

# Understanding the full picture of child poverty

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Credit: Unsplash/CC0 Public Domain

When people talk about poverty in the United States, most talk about income. But income is just half of the story, says Christina Gibson-Davis, a professor of public policy and sociology at Duke's Sanford

School of Public Policy and an affiliate of Center for Child and Family Policy.

The other half of the financial equation is family [wealth](#): the value of a family's assets, like savings and property, minus their debt.

Gibson-Davis is part of a research team that set out to find how children are affected by net worth [poverty](#), defined as having wealth less than one-fourth of the [federal poverty line](#), a standard set by income. In 2022, for example, the [federal poverty line](#) for a family of four living in the contiguous 48 states is \$27,750.

The team looked at wealth and income information, as well as cognitive and behavioral data, of children ages 3 to 17 years. The data was collected from 2002 to 2019 by the Panel Study of Income Dynamics.

Their analysis indicated that net worth poverty is linked to lower cognitive scores and increases in problem and behavior scores in children. The new research appears Sept. 6 in *Socius: Sociological Research for a Dynamic World*, an open access journal.

"We now know that wealth deprivation likely has effects on children," Gibson-Davis says. "Typically, people talk about the harms of income poverty, yet net worth poverty can also contribute to adverse outcomes. We have been focusing on one type of poverty and ignoring another."

"Very few families are just income poor," Gibson-Davis says. "Most poor parents experience net worth poverty. We should think about policies that focus on building wealth."

Interventions such as the earned income tax credit focus on increasing cash flow to households. But that only has limited effectiveness if a [family](#) doesn't have an economic buffer. Building [financial security](#)

through wealth can help families overcome tough financial periods.

Their findings suggest policies that speak to both [income](#) and wealth might have bigger impacts for children, such as distributing "baby bonds" to apply to a child's future education.

Providing reparations are another way. Previously, the same research team looked at [who experiences net worth poverty](#) and found that Black families with children are more likely than white families with children to have net worth poverty.

Parents who are net-worth poor may be limited in the investments they can make in their children, Gibson-Davis adds, which includes everything from housing, schooling, social peers and greenspace.

"Wealth is really fundamental to a child's well-being," Gibson-Davis says. "It affects children's visions of their future and what they think is possible."

**More information:** Christina Gibson-Davis et al, Net Worth Poverty and Child Development, *Socius: Sociological Research for a Dynamic World* (2022). [DOI: 10.1177/23780231221111672](https://doi.org/10.1177/23780231221111672)

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