The Cost of Child Poverty: $500 Billion a Year

By Valerie Strauss

The United States has the second-highest child poverty rate among the world's richest 35 nations, and the cost in economic and educational outcomes is half a trillion dollars a year, according to a new report by the Educational Testing Service.

The report, called "Poverty and Education, Finding the Way Forward," says that 22 percent of the nation's children live in relative poverty, with only Romania having a higher rate in the group of 35 nations. (Next are Latvia, Bulgaria, Spain, Greece, Italy, Lithuania, Japan and Portugal, it says; the country with the lowest child poverty rate is Iceland, and the second lowest is Finland.) The report notes, though, that the official U.S. poverty rate is incomplete, and that other data show that 48 percent of the population had incomes in 2011 that are considered inadequate or not livable. (Relative poverty rates refer to people with incomes below 50 percent of the poverty threshold.)

It is estimated that the economic and educational effects amount to some $500 billion a year, the report says. Compared with children whose families had incomes of at least twice the poverty line during their early childhood, poor children:

* completed two fewer years of school
* earned less than half as much money
* worked 451 fewer hours per year
* received $826 per year more in food stamps
* were nearly three times as likely to have poor health

Furthermore, poor males were twice as likely to get arrested and poor females were five times more likely to have a child out of wedlock.

There are big differences in educational outcomes as well, the report said:

Education has been envisioned as the great equalizer, able to mitigate the effects of poverty on children by equipping them with the knowledge and skills they need to lead successful and productive lives. Unfortunately, this promise has been more myth than reality. Despite some periods of progress, the achievement gap between white and black students remains substantial (Barton & Coley, 2010). Yet today, income has surpassed race/ethnicity as the great divider. Income-related achievement gaps have continued to grow as the gap between the richest and poorest American families has surged. As researcher Sean Reardon of Stanford University explained recently in The New York Times: 'We have moved from a society in the 1950s and 1960s, in which race was more consequential than family income, to one today in which family income appears more determinative of educational success than race' (Tavernise, 2012, para 4)

Reardon's recent research found that 'the gap in standardized test scores between affluent and low-income students had grown by about 40 percent since the 1960s and is now double the testing gap between blacks and whites' (Tavernise, 2012, para 4). It is also the case that if we look across states or major metropolitan areas, those areas within the United States that have greater income gaps between high- and low-income families also tend to have greater achievement gaps between high- and low-income children.

The report also discusses modern education reform and its effects on the educational outcomes for poor children. It says that reform that fails to address the issue of poverty has so far failed to do much to improve student achievement among poor children:

Education policies and reform efforts have shifted over the past several decades. Emphasis has shifted away from providing more equitable and adequate funding for schools and targeted services for disadvantaged students and toward policies directed at developing and implementing common core standards, improving teacher quality through the design and implementation of quantitative evaluation metrics, widespread use of test-based accountability systems, and providing wider-ranging choice among traditional district schools, charter schools, and through private school vouchers.

Yet, there exists little evidence that these reform strategies can substantially reduce the influence of poverty on educational opportunity, especially when they fail to address concurrently children's readiness for school and the availability of equitable and adequate funding for high-poverty schools and districts. As explained by Helen Ladd in her 2011 presidential address to the Association for Public Policy Analysis and Management:
"Because these policy initiatives do not directly address the educational challenges experienced by disadvantaged students, they have contributed little -- and are not likely to contribute much in the future -- to raising overall student achievement or to reducing achievement and educational attainment gaps between advantaged and disadvantaged students. Moreover, such policies have the potential to do serious harm. Addressing the educational challenges faced by children from disadvantaged families will require a broader and bolder approach to education policy than the recent efforts to reform schools. (Ladd, 2012, p. 203)"

Some strategies are offered here to better match programs and services to the needs of children and to ameliorate the strong links between child poverty and later outcomes. We focus on seven areas that are generally within the purview of education policymakers:

*Increasing awareness of the incidence of poverty and its consequences *Equitably and adequately funding our schools. (*There is a need for better coordinator of federal and state education programs targeted at poverty.*) *Broadening access to high-quality preschool *Reducing segregation and isolation *Adopting effective school practices *Recognizing the importance of a high-quality teacher workforce *Improving the measurement of poverty

The report was written by Richard J. Coley, executive director of the Center for Research on Human Capital and Education at the Educational Testing Service and Rutgers University Graduate School of Education Professor Bruce Baker. The ETS is a nonprofit organization that develops, administers and scores more than 50 million standardized tests annually in more than 180 countries.

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