

A third of U.S. families face a different kind of poverty

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Before the pandemic, one-third of U.S. households with children were already "net worth poor," lacking enough financial resources to sustain their families for three months at a poverty level, finds new research

from Duke University.

In 2019, 57 percent of Black families and 50 percent of Latino families with children were poor in terms of net worth. By comparison, the rate for [white families](#) was 24 percent.

"These 'net worth poor' households have no assets to withstand a sudden economic loss, like we have seen with COVID-19," said Christina Gibson-Davis, co-author of the study and professor of public policy and sociology at Duke University's Center for Child and Family Policy.

"Their savings are virtually nil, and they have no financial cushion to provide the basics for their children."

The study is among the first to consider [family poverty](#) in terms of assets, not income. Using 1989-2019 data from the Survey of Consumer Finances, researchers analyzed net worth and income data from more than 19,000 U.S. households with children under age 18.

Among households with children, net worth poverty has been steadily rising over the past 30 years, the authors found. In 2019, a two-parent, two-child household was deemed to be net-worth poor if they had less than \$6,500 in assets—or less than one-fourth of the federal poverty line.

Families in that category—those with perilously low levels of net worth—outnumbered families who were poor based on income.

"Uncovering this aspect of poverty, which hinges on wealth, is game-changing," said Lisa Gennetian, co-author of the study and associate professor of early learning policy studies at Duke's Sanford School of Public Policy.

"Most policies focus on income and families meeting their day-to-day

needs," Gennetian said. "These efforts are important. But our findings suggest that they are not helping families increase savings that help set children up for success."

Notably, Black and Latino families were twice as likely to experience net worth poverty than to have [poverty-level](#) incomes.

"Reducing one kind of poverty isn't helpful if another one is taking its place," said Lisa Keister, study co-author and a professor of sociology at Duke. "Being net worth poor likely limits parents' abilities to invest in their kids and shapes how they think about their kids' future."

The new research appears in the *Journal of Marriage and Family*.

"Even before the pandemic, many families with [children](#) were in a precarious situation," Gibson-Davis said. "Things are not going to get better in the wake of COVID-19."

More information: Christina Gibson-Davis et al, Net Worth Poverty in Child Households by Race and Ethnicity, 1989–2019, *Journal of Marriage and Family* (2020). [DOI: 10.1111/jomf.12742](https://doi.org/10.1111/jomf.12742)

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