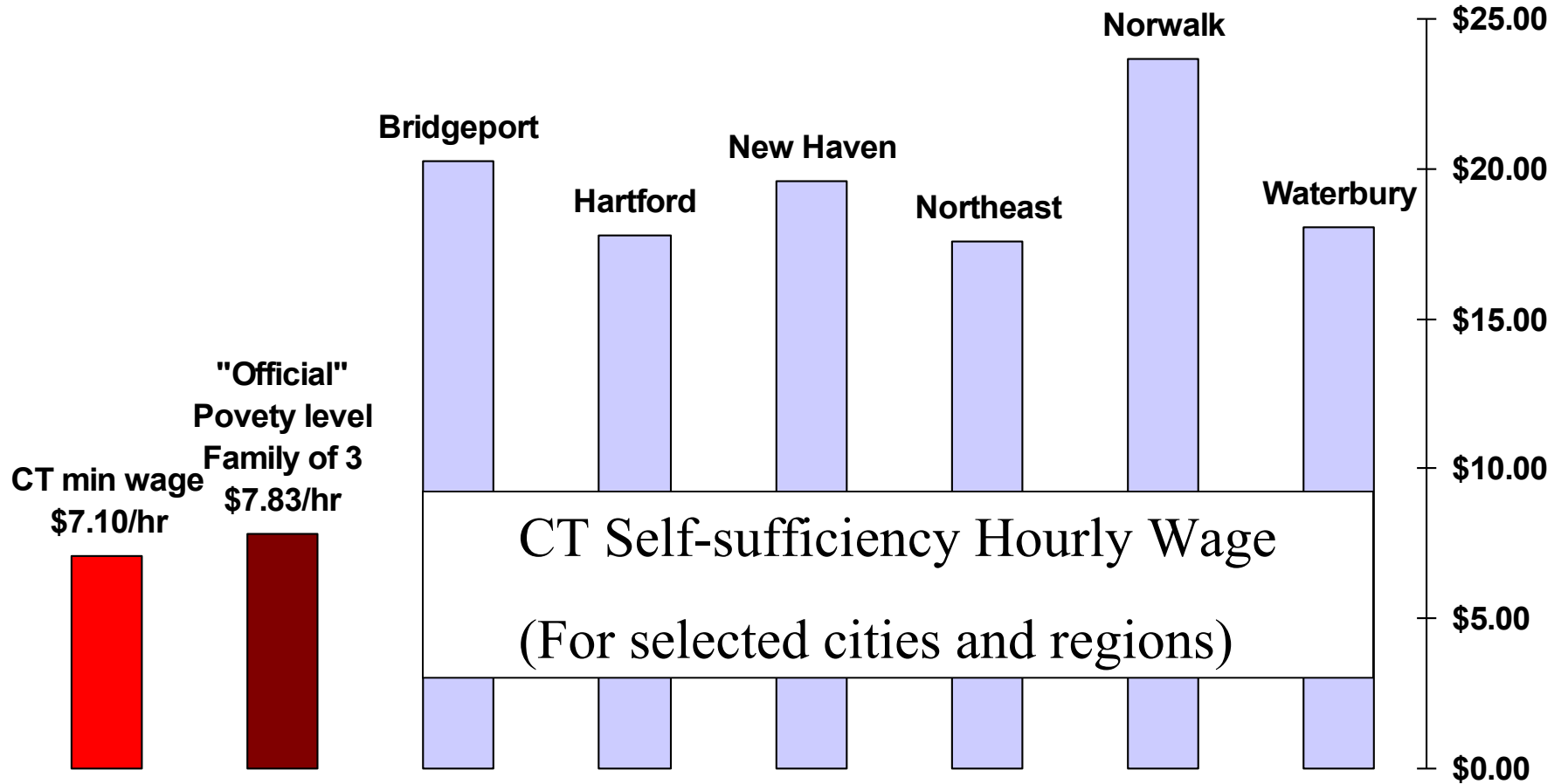
**-- Gabriella Mistral**

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# What Does It Take To Live in CT?



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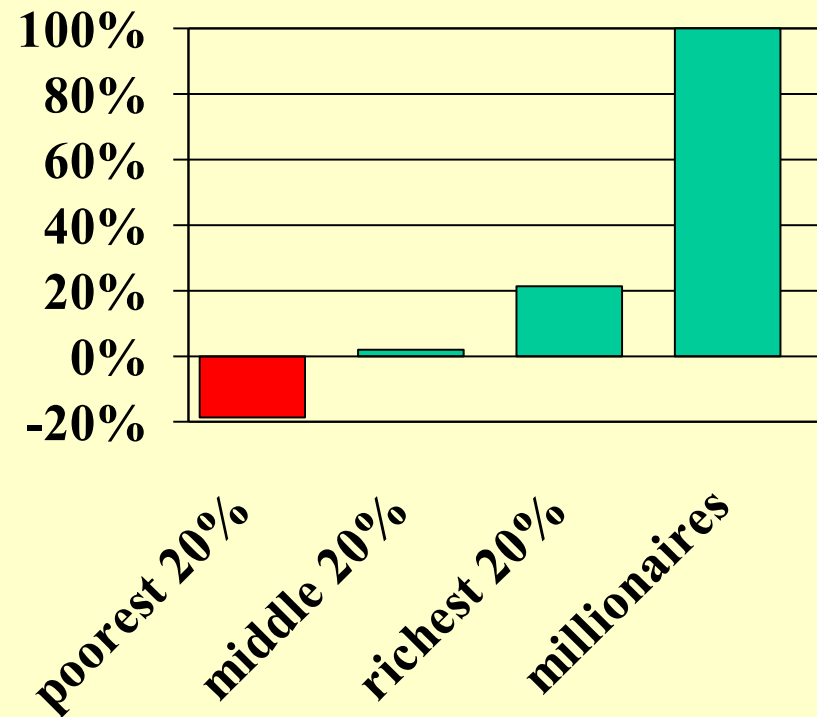
# CT's Rich and Poor 1989-1999

**From the late 1980s to the late 1990s in CT:**

- **Income of the poorest families fell 19.4% -- worst in the nation!**
- **Income of the richest fifth (income over \$100K/year) rose 21.2%.**
- **Income of 6,917 millionaire families doubled!**

Sources: CT Department of Revenue Services, EPI/CBPP "divided decade" study.

Income Change 1989-1999



# CT Working Families since 1999

## Poverty

- 88,600 CT Children in poverty (12%) in 2003
  - ¼ of CT children in low-income families (<200% of poverty)
  - ¼ of CT children had no full-time, year-round employed parent.
- Food stamps: \$200M in 1996
  - \$140M in 2001 (got better)
  - \$163M in 2003 (getting worse again)
- From 1999 to 2003, CT family requests for homeless shelters increased 248%.
- Effects of poverty and low income worsened as safety net got stingier.
  - 5,000 cut from Husky in Spring, 2003.
  - 9,700-16,000 adults to be dropped from Husky April 1.

# CT Working Families since 1999

## CT Unemployment

- 4.7% in November, 2004 (83,700 people)
  - up from 2.9% in 2001.
- Since 1999, CT has lost 1/5 of its manufacturing jobs – that's 40,000 jobs!
- 4,200/month exhausted benefits in CT in 2004
  - ... after Congress refused to continue extended unemployment compensation

# CT Working Families since 1999

## State Budget

In recent years, CT closed a \$650M shortfall with budget cuts. Cities and towns also cut back and raised taxes.

State healthcare spending is projected to rise 15% this year.

**CT budget deficit could reach \$1.3 billion for coming year**

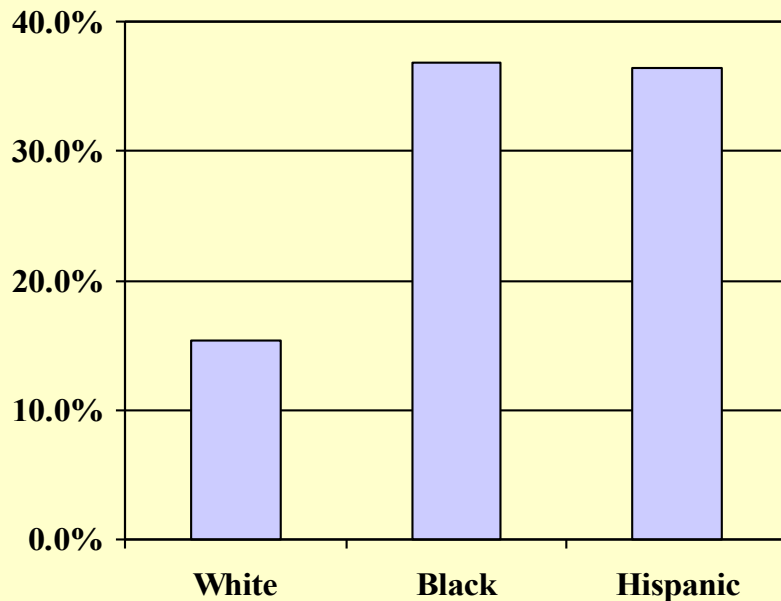
Federal government is providing no relief for soaring medicaid costs (\$2.9B in CT in FY2004-2005).

State budget crisis means:

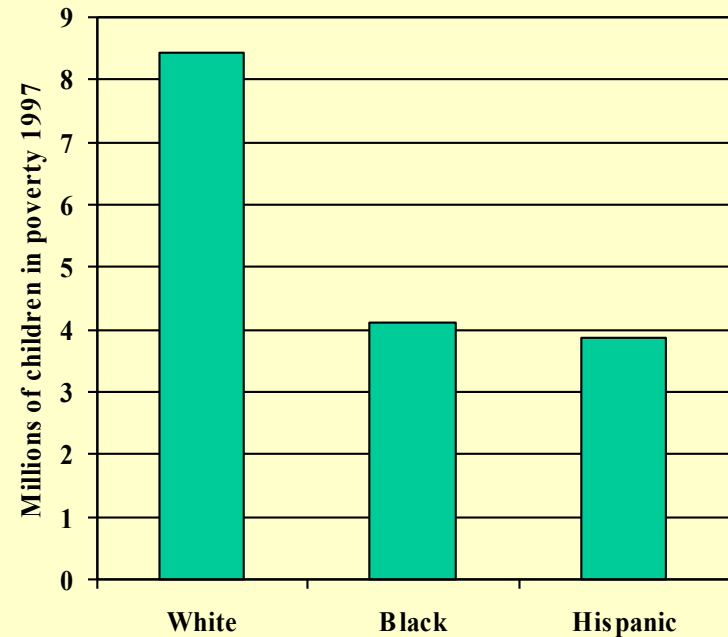
- Fewer state jobs
- Fewer state services
- Less aid to cities

# Poverty & Race

**The % of Black and Hispanic children in poverty in U.S. is more than twice that of white.**



**The number of poor white children in US is greater than Black and Hispanic combined**





# Effects of Child Poverty in CT

## State of Connecticut General Assembly

Commission on Children, December 6, 2004

### The New face of Child Poverty in Connecticut

- “By the time they begin formal schooling, children in low-income families [24% of CT’s children] already lag significantly behind more affluent peers academically, socially and physically.”
- Children in poverty are more likely to have:
  - Poor health, infectious disease, asthma, anemia, low birthweight
  - Lead poisoning, growth stunting, obesity, hunger/food insecurity
  - Death during childhood
- “CT has some of the largest achievement gaps in the nation between students from low- and high-income families.”

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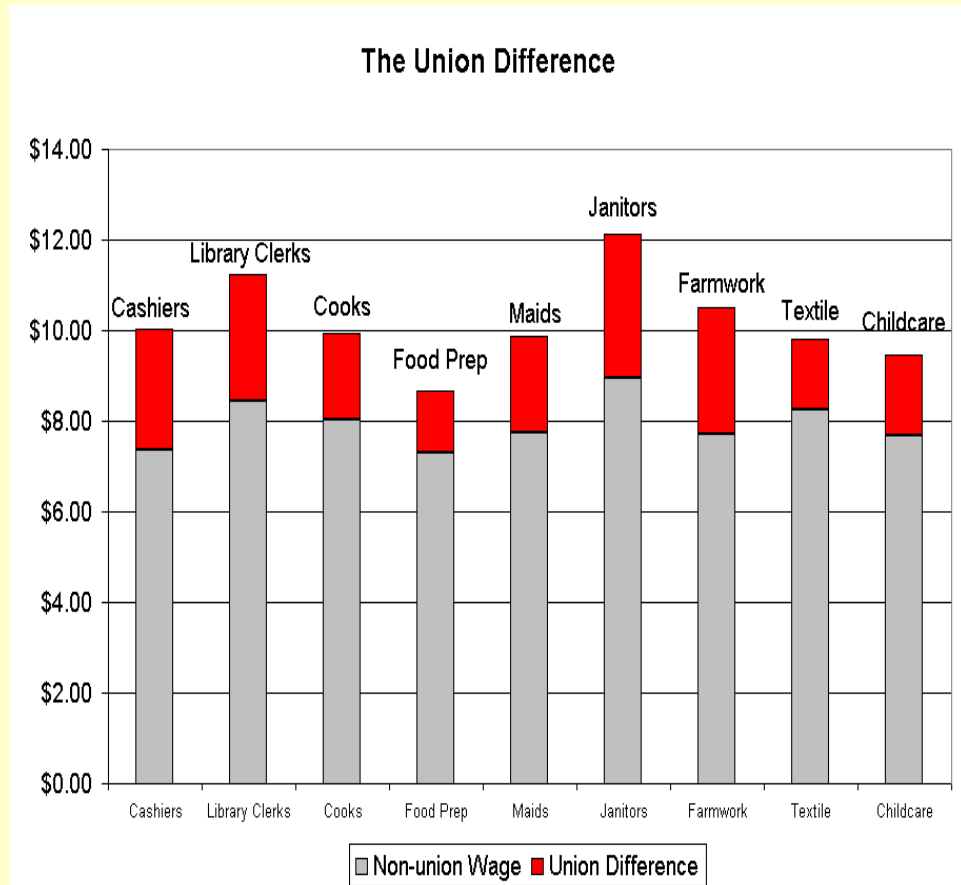
Coalition to End Child Poverty in CT

# Child Poverty: Cost to Connecticut

- \$1 billion in lost productivity for every year 88,600 children live in poverty.
- 3.6% of CT hospital's costs were uncompensated care
- K-2 education can cost \$500,000 more for each of 18,000 CT children without preschool.
- Child poverty doubles likelihood of future welfare dependence

# Ending Poverty: Some Basic Solutions

- **Living Wage Jobs**
  - Union Representation for all who want it
  - Raise minimum wage to self-sufficiency level.
  - Adequate welfare for all that need it.
- **Family Support**
  - Quality Child Care and Education
  - Universal Health Care
  - Affordable Housing
  - EITC



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# Emergency Proposal for CT's Children

## **Fight child poverty with:**

- **\$600 Million *End Child Poverty* Social Investment Fund**
- **\$100/month direct child benefit payments.**
- **Free or very low cost quality child care, after school, recreation, nutrition, healthcare, jobs programs for youth.**
- **Living wage jobs for parents providing these services**

# Sample Child Benefit Program for CT

- **Payments of \$100/month for each child in households below \$20,000/year income**
- **Decrease payments until they are phased out at the median CT household income of about \$50,000.**
- **Cost would be roughly \$300 million per year -- half the Child Investment Fund.**

## **Benefits of Direct Payment Plan:**

- **Provides the most direct, immediate relief.**
- **Benefits over half of CT households with kids.**
- **Proven successful in Canada and other countries**

# Programs to Benefit Children in CT

**\$300 Million for child care, additional school meals, after-school activities, summer programs, child health outreach, related social work could:**

- Provide 4,000 good jobs for families below the sustainable-income level.**
- Provide good quality, highly-subsidized services for at least 60,000 children.**

# Financing The Program

CT's Tax Structure is Highly Regressive (the rich pay less than everyone else)

- **Emergency Proposal**

- Surtax of 2% on the portion of incomes over \$200,000/year.
- Affects about 4% of CT's Households
- Raises \$650 million per year

# The End Child Poverty Social Investment Fund will spend \$600 million per year in new programs

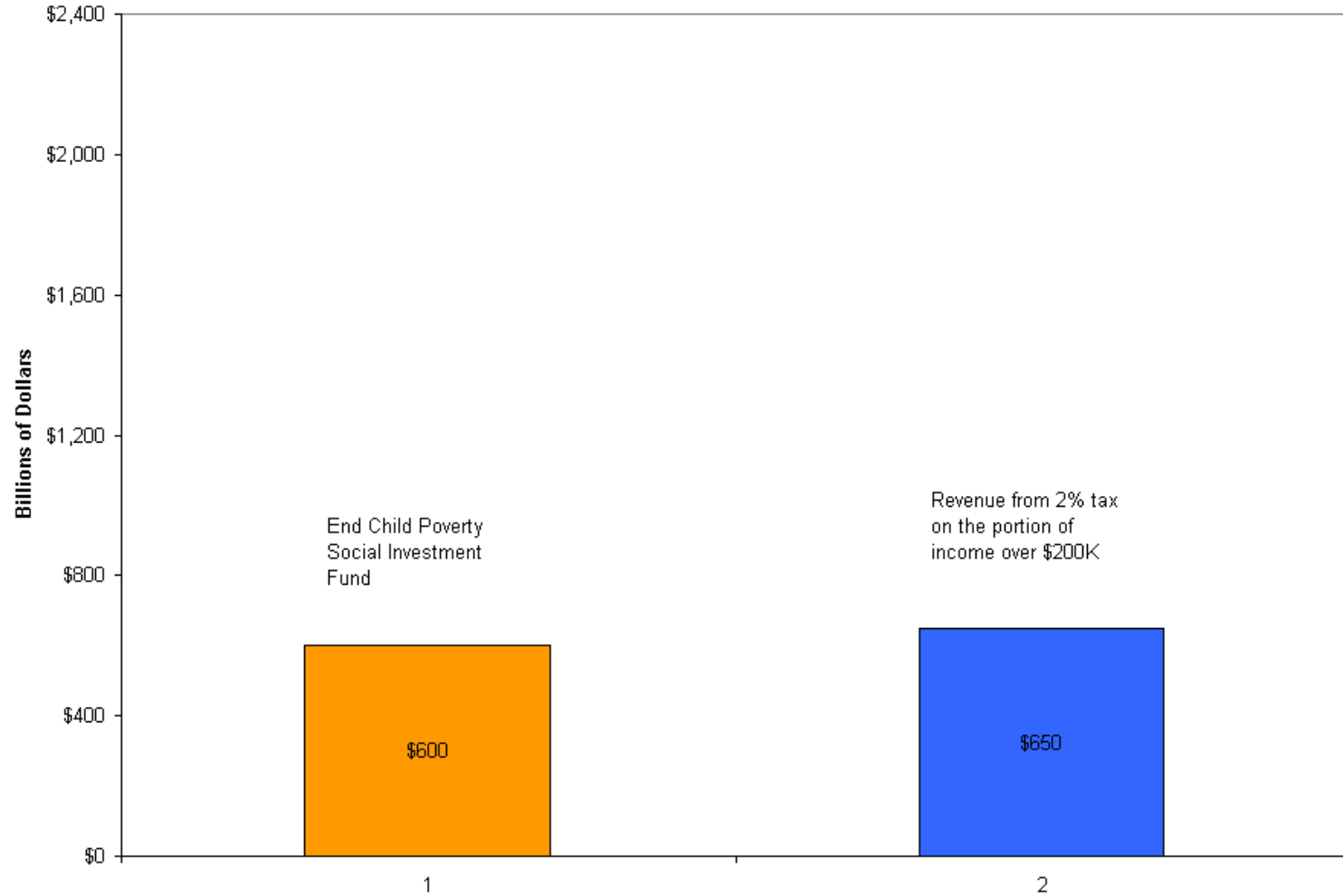


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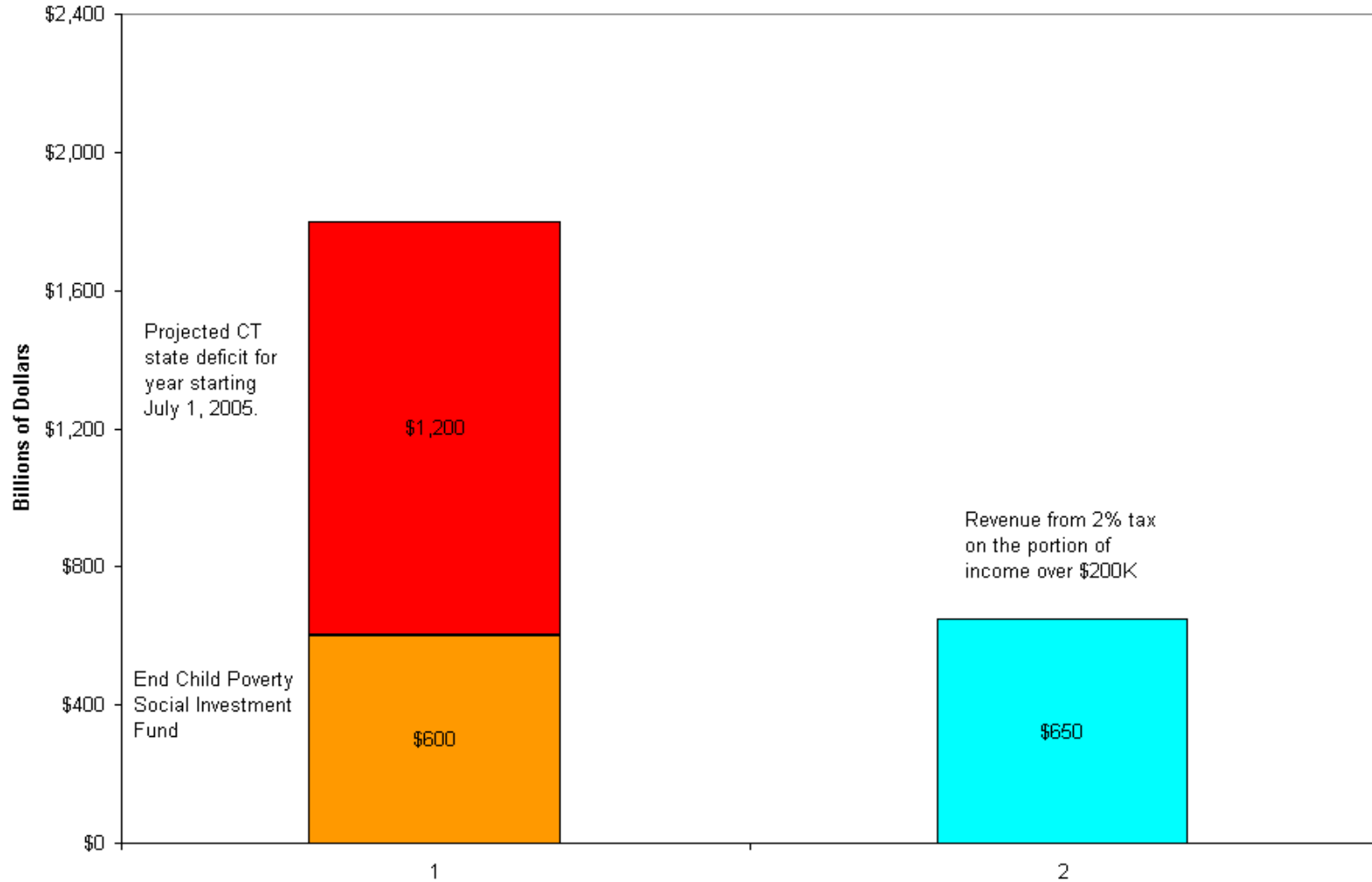
To finance the fund, we levy a tax of 2% on the portion of incomes over \$200,000 per year



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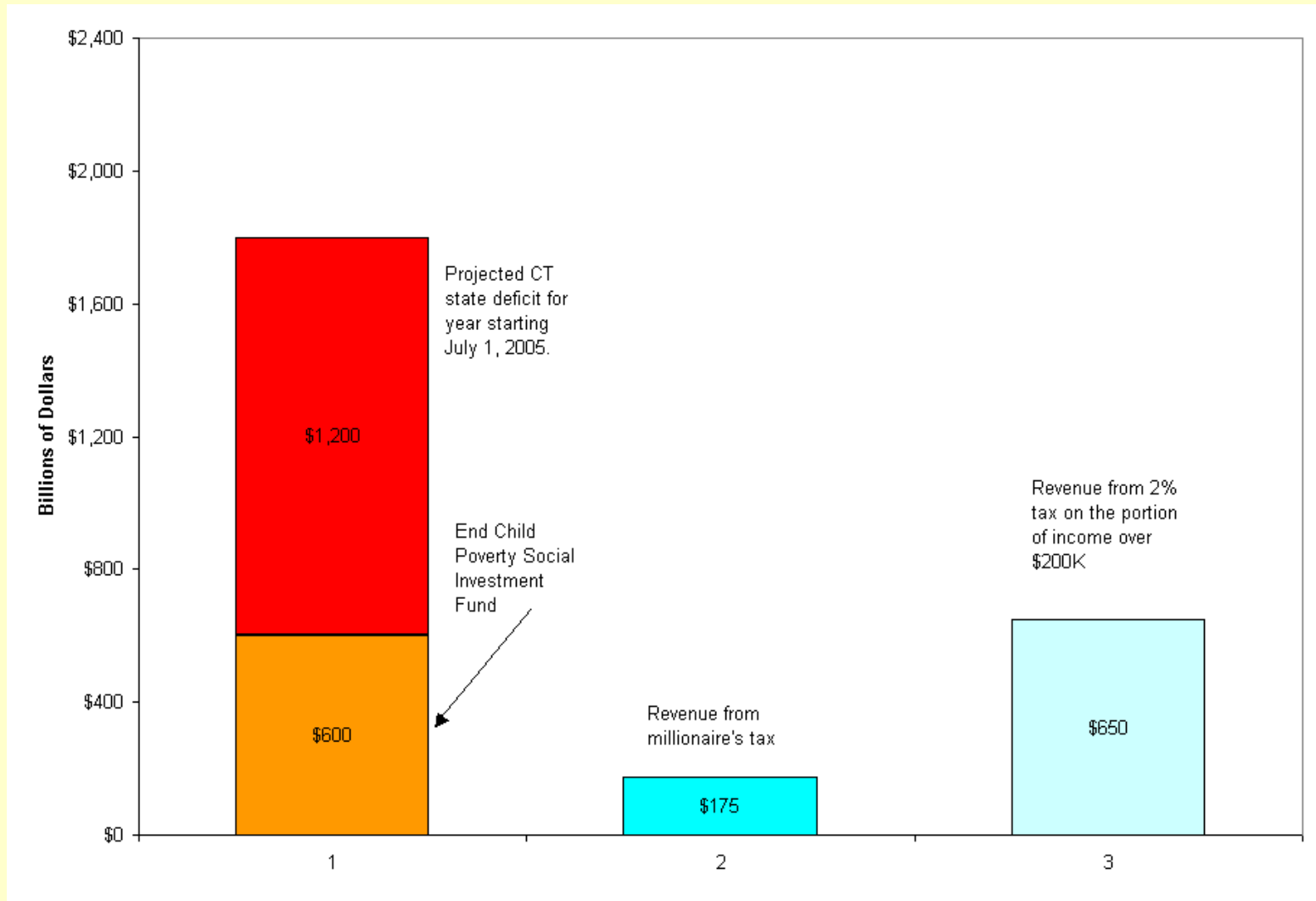
# How can we propose new spending on top of the projected \$1.2 billion budget deficit



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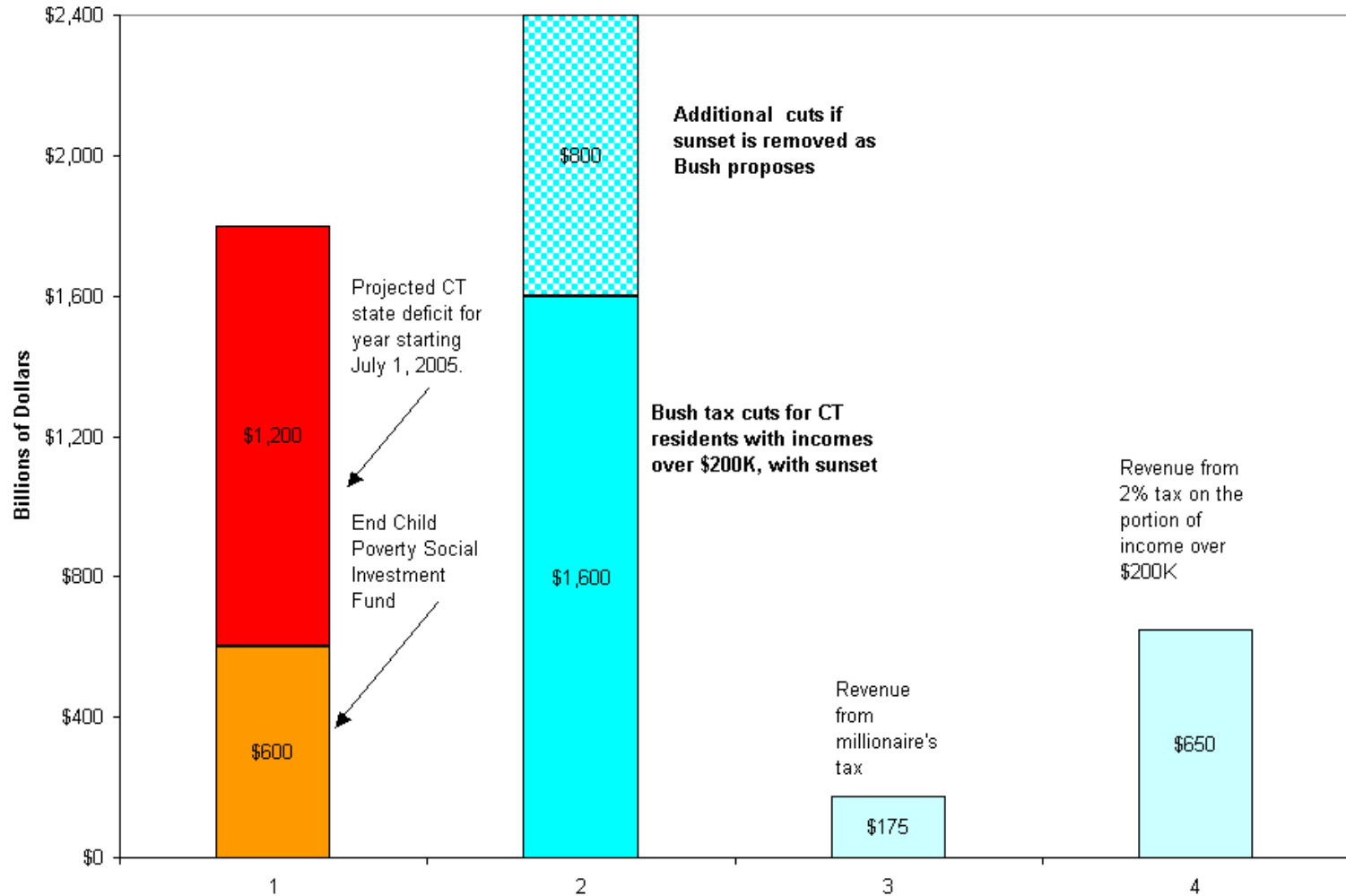
# The millionaire's tax is only a baby step in the right direction



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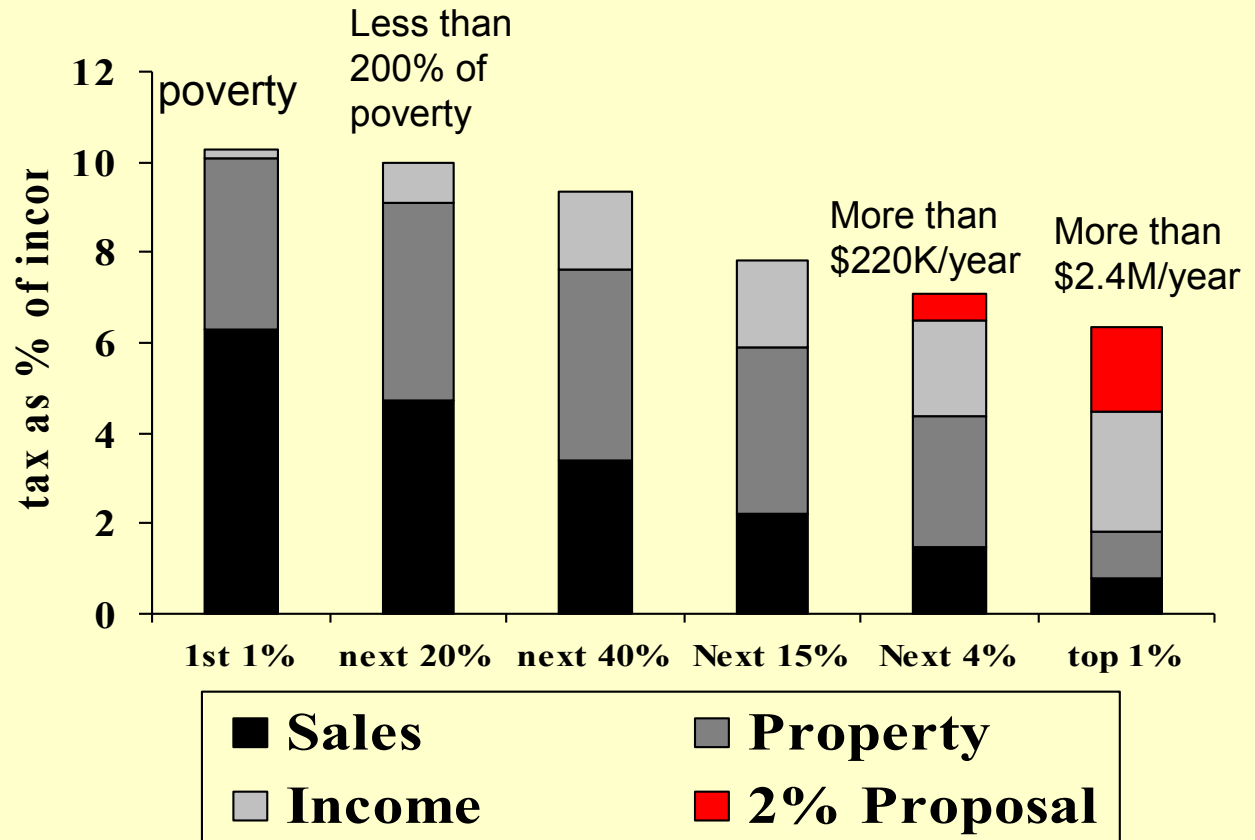
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# The Bush tax cuts for CTs wealthiest 4% would easily cover the deficit **and** the end child poverty investment fund



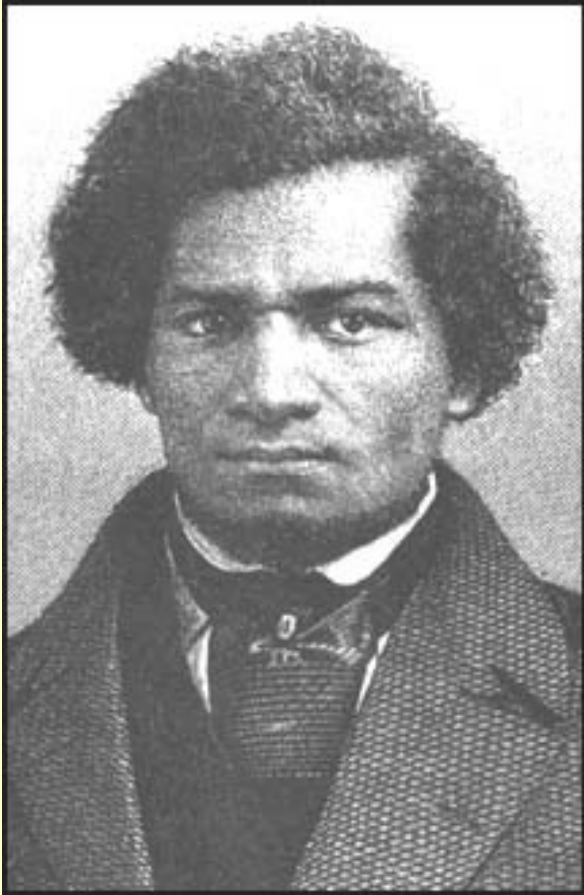
# Effect of Our Proposal on CT's Taxes

With our proposal, the **richest 5%** still pay a lower overall tax rate than any other group.



Source: ITEP, "Who Pays", 2003, based on 2002 tax law using 2000 incomes.

# Redistribution of Wealth for Peoples' Needs Can we Win?



Power concedes nothing  
without a demand. It never  
has, and it never will.

*-- Frederick Douglass,  
Abolitionist Leader*

All the great steps forward in  
our nation have come as a  
result of large movements:

- Civil Rights Movement
- Workers' Rights
- Labor Rights

# Together, we can build a Movement in Connecticut to change priorities and End Child Poverty!

## *What You Can Do:*

- Send a postcard asking your state Reps and Senators to support the Emergency Program.
- Present slide show at your union, church.
- Register and vote for candidates who support our legislation
- Join the Coalition to End Child Poverty

# Child Poverty In Connecticut

## Ending Child Poverty in the Wealthiest State

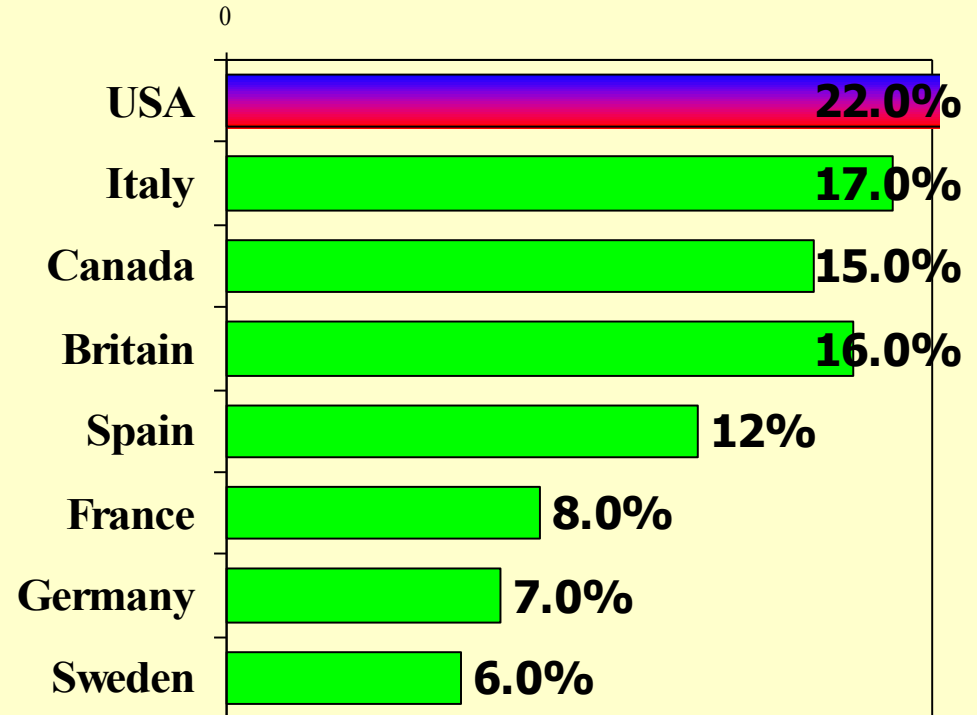
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# Child Poverty in the U.S.

- U.S. has highest child poverty rate of all OECD countries
- Defined as income less than half of median household income.
- U.S. has biggest gap between rich and poor children.

## Child Poverty in Developed Countries



# The Economic Crisis

## Nationally...

- In 2003, Americans in poverty increased by 1.3 million to reach 35.9 million
- In 2003, those without health coverage rose from 43.6 to 45 million.

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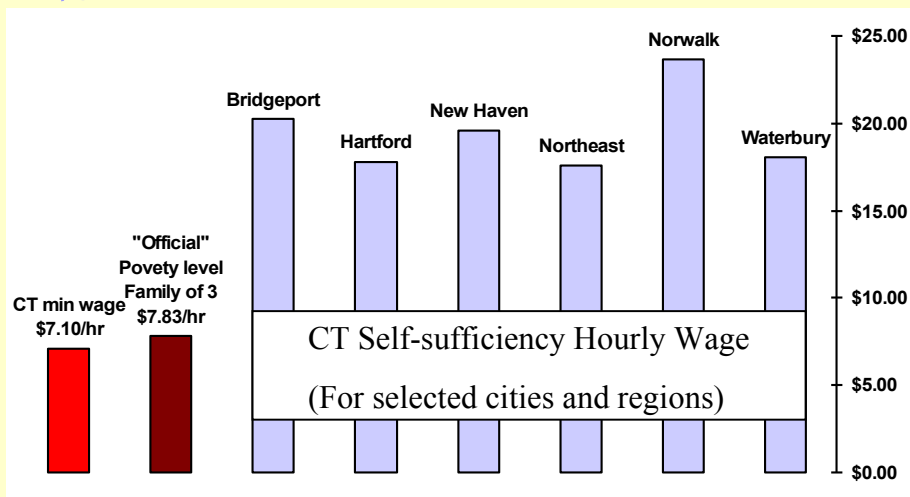
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# What Does It Take To Live in CT?



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In 1999, the State Office of Policy and Management developed a self-sufficiency standard – what it takes for a family to just get by, with no public assistance. It takes into account taxes, tax credits, child care, transportation and healthcare needs. It does not include any frills, such as emergencies or retirement planning

This slide shows the self-sufficiency hourly wage for a single parent with two children is between \$15/hr and \$25/hr. The CT minimum wage, and the official Federal poverty level, are shown at the left.

This demonstrates that far more than the 100,000 children officially in poverty, are in families with inadequate income to meet basic needs.

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Sources: These figures are from the Self Sufficiency Standard, developed by the Office of Policy and Management of the State of Connecticut in 1999. I added 7.5% to modestly account for change 1999-2002, and another 5% for 2002-2005.

For reference, the state minimum wage \$7.10 (1/05). Federal poverty level shown is HHS poverty *guideline* for family of 3 for 2004 (\$15,670, fam4=\$18,850). It is similar to but not identical to census bureau *threshold*.

This shows the inadequacy of the official poverty level figure of \$7.83 for a family of 3.

These figures underscore the importance of the livable wage campaigns, which require companies doing business with government bodies to pay above minimum wage. Even those ordinances haven't brought wages close the the self sufficiency standard.

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Sustainable Income Work was done under contract to University of Washington School of Social Work. Reference: "The Self-Sufficiency Standard for the State of Connecticut Summary Report" by Diana Pearce, PhD. With Jennifer Brooks. Fall, 1999.

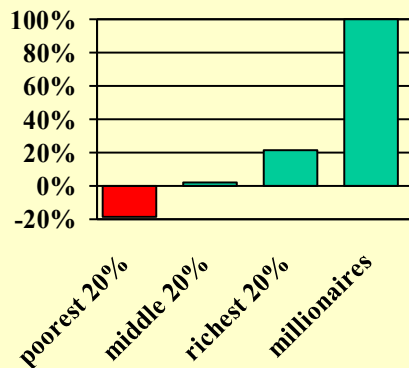
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Sources: CT Department of Revenue Services, EPI/CBPP "divided decade" study.

Income Change 1989-1999



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Sources and Methods: All figures are in inflation-adjusted 1999 dollars. Millionaires are those with million+ incomes.

Figures on fifths are from EPI/CBPP study released April, 2002, based on US census data. Changes are for 3-year averages 87-89 and 97-99. 87-89 was peak of previous cycle, 98-00 is probably peak of this cycle. Figures are for "families" – presumably, 2 or more related people living together.

Figure on millionaires derived from CT DRS figures by Art Perlo. In 2000, there were 6,917 millionaire taxpayers in CT (excluding single taxpayers). I calculated income of the top 6,917 taxpayers in 1999, 1991 and 1992. No figures are available for earlier than 1991. So these figures aren't strictly comparable to the other figures. But I made a very generous allowance – my calculation was a 156% increase, and I only show a 100% increase.

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Note that these use “official” poverty figures.

- NPP gives 12% based on 2002 CPS. Ct commission on children, December 6, 2004, gives 88,600 number for 2003. Other figures from CT commission.
- 2) National Priorities Project quick hunger report, 12/2004. All figures in 2003 dollars.
  - 3) Ct commission on children
  - 4) NH Register, 01/11/2005 “Tales of lost HUSKY...” This is one example. The article details disastrous effects on families’ financial situation, which effects children, even though safety net cuts might not directly effect children.

# CT Working Families since 1999

## CT Unemployment

- 4.7% in November, 2004 (83,700 people)
  - up from 2.9% in 2001.
- Since 1999, CT has lost 1/5 of its manufacturing jobs – that's 40,000 jobs!
- 4,200/month exhausted benefits in CT in 2004
  - ... after Congress refused to continue extended unemployment compensation

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11/04 number from CT DOL report.

1. From BLS
2. From BLS seasonally adjusted, November, 1999=237.0, 2004=196.7.
3. CBPP, <http://www.cbpp.org/10-13-04ui.htm>, 10/13/2004, gives 41,900 late December 2003 through mid-October 2004. That's slightly less than 10 months.

Those who lose their jobs find little or no support. The Unemployment Insurance, designed for a different workforce and undermined by employers for forty years, is inadequate. Many laid-off workers are not eligible. Those who are eligible receive a totally inadequate benefit.

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# CT Working Families since 1999

## State Budget

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**CT budget deficit could reach \$1.3 billion for coming year**

Federal government is providing no relief for soaring medicaid costs (\$2.9B in CT in FY2004-2005).

State budget crisis means:

- Fewer state jobs
- Fewer state services
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Hartford Courant, 12/17/04 – Connecticut’s Fiscal health Precarious, citing “2004 Fiscal survey of the states” issued by national association of state budget officers.

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A factor easing the impact of the recession in CT is continued growth of state and local government employment. As new austerity budgets are adopted, this is likely to reverse, aggravating the unemployment situation.

The State faces a \$650M shortfall next year. However they arrange the furniture, the result is likely to be fewer state jobs (at lower or frozen pay), fewer state services, especially for low-income families, and less aid to cities for education and other necessities. This is aggravated by a reduction in Federal grants, just when they are most needed.

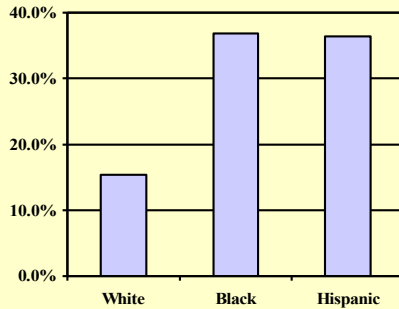
The cumulative national and state impact of the economic crisis will aggravate the problems described in this presentation.

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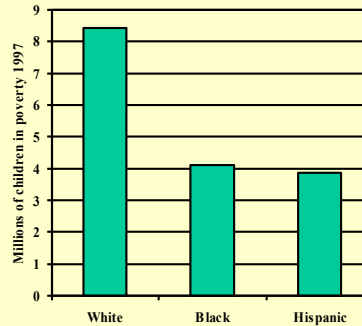
2.3% reduction in federal grants to CT is adjusted for assumed 2.2% inflation, from EPI issue brief (2/14/02) based on Bush budget for 2003, 38 largest federal grants-in-aid programs.

# Poverty & Race

**The % of Black and Hispanic children in poverty in U.S. is more than twice that of white.**



**The number of poor white children in US is greater than Black and Hispanic combined**



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Child poverty is not just a Black or Hispanic or minority issue.

By the same token, poverty is not simply an “urban” issue, although the greatest concentration is found in the big cities. Every town and city in Connecticut has children who need help.

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1997 US child poverty rates. Comparable figures not available for CT. – although the figures are for 1997, the proportions are similar in 2004.

# Effects of Child Poverty in CT

## State of Connecticut General Assembly

Commission on Children, December 6, 2004

### The New face of Child Poverty in Connecticut

- “By the time they begin formal schooling, children in low-income families [24% of CT’s children] already lag significantly behind more affluent peers academically, socially and physically.”
- Children in poverty are more likely to have:
  - Poor health, infectious disease, asthma, anemia, low birthweight
  - Lead poisoning, growth stunting, obesity, hunger/food insecurity
  - Death during childhood
- “CT has some of the largest achievement gaps in the nation between students from low- and high-income families.”

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This slide lists some of the consequences of poverty.

There are about 100,000 children living below the official poverty line today. That’s 40,000 more than 1989.

At least another 100,000 children are in families with incomes above the official poverty level, but below the state self-sufficiency standard level.

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Source: from George Springer.

(Query: what is the difference between school district poverty rate and city-wide poverty rate?).

For 100,000 children. This is a hard figure to nail down. But the poverty level is about \$16,000 - \$18,000, depending on family size. Sufficiency standard is about twice that. But there are far more families in the \$17,000-\$34,000 range than in the \$0-\$17,000 range. SO there must be more children.

## Child Poverty: Cost to Connecticut

- \$1 billion in lost productivity for every year 88,600 children live in poverty.
- 3.6% of CT hospital's costs were uncompensated care
- K-2 education can cost \$500,000 more for each of 18,000 CT children without preschool.
- Child poverty doubles likelihood of future welfare dependence

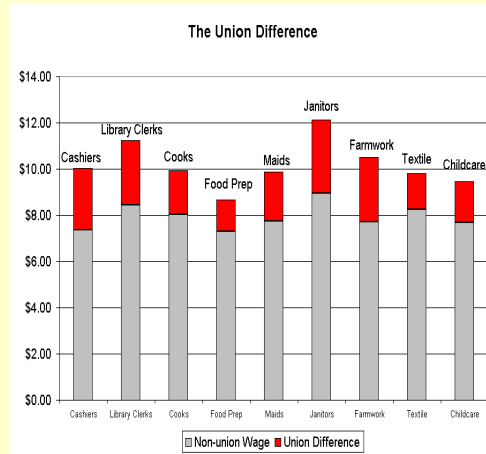
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All of these from CT commission on children, Dec 6, 2004

# Ending Poverty: Some Basic Solutions

- **Living Wage Jobs**
  - Union Representation for all who want it
  - Raise minimum wage to self-sufficiency level.
  - Adequate welfare for all that need it.
- **Family Support**
  - Quality Child Care and Education
  - Universal Health Care
  - Affordable Housing
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The basic solution to ending child poverty is to enable every family to have a decent standard of living. This begins with living wage jobs. The chart shows that for different low-wage job families, the union difference can pull the job above the poverty level.

Provisions for living wage jobs and family support require changes in both national and state policies. We support all such efforts.

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Source – union difference – AFL-CIO

# Emergency Proposal for CT's Children

## **Fight child poverty with:**

- **\$600 Million *End Child Poverty* Social Investment Fund**
- **\$100/month direct child benefit payments.**
- **Free or very low cost quality child care, after school, recreation, nutrition, healthcare, jobs programs for youth.**
- **Living wage jobs for parents providing these services**

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**We propose an emergency** approach. Establish a \$600 million fund to address child poverty.

**Direct Child Benefit Payments:** Many countries recognize that society as a whole has a stake in the upbringing of children. They provide a basic child assistance grant to all or most families, based on the number of children. Although the payment is based on family income, it extends far beyond low income households. France and Canada are two countries that have such programs.

**Child care, school,** and other programs for children can help to overcome some of the effects of poverty, as well as providing jobs to a substantial number of low-income parents.

# Sample Child Benefit Program for CT

- **Payments of \$100/month for each child in households below \$20,000/year income**
- **Decrease payments until they are phased out at the median CT household income of about \$50,000.**
- **Cost would be roughly \$300 million per year -- half the Child Investment Fund.**

## **Benefits of Direct Payment Plan:**

- **Provides the most direct, immediate relief.**
- **Benefits over half of CT households with kids.**
- **Proven successful in Canada and other countries**

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This is an example of what a direct benefit plan *could* look like in Connecticut, and what it would cost. In Canada and other countries, the plan is largely financed at a Federal level, and we would support such a plan here as well. But CT is wealthy enough that a plan like the one shown here could be enacted on the state level.

When I presented this at the NH Board of Rabbis, one of the attendees had lived in Canada. He said that studies after the plan was implemented showed a big jump in purchase of childrens' shoes, clothing, etc.

Sources:

Bureau of Census for median income figure.

Very rough estimate of total cost:

There are 728,000 children under 18 in CT (census bureau). So there are about 375,000 children living in families below the median income. Assume that 125,000 are in families below \$20,000. The cost for them would be 125,000 X \$1,200 or \$150 million. Assume the remaining children are evenly distributed by income. Then the average cost would be \$50/month, and for the remaining children the cost would be 250,000 X \$600 or \$150 million.

**The bottom line:** a very rough estimate puts the cost at \$300 million per year.

# Programs to Benefit Children in CT

**\$300 Million for child care, additional school meals, after-school activities, summer programs, child health outreach, related social work could:**

- **Provide 4,000 good jobs for families below the sustainable-income level.**
- **Provide good quality, highly-subsidized services for at least 60,000 children.**

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Earlier, we spoke of good, union jobs as the best solution to poverty. Most of the jobs as child care workers, teachers aides, councilors, could and should be filled by people who are currently in families living below the sustainable level. An estimated 4,000 full-time jobs paying a sustainable income is a significant contribution in itself.

[Calculation: assume \$300M is available for social programs, after the direct child benefit. Assume 1/4 for supplies, 3/4 for staff. That's \$225M for staff. Assume \$200M (about 90%) is spent on non-administrative staff that is hired from families below the sustainable income level. Assume \$50,000 per year cost (\$30K salary and \$20K benefits and overhead) per staff member. Result is 4,000 jobs]

[Services for 60,000 children. Army spends about \$2,000/yr/child subsidizing child care. Total cost is about \$8,000/yr. I assume we would subsidize more heavily than the army, but not provide full cost. Also, some cost reductions possible through use of schools and existing facilities. So I estimated \$5,000/child/year for child care. Other programs should, if anything, average less, because child care is relatively high-cost.]



# Financing The Program

CT's Tax Structure is Highly Regressive (the rich pay less than everyone else)

- **Emergency Proposal**

- Surtax of 2% on the portion of incomes over \$200,000/year.
- Affects about 4% of CT's Households
- Raises \$650 million per year

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CT's tax structure is regressive -- despite their great wealth, the richest households do not pay their share. Our proposal raises enough funds for a substantial program in support of Connecticut's children. But our proposal does not place an unreasonable burden on our wealthiest households.

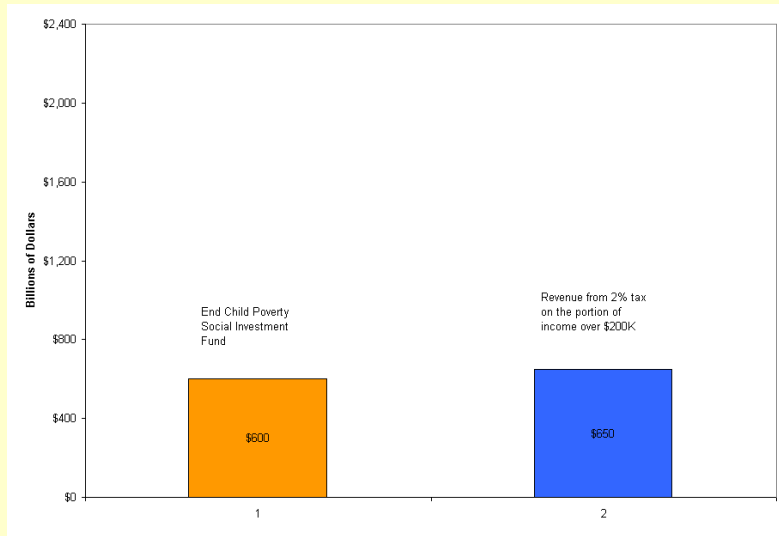
The End Child Poverty Social Investment Fund will spend \$600 million per year in new programs



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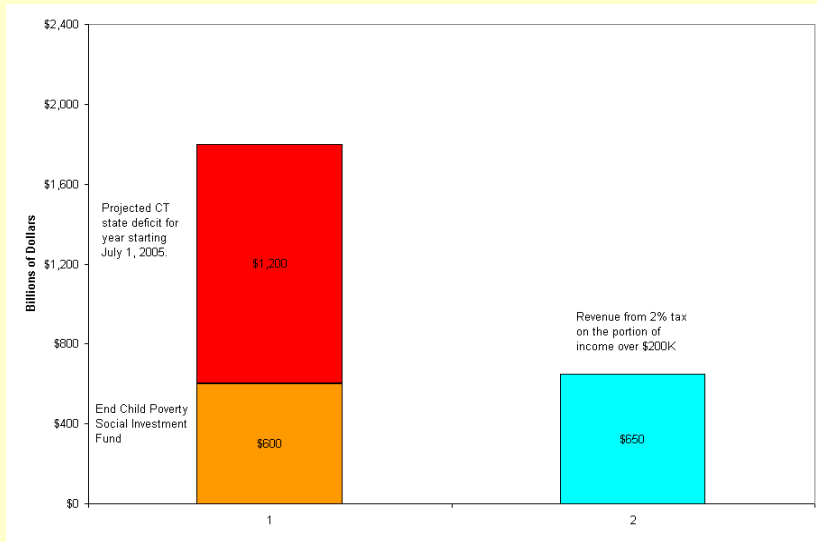
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## How can we propose new spending on top of the projected \$1.2 billion budget deficit

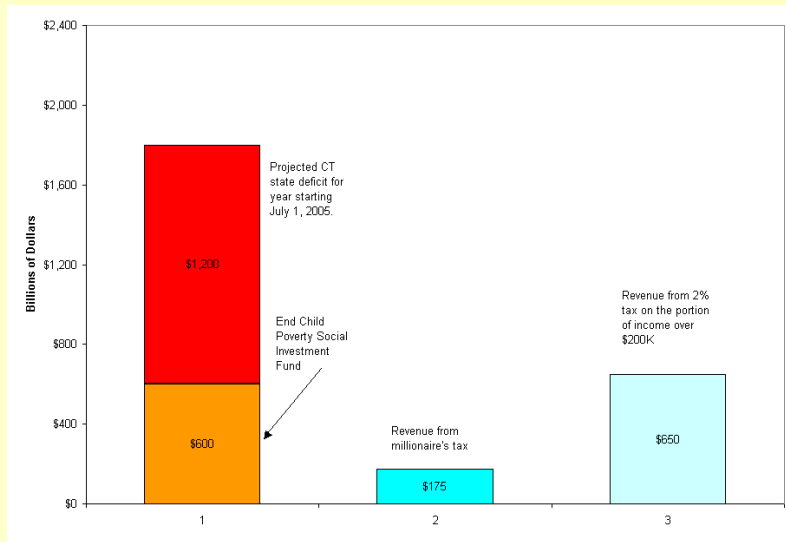


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Note: Not our job to come up with a come up with budget for state, but we will show that the problem is solvable:

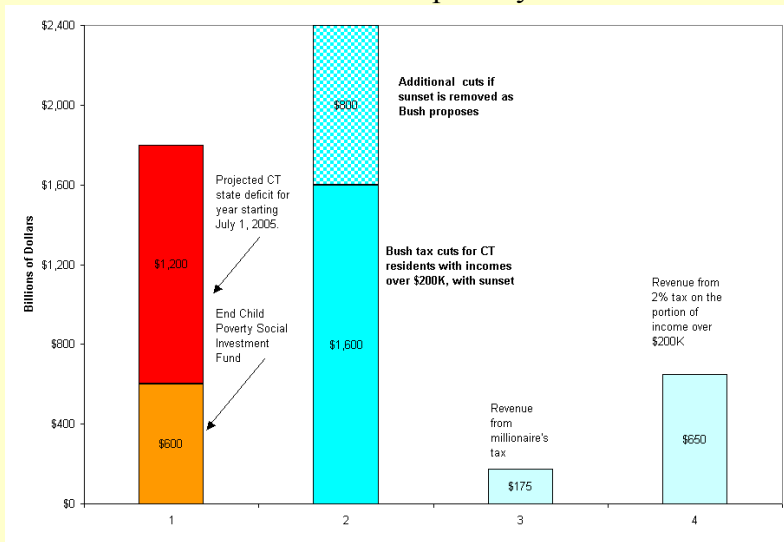
## The millionaire's tax is only a baby step in the right direction



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The Bush tax cuts for CTs wealthiest 4% would easily cover the deficit **and** the end child poverty investment fund

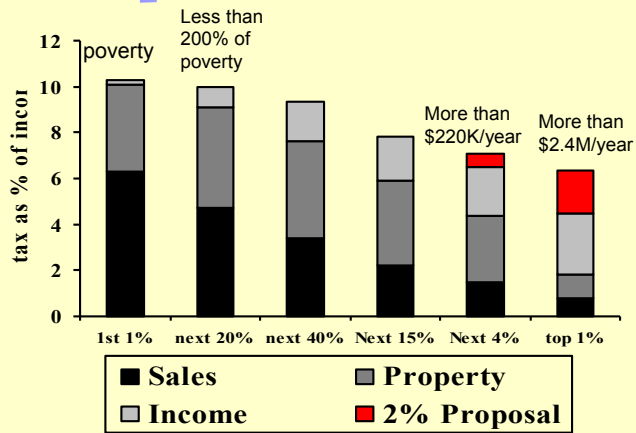


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# Effect of Our Proposal on CT's Taxes

With our proposal, the **richest 5%** still pay a lower overall tax rate than any other group.



Source: ITEP, "Who Pays", 2003, based on 2002 tax law using 2000 incomes.

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This shows the state and local tax burden on Connecticut families.

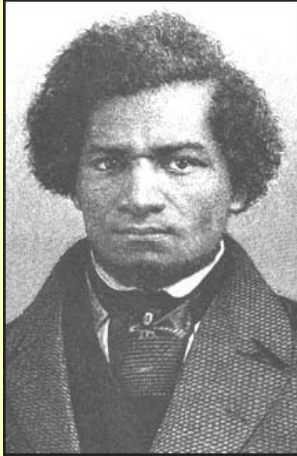
Our proposal is shown in red. Even with the added 2% marginal tax, on incomes over \$200,000, those rich families still pay the lowest tax rate.

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Source: Institute for Taxation and Economic Policy, "Who Pays", January, 2003. Figures for 2002 tax law at 2000 income levels. They calculate tax burdens on non-elderly families. For renters, they calculate the share of owners' taxes that are passed on – likewise for business taxes. Rates shown include adjustments for the federal income tax offset. There have been changes in income pattern at the top since 2000, and some tax changes since 2002, but the chart is still essentially accurate.

For the effect of the 2% proposal, I calculated 2% of the average income in the top 2 categories. I did not take federal offset into effect, which would make the impact of the 2% tax even less than shown.

Redistribution of Wealth for Peoples' Needs  
Can we Win?



Power concedes nothing  
without a demand. It never  
has, and it never will.

*-- Frederick Douglass,  
Abolitionist Leader*

All the great steps forward in  
our nation have come as a  
result of large movements:

- Civil Rights Movement
- Workers' Rights
- Labor Rights

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## Together, we can build a Movement in Connecticut to change priorities and End Child Poverty!

### *What You Can Do:*

- Send a postcard asking your state Reps and Senators to support the Emergency Program.
- Present slide show at your union, church.
- Register and vote for candidates who support our legislation
- Join the Coalition to End Child Poverty

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# Child Poverty In Connecticut

## Ending Child Poverty in the Wealthiest State

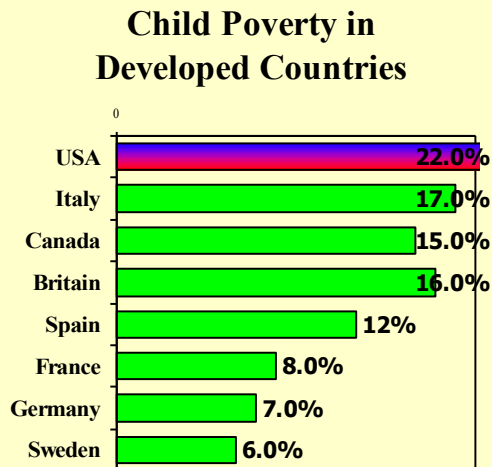
**Coalition to End Child Poverty in Connecticut**  
35 Marshall Rd., Rocky Hill, CT 06067 860-529-8287

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# Child Poverty in the U.S.

- U.S. has highest child poverty rate of all OECD countries
- Defined as income less than half of median household income.
- U.S. has biggest gap between rich and poor children.



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- 1) EPI snapshot, June 23, 2004, based on OECD and Luxembourg Study data. More details in State of Working America 2004/2005. Child poverty rate measured as 50% of median wage.
- 2) From NYT article below. US has 5X between child in 90<sup>th</sup> percentile and 10<sup>th</sup> percentile – in the other nations, it averaged 3x. This sounds remarkable low to me.

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Source: NYTimes June 13, 2002. “A Rise in Child Poverty Rates is at[sic] Risk in U.S.” by Jeff Madrick. Article is based on new book “Child Well-Being, Child Poverty and Child Poverty in Modern Nations” edited by Koen Vleminckx and Timothy M. Smeedling (Syracuse University), based on a 3-day conference in the Netherlands.

# The Economic Crisis

## Nationally...

- In 2003, Americans in poverty increased by 1.3 million to reach 35.9 million
- In 2003, those without health coverage rose from 43.6 to 45 million.

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1<sup>st</sup> 2: [cnmoney.com](http://cnmoney.com) August 26, 2004, citing Census Bureau report just released.