

Child Poverty in South Dakota, part 1

Introduction

The next two Facts on KIDS in South Dakota will focus on poverty. There are many complex aspects to poverty, which makes it difficult to fully understand.

The monographs will provide a broad overview of childhood poverty in South Dakota with comparisons to nearby states and the US as a whole. Factors that contribute to poverty, how poverty is defined, and the cost of poverty to the broader society will be explored.

Factors that contribute to poverty

Families and their children are generally considered poor if their incomes are insufficient to pay for all their basic daily living needs. Low income and poor families constantly struggle to meet the basic needs of food, housing, clothing and health care. In short, families need material resources to achieve a means by which to live and nurture their children.

When a family's basic needs are not met, a child's well being is put at risk. Poverty adversely affects a child's physical and emotional health, daily living conditions, family stability, educational achievement, future economic earnings, and overall well-being.



However, families need more than material resources; they also need "human and social capital." Human and social capital includes education, basic life skills, and employment experience, as well as less tangible resources such as social networks and access to civic institutions. These community resources provide families with the means to get by, and ultimately, to get ahead. Human and social capital help families improve their earnings potential and accumulate assets, gain

access to safe neighborhoods and high-quality services (such as medical care, schooling), and expand their networks and social connections¹.

How is poverty defined?

Poverty thresholds

The poverty thresholds set by the federal government do not vary geographically and are updated each year by the Census Bureau. "The thresholds are used mainly for statistical purposes — for instance, preparing estimates of the number of Americans in poverty each year²." The official federal poverty threshold in 2007 for a family of three with two children was \$16,705, while the poverty threshold for a family of four with two children was \$21,027. The poverty threshold is adjusted annually according to the increase in the Consumer Price Index.

Poverty guidelines³

The poverty guidelines are another version of the federal poverty measure. The Department of Health and Human Services (HHS) issues the guidelines each year in the Federal Register. The guidelines are a simplified version of the poverty thresholds and are used for determining financial eligibility for a wide range of federal and state programs. In 2008 the federal poverty guideline for a family of three was \$17,600. Some of the programs, e.g. Community Services Block Grant, Child Health Insurance Program, Head Start, Food Stamps, Special Supplemental Nutrition for Women, Infants, and Children (WIC), the National School Lunch and School Breakfast programs, use percentage multiples of the guidelines to establish eligibility. For example, a program may use 125 percent of poverty. For a family of three, income at or below \$22,000 would make them eligible for that program (\$17,600 x 125%). Another program might use 185 percent of poverty. For a family three, income at or below \$32,560 would make them eligible for that particular program.

Facts on Kids in South Dakota

In recent years there has been much discussion about the way the U.S. government measures poverty. As previously explained, there are two slightly different versions of the [U.S.] federal poverty measure: the poverty thresholds and the poverty guidelines. Poverty thresholds are used by the Census Bureau to determine poverty status and were developed in 1963-1964 by Mollie Orshanksy. *“Orshanksy determined that the American people spent at least one-third of their income on food. From the expenditure of food, Orshanksy determined that the minimum cost of three nutritious meals per person, per day, would establish a line of income necessary to meet all basic human needs. With the adoption of Orshanksy’s formula a monetary quantity could be used to predict how well a household could meet expenses⁴.”*

Many economists, policy experts, and others have considered the federal poverty level to underestimate the reality of the cost of living. For instance, the federal poverty threshold does not take into consideration the costs of work expenses such as child care and transportation, nor does it consider rising housing costs.

The Self Sufficiency Standard

The Self-Sufficiency Standard provides a different approach to looking at poverty. It calculates how much money working adults need to meet their basic needs without subsidies of any kind. Unlike the federal poverty standard, the Self-Sufficiency Standard accounts for the costs of living and working as they vary by family size and composition and by geographic location⁵. For example, the South Dakota Self-Sufficiency Standard, completed in 2000, found that a single parent in Sioux Falls/Minnehaha County with a preschool child and a school-age child has to make \$14.42 an hour to live without public or private assistance. The same family type living in Rapid City/Pennington County would need to make \$12.70, and in Todd County that same family type would need to make \$11.15 an hour to live without public or private assistance. (For a complete listing of the self-sufficiency standard for all counties in South Dakota go to the Wider Opportunities for Women [WOW] website: <http://www.wowonline.org/ourprograms/fess/state-resources/southdakota.asp>)

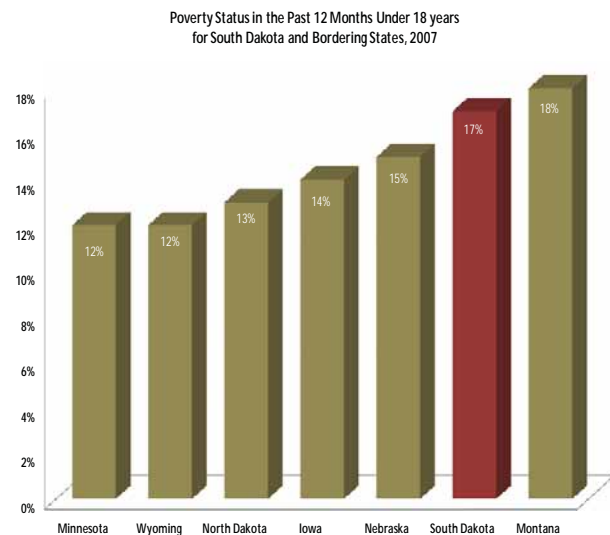
Poverty in South Dakota

In 2007, 17% (33,000) of South Dakota’s children under the age of 18 lived below the federal poverty threshold. The rate in 2006 was the same, 17%, however there were fewer number of children living below the

federal poverty threshold, 32,000. In the U.S., the child poverty rate remained relatively constant between 2004 and 2007⁶.

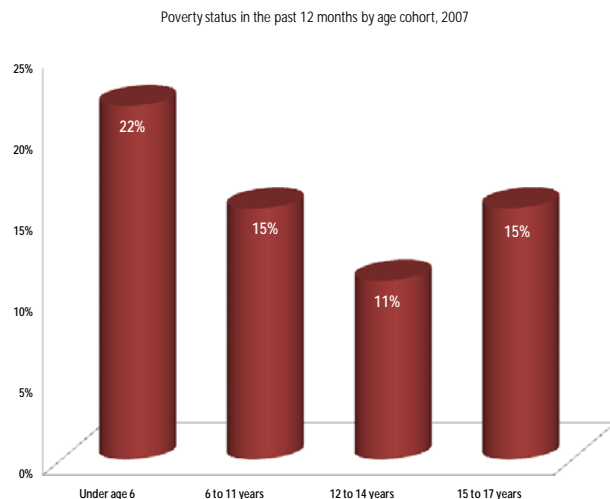
Child Poverty in Bordering States

In 2007, South Dakota (17%) had the second highest child poverty rate, compared to its neighbors Iowa (14%), Minnesota (12%), Montana (18%), Nebraska (15%), North Dakota (13%) and Wyoming (12%)⁷.



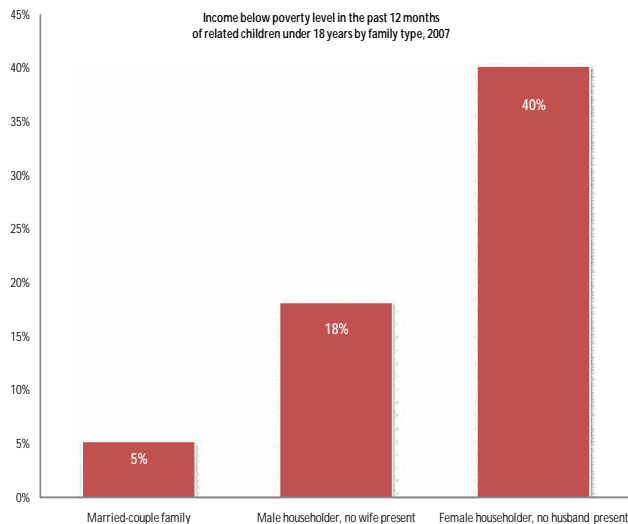
Poverty Status in South Dakota by... ...Age

In 2007, over one in every five of South Dakota’s poor children (22%) were age 5 and younger (14,239). Both nationally, and in South Dakota, young children from birth through age five are more likely to be poor. In 2006, 20% of South Dakota children ages 5 and younger were living below the poverty threshold (12,491)⁸.



...Family Type

Family type is related to whether or not children grow up in poor households. Of all related children under age 18 in South Dakota, 34% were living in single parent families, compared to 5% living in two-parent families. In 2007, almost one-third (32%) of South Dakota's related children under age 18 lived in single female-headed households; over one in ten (13%) related children under age 18 live in single male-headed households⁹.



...Extreme Poverty

Children who experience long term poverty face the worst health outcomes, such as child asthma and malnutrition, as a result of their family's income status. Families with income below 50% of the federal poverty threshold are considered to be living in extreme poverty. The extreme poverty level in 2007 was family income below \$8,353 for a family of three with two children and \$10,514 for a family of four with two children¹⁰. In South Dakota, in 2007, eight percent of children lived in extreme poverty. The percentage of children in extreme poverty increased slightly over the past five years—from 7 percent in 2003 through 2004 to 8 percent in 2005 through 2007. However, the number of children in extreme poverty increased from 13,000 in 2003 to 16,000 in 2007¹¹.

...Residence

Of particular concern in South Dakota is the patchwork of poverty in rural and urban areas. "Of the 100 counties in the United States with the highest child poverty rates in 2005, 95 are rural counties. These 100 counties have child poverty rates above 40 percent, more than twice the national rate of 18.5 percent.¹² Nine South Dakota counties are in the top 100:

South Dakota Counties in the Top 100 U.S. Counties with Highest Child Poverty Rates, 2005

Rank	County	# of children in poverty	Child poverty rate
1	Ziebach	636	70.1
5	Todd	2,307	58.7
7	Corson	851	57.8
22	Mellette	336	51.3
44	Bennett	544	47.2
47	Shannon	2,564	46.8
60	Jackson	412	46.1
68	Charles Mix	1,191	45
83	Buffalo	340	43.5

Source: <http://www.prb.org/Articles/2008/childpoverty.aspx>

Next quarter: Child Poverty in South Dakota, Part 2



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Notes

¹Child Poverty and Family Economic Hardship. National Center for Children in Poverty. Columbia University, Maiman School of Public Health. Accessed on-line at <http://www.nccp.org/faq.html> on 25 July 2008.

²U.S. Census Bureau, Thresholds for 2006 by Size of Family and Number of Related Children Under 18 Years.

³U.S. Department of Health and Human Services. (2007). 2007 Federal Poverty Guidelines. Federal Register, 72(15), 3147-3148.

⁴Cochran, C. (1999) The 1999 South Dakota KIDS COUNT Factbook. Vermillion, SD: University of South Dakota, Business Research Bureau, KIDS COUNT Project.

⁵Pearce, D with Brooks, J. (2000) The Self-Sufficiency Standard for South Dakota. Wider Opportunities for Women.

⁶KIDS COUNT Data Center, <http://www.kidscount.org/datacenter/>

⁷KIDS COUNT Data Center, <http://www.kidscount.org/datacenter/> Definition: The share of children under age 18 who live in families with incomes below the federal poverty level, as defined by the U.S. Office of Management and Budget.

⁸U.S. Bureau of the Census, American Community Survey, 2007. Table B17001c.

⁹U.S. Bureau of the Census, American Community Survey, 2007. Table B17010.

¹⁰U.S.Census Bureau website: <http://www.census.gov/hhes/www/poverty/threshld/thresh07.html> Accessed 9/8/2008.

¹¹KIDS COUNT Data Center, <http://www.kidscount.org/datacenter/>

¹²O'Hare, W. and Mather, M (2008) Child Poverty is Highest in Rural Counties in U.S. Accessed on-line at <http://www.prb.org/Articles/2008/childpoverty.aspx> on July 28, 2008.

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The South Dakota KIDS COUNT Project

(www.sdkidscount.org) is a national and state-by-state effort, sponsored by the Annie E. Casey Foundation, to track the status of children in the United States. By providing policymakers and citizens with benchmarks of child well-being, KIDS COUNT seeks to enrich local, state, and national discussions concerning ways to secure better futures for children and families. Additional funding for the state project comes from the South Dakota Departments of: Education, Human Services, and Social Services.