

Child Poverty in South Dakota, part 2

Introduction

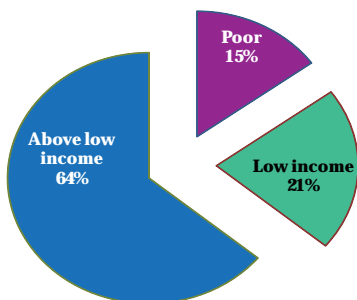
This monograph continues with data on child poverty in South Dakota, discussing factors that contribute to poverty. The cost of poverty to the broader society will be explored as well as what can be done to reduce child poverty.

It can not be emphasized enough that “children in low-income families fare less well than children in more affluent families. Compared with children living in families at or above the poverty line, children living below the poverty line are more likely to have difficulty in school, to become teen parents, and, as adults, to earn less and be unemployed more frequently.”¹

Measures of child poverty

One measure of child poverty is children living in families with incomes below the federal poverty level. For 2007, the federal poverty level is \$21,027 for a family of four. The following chart, from the National Center for Children in Poverty* shows children in South Dakota by income level, 2007².

Children in South Dakota, by Income Level, 2007



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South Dakota Demographic Profiles

Fifteen percent (15%) of children (27,670) live in poor families, defined as income below 100% of the federal poverty level. The national rate is 18%. The percentage of children living in families between

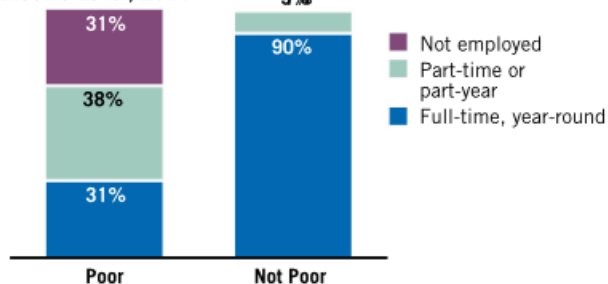
The National Center for Children in Poverty (NCCP) is a public policy center that uses research to inform policy and practice with the goal of ensuring positive outcomes for the next generation.

100% and 200% of the federal poverty level is 21%. These families can be characterized as “low income” because their income is not sufficient to meet self-sufficiency needs without supports such as child care, free or reduced price school lunches, or health insurance assistance.

Parental income relates to employment for one or both parents of children. Secure parental employment offers insight into the material well-being of children.

The following chart, from the National Center for Children in Poverty*, shows percentages of children in South Dakota by employment status of parents².

Parents' Employment Status in South Dakota, by Income Level, 2007



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Secure parental employment reduces the incidence of poverty and its related risks to children. Since most parents who obtain health insurance for themselves and their children do so through their employers, a secure job can also be a key factor in determining whether children have access to health care.³

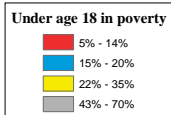
Child poverty in South Dakota

The maps on the next page show data by county for all persons under age 18 in poverty and median household income for 2005.

The top map shows a little over 18% of persons under age 18 in poverty in South Dakota in 2005.

The bottom map shows the median household income (estimate) for South Dakota was \$40,096 in 2005.

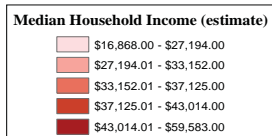
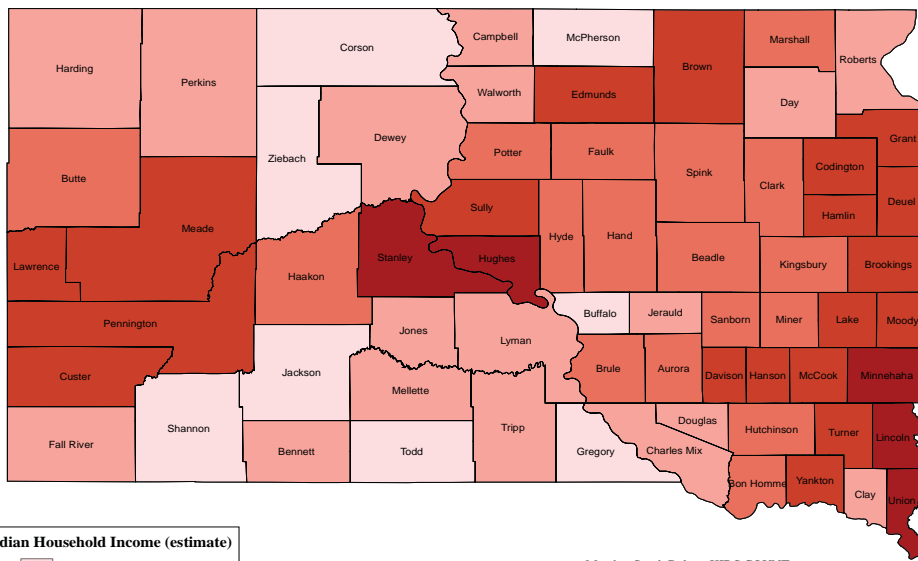
Under age 18 in poverty, 2005
South Dakota = 18.3%



Map by: South Dakota KIDS COUNT
 Business Research Bureau,
 The University of South Dakota

Data Source: Source: U.S. Census Bureau,
 Data Integration Division,
 Small Area Estimates Branch. <http://www.census.gov/cgi-bin/saie/saie.cgi>

Median Household Income (estimate), 2005
South Dakota = \$40,096



Map by: South Dakota KIDS COUNT
 Business Research Bureau,
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Data Source: Source: U.S. Census Bureau,
 Data Integration Division,
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The cost of poverty

In the short term, families and their children suffer the most from the negative outcomes associated with poverty. They often pay more for goods and services (higher interest rates for automobiles, housing, or loans), which makes it difficult for them to build wealth, save for their children’s futures, and invest in their upward mobility.

In the long term, however, everyone pays the costs of poverty. Businesses pay for poverty through a less educated workforce, lower productivity, absenteeism, employee turnover, and higher training and insurance costs. Businesses, in turn, pass these costs on to consumers in the form of higher prices or lower quality goods and services.

Ultimately, society and taxpayers pay for the costs of poverty through increased public and private spending on health care, crime, social services, and safety-net programs. A National Poverty Center working paper (#07-04) reviewed a range of rigorous research studies. These studies estimated the average statistical relationships between children growing up in poverty and their earnings, propensity to commit crime, and quality of health later in life. Also reviewed were estimates of the costs that crime and poor health per person impose on the economy. An aggregate of all of these average costs per poor child across the total number of children growing up in poverty in the U.S. was compiled. Their estimate of the aggregate costs of child poverty to the U.S. economy was approximately \$500 billion annually. “In other words, the total value of our production of goods and services and our quality of life in America might rise by about a half trillion dollars annually if all of our poor children were instead growing up in non-poor households.”⁴

Childhood Poverty’s Aggregate Cost⁴	
Forgone Earnings	1.3% of GDP
Crime	1.3% of GDP
Health	1.2% of GDP
Total (%)	3.8% of GDP
Total (\$)	\$500,000,000,000

The cost of growing up in poverty in South Dakota was estimated to be \$1.2 billion⁵.

What can be done about child poverty in South Dakota?

It seems that each day there is a news story on some aspect of the economy, the foreclosure crisis, welfare



reform, or poverty. While assistance programs, public or private, help families in poverty, the root causes of poverty persist. Poverty, as seen in the data described above, is not just one thing. It isn’t just “not enough money.” It involves an array of interconnected issues. These issues include parent(s) employment,

early care and education for children, family structure, and community vitality which all contribute to a child’s prospects.

A place to start to impact poverty in South Dakota comes from the National Governor’s Association (NGA) Center for Best Practices’ recently published issue brief, *State Strategies to Reduce Child and Family Poverty*:

To help reduce poverty among children and families, states can:

- Expand safety-net options for families in crisis;
- Increase the returns on work;
- Promote savings and asset accumulation;
- Improve the consumer environment in poor neighborhoods;
- Increase access to education and training;
- Improve access to work supports;
- Invest in programs for young children; and
- Strengthen family relationships.

A consensus among policy experts is emerging that reveals the importance of these approaches in reducing poverty and helping increase employment among low-income families. Moreover, these strategies, particularly when implemented as part of a comprehensive plan, are effective, bipartisan policy options that can engage governors, state legislators, members of the business community, and other key stakeholders in the fight against poverty⁶.



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Notes

¹ U.S. Federal Interagency Forum on Child and Family Statistics. (2007). America's children: Key national indicators of well-being. Washington, DC: Government Printing Office. Accessed at http://www.childstats.gov/pdf/ac2007/ac_07.pdf on October 10, 2008.

² National Center for Children in Poverty. Accessed at <http://www.nccp.org/topics/childpoverty.html> on October 10, 2008

³ U.S. Federal Interagency Forum on Child and Family Statistics. (2008). America's children: Key national indicators of well-being. Washington, DC: Government Printing Office. Accessed at http://www.childstats.gov/pdf/ac2008/ac_08.pdf on October 10, 2008.

⁴ Holzer, H.J., Schanzenbach, D.W., Duncan, G.J., Ludwig, J. (January 2007). The economic costs of poverty in the United States: Subsequent effects of children growing up poor. Ann Arbor, MI: National Poverty Center. Accessed on line at http://www.npc.umich.edu/publications/working_papers/?publication_id=116& on July 25, 2008.

⁵ Pflingst, L. (2008) The Cost of Child Poverty State by State. Human Services Policy Center, The Evans School of Public Affairs at the University of Washington, Washington KIDS COUNT, Seattle, WA. Their estimates were derived by calculating the share of children in poverty by state and multiplying that proportion by \$500 billion.

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Facts on KIDS in South Dakota is published by South Dakota KIDS COUNT, Business Research Bureau, The University of South Dakota.

Thank you to:

- *South Dakota Voices for Children*
- *Nancy Craig, BRB*
- *Heather Siebert, BRB*
- *Yaxiong Gao (Aaron), BRB*

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.