

## Children in Urban Areas are Increasingly Low Income

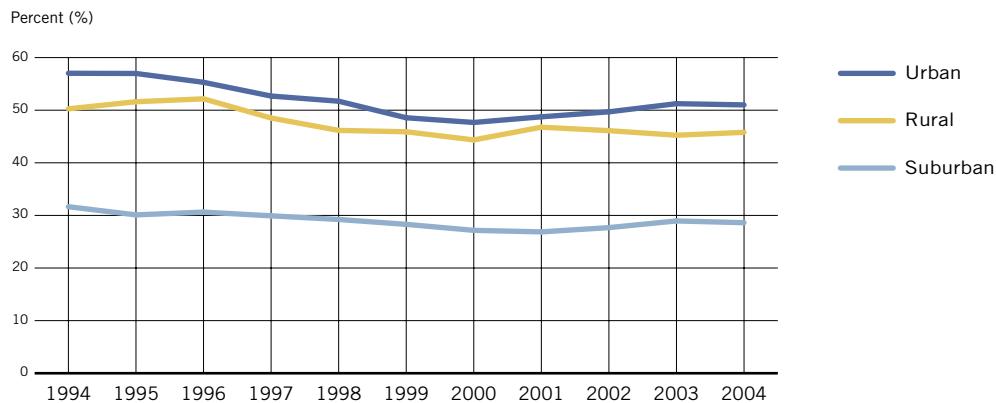
NOVEMBER 2005

Nearly one-third of Americans live in urban areas.<sup>1</sup> Although cities offer many social and economic opportunities, children in urban areas are more likely to live in low-income families than are rural or suburban children.<sup>2</sup> Material hardship can have negative, long-term social, emotional, and developmental consequences for children;<sup>3</sup> children in urban areas are disproportionately vulnerable.

The majority of children in urban areas live in low-income families, and the percent has risen significantly since 2000.<sup>4</sup> Currently,

- 51% of children in urban areas—8.9 million—live in low-income families—up from 48% in 2000.
- 29% of children in suburban areas—9.1 million—live in low-income families—up from 27% in 2000.
- 46% of children in rural areas—5.1 million—live in low-income families—up from 44% in 2000.

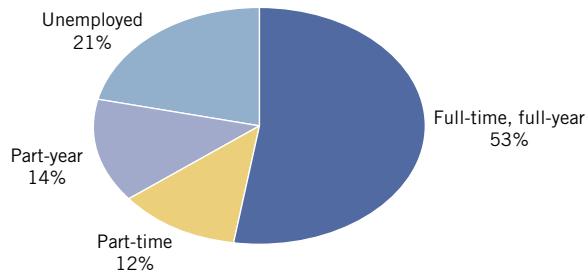
**Figure 1: Percent of children in low-income families, by type of residential area, 1994-2004**



## Most children in low-income, urban families have at least one parent who is employed.<sup>5</sup>

- 79% of children in urban, low-income families—7.0 million—have at least one employed parent.
- 53% of children in urban, low-income families – 4.7 million—have at least one parent who is employed full-time, year-round.

**Figure 2: Parental employment among low-income children in urban areas, 2004**



## Low-income, working parents in urban areas are most likely to be employed in service occupations.<sup>6</sup>

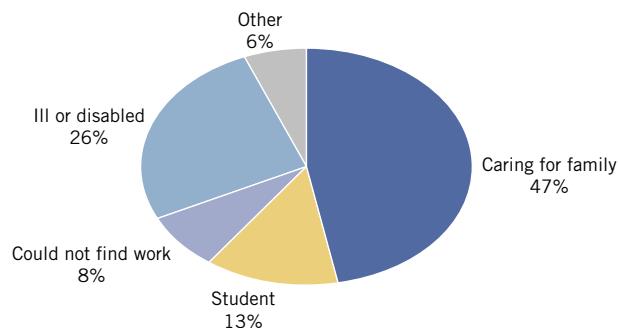
Workers in service occupations are not only likely to have lower earnings and fewer opportunities for full-time employment, but they are also less likely to receive benefits such as health insurance, paid vacation, or holidays.<sup>7</sup>

- 36% of parents in urban, low-income families are employed in the service industry.
- 29% of parents in suburban, low-income families are employed in the service industry.
- 28% of parents in rural, low-income families are employed in the service industry.

## Most unemployed, low-income parents in urban areas are not working because they are caring for their families or because of an illness or disability.<sup>8</sup>

- Among unemployed parents in urban areas, 47% are not working in order to care for their families.
- Among unemployed parents in urban areas, 26% are not working because of illness or disability.

**Figure 3: Reasons for unemployment among low-income parents in urban areas, 2004**



## The lack of safe, affordable housing is a hardship for low-income households, increasing residential instability and preventing families from meeting other basic needs.

Twenty percent of children in urban, low-income families—8.2 million—have moved in the last year. More than half (54%) of their parents moved for housing-related reasons. Among urban, low-income parents who moved in the last year:

- 20% moved because they wanted to live in a better home.
- 7% moved because they wanted to live in a better neighborhood.
- 11% moved to find more affordable housing.

## Policy Implications

Federal and state policies can support parental employment and increase economic security for low-income children in urban areas.

**Increase wages.** The shift towards minimum wage jobs in an increasingly service-based economy has been most pronounced in urban areas.<sup>9</sup> An increase in the minimum wage will increase earnings for low-income parents, particularly in cities. In the absence of living wages, the federal Earned Income Tax Credit (EITC) increases the value of low-wage work and lifts millions of people out of poverty every year.

### Maintain support for Social Security and Supplemental Security Income (SSI).

Government insurance for families who experience the disability or death of a primary breadwinner can provide a safety net for low-income parents and their children. In the Social Security program alone, over 5 million children benefit as dependents of individuals who have died or become disabled, or as members of households that rely on Social Security.<sup>10</sup> For those who do not qualify for Social Security, SSI provides means-tested assistance for disabled adults and children.

**Increase access to child care subsidies.** Low-income parents with access to affordable, reliable child care have greater opportunities to participate in the labor force. High-quality child care is a work support that helps parents maintain employment and promote self-sufficiency.

**Increase funding of federal housing assistance programs.** Housing assistance programs are a cost-effective way to assist low-income families in finding safe, stable housing. The federal Housing Choice Voucher program is underfunded, leaving many low-income families on waiting lists and in precarious housing situations.<sup>11</sup>

## Endnotes

*This fact sheet is part of the National Center for Children in Poverty's demographic fact sheet series. Estimates were prepared by Ayana Douglas-Hall, Michelle Chau, and Heather Koball based on the U.S. Current Population Survey, Annual Social and Economic Supplement, March 2004. Only children living with at least one parent are included in this analysis.*

1. U.S. Census Bureau. American FactFinder. Geographic Comparison Table. GCT-P1. *Urban/Rural and Metropolitan/Nonmetropolitan Population: 2000* <[rtc.ruralinstitute.umt.edu/RuDis/Census2000.htm](http://rtc.ruralinstitute.umt.edu/RuDis/Census2000.htm)>.
2. A Metropolitan Statistical Area (MSA) is defined by the U.S. Census Bureau as a group of communities that are socially and economically integrated with an adjacent urbanized area. Within MSAs, urban areas are equivalent to central cities, while the surrounding areas are defined as the suburbs. A rural area is an area that is not in a metropolitan statistical area. Low income is defined as twice the federal poverty level or \$38,700 for a family of 4 in 2005.
3. Gershoff, E. (2003). *Low income and the development of America's kindergarteners* (Living at the Edge Research Brief 4). New York, NY: National Center for Children in Poverty, Columbia University Mailman School of Public Health <[www.nccp.org/media/lat03d-text.pdf](http://www.nccp.org/media/lat03d-text.pdf)>.
4. Increases in percent low income between 2000 and 2004 are statistically significant at the .10 level among children in each type of residential area.
5. Parental employment is the employment level of the parent in the household who maintained the highest level of employment in the previous year. Parents can either have no employment in the previous year, part-year or part-time employment, or full-time/year-round employment. Part-year or part-time employment is defined as either working less than 50 weeks in the previous year or less than 35 hours per week. Full-time/year-round employment is defined as working at least 50 weeks in the previous year and 35 hours or more per week for more than half the year.
6. This figure includes all parents who reported any work in the previous year. The estimate is based on different calculations than those used in previous NCCP publications and is not comparable.
7. Nelson, J. I. (1994). Work and benefits: The multiple problems of service sector employment. *Social Problems*, 41(2), pp. 240-256.
8. This estimate includes only those parents in families in which no parent was employed. The estimate is based on a different calculation than used in NCCP publications prior to September 2005 and is not comparable.
9. Tuner, M. (2000). Do minimum wages help or hurt low-wage workers? In K. Kaye & D. Smith Nightingale (Eds.). *The low-wage labor market: Challenges and opportunities for economic self-sufficiency*. Washington, DC: Urban Institute. <[www.urban.org/UploadedPDF/lowwage\\_labor\\_FR.pdf](http://www.urban.org/UploadedPDF/lowwage_labor_FR.pdf)>.
10. Cauthen, N. K. (2005). *Why Social Security matters to children and families: What every policymaker should know*. New York, NY: National Center for Children in Poverty, Columbia University Mailman School of Public Health, <[www.nccp.org/pub\\_wsw05b.html](http://www.nccp.org/pub_wsw05b.html)>.
11. See Housing America's Low-Income Families: A Research Focus of the Urban Institute <[www.urban.org/content/IssuesInFocus/HousingAmericasLow-IncomeFamilies/Housing.htm](http://www.urban.org/content/IssuesInFocus/HousingAmericasLow-IncomeFamilies/Housing.htm)>. For more detailed information on the Housing Choice Voucher program, see the U.S. Department of Housing and Urban Development <[www.hud.gov/offices/pih/programs/hcv/index.cfm](http://www.hud.gov/offices/pih/programs/hcv/index.cfm)>.

For state-level and national demographic data, see the National Center for Children in Poverty web site:

**[www.nccp.org](http://www.nccp.org)**