

Further evidence of the impact of welfare reform—2.7 million US children living in extreme poverty

Paul Scherrer
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426,000 more children in the United States lived in “extreme poverty”—in families with incomes below one-half of the poverty line—in 1997 than they did the year before, according to a report issued by the Children's Defense Fund (CDF). Moreover, the report directly linked the increase in children living in this condition of extreme poverty to the slashing of cash assistance and food stamp benefits.

In 1997, 2,740,000 children lived in extreme poverty, up from 2,314,000 the year before—an increase of 19 percent. Extremely poor children in single mother families accounted for the greatest jump, increasing by 372,000 to over 1.8 million, a leap of 26 percent from 1996 figures.

The report “Extreme Child Poverty” is based on an analysis of government census data in the Current Population Survey. The report examines the sharp rise of extreme poverty among all children, especially children in single mother families—the group most affected by changes in the welfare law.

In 1997 the extreme poverty level was \$6,401 a year, or the equivalent of \$123 a week for a family of three. Deborah Weinstein, director of CDF's Family Income division, emphasized the negative impact of poverty on children, saying “When children fall into extreme poverty, they suffer significant increases in stunted growth, lower academic test scores, and lower earnings years later.”

The CDF used an expanded definition of income that accounts for such non-cash sources of income as food stamps, school lunches, housing, the Earned Income Tax Credit and taxes in determining the poverty level. This method differs from the official measure that counts cash income only.

Using the official standard, 4.4 million children live in extremely poor single mother families, more than twice the number reported by the CDF. However, the CDF used the expanded definition, a method used by many researchers both inside and outside the government, because it allows for a more careful analysis of the effects of the changes in government assistance programs on the extreme poverty rate. The CDF points out that since most children receiving welfare are living in poverty, changes in welfare laws would not necessarily produce changes in the poverty level. Whereas, by using the expanded definition of income in measuring the depth of poverty, they were able to look at the effect of welfare changes on the very poor.

The report found that “the increase in extreme child poverty revealed by this expanded measure is surprising for at least two reasons. First, it is sudden. Prior to increasing in 1997, this measure had been falling for four straight years.” Secondly, the increase runs counter to notions of a strong and widespread economic boom.

The report directly contradicts the claims of the Clinton administration, which has cited the rapid decline in the welfare rolls as evidence of the success of welfare “reform.” The CDF's “analyses confirm,” the report states, “a direct link between the 1997 increase in extreme child poverty and the dwindling protective role of public assistance and food stamps.” In 1996, 3.6 million children were kept out of extreme poverty because of the combined effect of cash assistance and food stamps. This number fell by 652,000 to fewer than 3 million in one year alone. The report notes that had cash assistance and food stamp rolls just remained the

same, the number of children in extreme poverty would have shrunk by 226,000 instead of increasing in 1997.

“The data indicates that, for these children—whose support from the public safety net has weakened more than their family earning power has improved—extreme childhood poverty was the direct result of declines in government assistance.”

The decline in food stamps was a major factor in the increase of extreme childhood poverty. “Losing food stamps was often the final loss that tipped the family into extreme poverty,” explained CDF analyst Arloc Sherman. Millions of families, including families in extreme poverty, are not receiving food stamps even though they are eligible. This is because states, as part of the restructuring of welfare, have made it harder for families to apply for and continue receiving food stamps.

Wisconsin and many other states have instituted a practice that many welfare advocates have termed a “don’t ask, don’t tell” policy. Caseworkers are instructed not to inform clients that they are eligible for food stamps and Medicaid unless they specifically ask about it. At the same time, most legal immigrants have been cut off of the food stamps program completely.

The CDF report was issued on August 22, to mark the third anniversary of the signing into law of the 1996 Welfare Reform Act by President Clinton. This report is part of a growing body of evidence that points to the direct impact that welfare reform has had on the living standards of the very poor. Most of this data is largely unreported in the media.

According to statistics compiled by the US Department of Health and Human Services, children have fallen \$2 billion deeper into poverty from 1995 to 1997. This “child poverty gap” rose to \$27 billion in 1997 from 25.1 billion in 1995. The “child poverty gap” is the amount of money needed to raise all families with children to the federal poverty level.

In a previous analysis by the CDF of Census Bureau data, it was shown that 28 percent of 1997 welfare recipients who were earning a paycheck by March 1998 took in wages of less than \$125 a week. Even if these jobs lasted for the entire year—which is not likely—this would not be enough to keep a family of three above the extreme poverty level.

Pamela Loprest of the Urban Institute reports that “20 percent of former welfare recipients are not working,

do not have a spouse who is working, and do not receive government disability benefits. About 12 percent furthermore do not receive child support or Social Security.”

Loprest also found that 38 percent of former recipients nationwide ran out of food sometime during the last year, and 39 percent couldn’t pay their rent, mortgage or utility bills.



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