



Strategies for Fighting Child Poverty in Oregon

EDUCATION OPPORTUNITIES: *A way out of poverty*

Parents need steady, family-wage jobs. Postsecondary education is fundamental to opening the door to many of these jobs and ultimately breaking the cycle of poverty.

The wage benefits of a college degree are well known. But for many working parents, holding a low-wage job and caring for a child leaves no time or resources to pursue higher education. Without an education, low-income parents are often unable to climb the ladder to economic opportunity. A program in Maine that allows welfare parents to pursue higher education as an acceptable work activity has resulted in graduates earning an average of \$11.71

per hour compared to the average of \$7.50 per hour for former welfare recipients without additional education.⁷

SOLUTIONS

- **Implement the "Parents as Scholars" option that allows up to one percent of parents receiving welfare to pursue post-secondary education as an allowable work activity.**
- **Increase the number of need-based grants that help low-income parents go to college.**

FINANCIAL ASSETS: *Build the future*

Achieving economic security requires both adequate income and asset formation and protection. A strong minimum wage is an important tool in the fight against childhood poverty. Oregon's minimum wage is indexed to inflation, meaning that it won't lose real value over time. But, even so, a single parent with two children working full-time at minimum wage earns \$15,124 per year, only 94 percent FPL for a family of three.⁸

The federal Earned Income Tax Credit (EITC) is the largest national program for low-income working families. The EITC is a refundable credit that provides tax relief to working families earning less than 200 percent FPL. Oregon is one of 17 states with a state Earned Income Credit. The state credit is not refundable and consequently many families receive little or no benefit from it because they do not have sufficient tax liability.

Asset accumulation provides an important financial cushion and enables people to make investments in their future. Consequently, it is equally important to safeguard low-income families' assets.

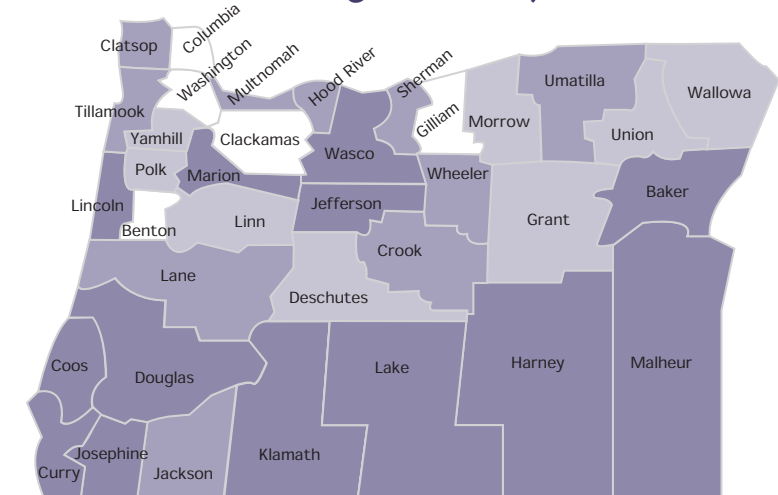
SOLUTIONS

- **Maintain Oregon's strong minimum wage including its indexing to inflation.**
- **Make the state's Earned Income Credit refundable and expand the credit.**
- **Provide greater access to financial education for all families.**
- **Protect families from predatory lending practices by regulating payday loans and tax refund anticipation loans to make them more consumer-friendly.**

Nearly 18 percent of Oregon's children live in poverty, up from 14 percent in 1999. Poverty affects every community in Oregon. Six counties have child poverty rates higher than 20 percent (Coos, Jefferson, Josephine, Klamath, Lincoln, and Malheur). Growing up in poverty puts children at increased risk for negative outcomes. Children raised in poverty are more likely than other children to:⁹

- **Have limited or no access to adequate and preventive health care.**
- **Have chronic health problems, such as asthma and anemia.**
- **Experience food insecurity and hunger.**
- **Have learning disabilities or developmental delays.**
- **Score lower on standardized tests.**
- **Drop out of school.**
- **Be poor as adults.**

Percent of Oregon Children Living in Poverty



Legend:
 □ Less than 12.0% ■ 16.0% - 17.9%
 ■ 12.0% - 15.9% ■ 18.0% or greater

Poverty statistics tell only a part of the story

Every year the federal government publishes poverty income guidelines by family size. In 2005, the federal poverty level (FPL) for a family of four is \$19,350 per year. Although annually updated for inflation, the basic assumptions underlying the income levels have not been revised since the early 1960's when the poverty line was developed. Back then, food represented the largest expense in a family's budget (typically about one-third of the total budget), but today's families spend more on housing, health care, and other living costs. Child care expenses were not even included in the original calculation.

The number of Oregon families struggling to make ends meet is greater than just those officially living in poverty. **Most researchers agree that an average family needs an income equal to at least twice the federal poverty level to meet their most basic needs.** According to the 2000 Census, 37 percent of Oregon's children live in or near poverty (below 200 percent FPL). Most programs designed to support low-income families have income eligibility levels above the poverty level (e.g., Oregon Health Plan eligibility for children and pregnant women is set at 185 percent FPL). Disturbingly, the eligibility

levels for the one program specifically set up to safeguard the well being of poor children, Temporary Assistance for Needy Families (TANF), have not been updated since 1991 and are approximately at 47 percent FPL.

Working, but still poor

Employment does not guarantee an escape from poverty. At least one parent works part-time or more in 64 percent of families with children living in poverty. Wages have not kept up with the cost of basic necessities, especially housing and health care. For example, the average annual employee contribution for family insurance coverage nearly doubled between 1993 and 2002.¹⁰

¹ Economic Policy Institute, *Hardships in America: The Real Story of Working Families*, 2001; Brooks-Gunn, Jeanne and Greg J. Duncan, "The Effects of Poverty on Children," *The Future of Children*, v 7: 2, Summer/Fall 1997; Child Trends, "Children in Poverty: Trends, Consequences, and Policy Options," November 2002; and National Center for Children in Poverty, "Low-Income Children in the United States," 2004.

² Oregon Center for Public Policy, *In the Shadow of the Recovery: The State of Working Oregon 2004*, September 2004.

³ Children First for Oregon, *Status of Oregon's Children County Databook*, 2003.

⁴ 2004 Oregon Population Survey.

⁵ "Tough Trade-Offs: Medical Bills, Family Finances and Access to Care" by Jessica H. May and Peter J. Cunningham, Center for Studying Health System Change, Issue Brief #85, June 2004.

⁶ Oregon Center for Public Policy, *In the Shadow of the Recovery: The State of Working Oregon 2004*, September 2004.

⁷ Ibid.

⁸ Ibid.

⁹ National Center for Children in Poverty, "Where do Children in Low-Income Families Live?" November 2003.

¹⁰ Maine Equal Justice Partners, "Parents as Scholars: Education Works," March 2002.

¹¹ Annual income of parent working full-time for minimum wage calculated at \$7.25 per hour for 40 hours per week, "Wage & Salary Conversion Calculator," Oregon Labor Market Information System (OLMIS), Oregon Employment Department website.

This report is made possible by a generous grant from the Annie E. Casey Foundation, KIDS COUNT project and by donations from individuals like you.



If you value the work of Children First, please consider a tax deductible donation. Children First relies on your donations to fund our publications, public education and advocacy on behalf of Oregon's children.

Percent of Children in Poverty by County, 2002

County	Current Rate %	Current Number # of children	Previous Rate %	Rate Change
Baker County	19.1	749	18.8	Same
Benton County	9.3	1,596	10.6	Better
Clackamas County	9.9	8,962	7.6	Worse
Clatsop County	16.0	1,365	16.8	Same
Columbia County	10.5	1,266	11.6	Better
Coos County	21.5	2,963	19.9	Worse
Crook County	16.0	837	13.9	Worse
Curry County	18.3	712	13.6	Worse
Deschutes County	13.8	4,406	10.4	Worse
Douglas County	19.0	4,577	16.6	Worse
Gilliam County	11.9	52	11.0	Same
Grant County	15.9	300	16.6	Same
Harney County	19.5	367	12.7	Worse
Hood River County	16.3	945	17.3	Same
Jackson County	17.8	8,162	16.3	Worse
Jefferson County	20.2	1,180	22.2	Better
Josephine County	23.5	4,197	21.1	Worse
Klamath County	20.1	3,333	22.4	Better
Lake County	19.5	353	20.4	Same
Lane County	17.3	13,006	16.1	Worse
Lincoln County	20.9	2,024	19.5	Worse
Linn County	15.4	4,185	14.8	Same
Malheur County	23.1	2,039	25.8	Better
Marion County	18.2	14,772	18.1	Same
Morrow County	15.2	524	21.6	Better
Multnomah County	16.6	25,662	15.4	Worse
Polk County	12.4	2,000	12.5	Same
Sherman County	16.3	77	20.2	Better
Tillamook County	16.1	878	13.4	Worse
Umatilla County	17.8	3,495	16.2	Worse
Union County	14.3	879	13.6	Same
Wallowa County	14.0	235	18.3	Better
Wasco County	18.5	1,097	17.7	Same
Washington County	9.5	12,076	8.3	Worse
Wheeler County	16.7	55	22.2	Better
Yamhill County	12.9	3,065	10.1	Worse
Oregon	17.5	153,263	14.0	Worse

Sources and Data Notes: Current rates and numbers for each county are based on the 2002 Small Area Income and Poverty Estimates (SAIPE) released by the U.S. Census Bureau, December 2004. The current state child poverty rate is based on the 2002 American Community Survey, U.S. Census Bureau. The previous rate is 1999 data (Census 2000). Due to difficulties in comparing Census 2000 and SAIPE rates, only changes greater than 1.0% are noted as "better" or "worse."

What Oregon Can Do

To improve the well being of low-income children across the state, Oregon needs a multifaceted approach. We must continue to pursue innovative practices and improve existing programs to help more low-income families become financially secure. **The following are ways to strengthen families and thus, the overall social and economic stability of Oregon:**

AFFORDABLE CHILD CARE: *Remove barriers to work*

Without access to affordable, quality child care, parents face significant barriers to obtaining or maintaining work. In Oregon, 65 percent of families with incomes below the state median income cannot find affordable care. The lowest-income families spend on average 24 percent of their income on child care, with low-income single parents spending nearly one-third of their income on child care. ⁱⁱⁱ

Oregon's child care subsidy program for low-income families needs to be improved. The co-payments that parents contribute are some of the highest in the nation, putting the program out of reach for many families. The reimbursement rates to providers are well below average market rates, significantly limiting access to quality care and undermining the program. Raising the reimbursement rates would improve access and support child care providers who are often on the verge of poverty themselves.

SOLUTIONS

- **Strengthen the state's child care subsidy program by expanding income eligibility to reach more working parents, raising the provider reimbursement rates and making the parent co-payments affordable.**
- **Support the professional development of child care providers with training scholarships and wage stipends to help build a skilled and stable child care workforce.**
- **Extend and promote existing state tax credits for businesses and individuals to encourage private investment in child care.**

HEALTH CARE ACCESS: *Help families avoid medical debt*

Access to affordable, quality health care is an essential component of helping families achieve economic success. In 2004, 12.3 percent of children (106,000 children) went without health insurance. ^{iv} Lack of health insurance creates financial hardships for families and results in parents having to choose between needed medical care and other basic necessities. Nationally, almost two-thirds of families with medical debt report difficulty paying for other basic necessities such as rent, transportation or food. Nearly half of all personal bankruptcies are due in part to medical debt. ^v

Oregon's hospitals have seen a 39 percent increase in the number of uninsured patients admitted, most likely due to cuts in the Oregon Health Plan combined with the rising costs of private insurance. ^{vi}

Health insurance alone does not guarantee access to quality health care. The state's system of safety-net health clinics is a critical

component of ensuring health care access. Safety-net clinics provide cost-effective care, leverage federal dollars and bring economic resources into local communities.

SOLUTIONS

- **Increase investments in the Oregon Health Plan (OHP) and the Family Health Insurance Assistance Program (FHIAP) to provide health insurance for all children and their parents.**
- **Strengthen and expand the system of safety-net clinics, especially school-based health centers.**
- **Create state standards for charity care policies to ensure hospitals provide health care for uninsured patients, curb predatory debt collection practices and publicize availability of assistance.**

AFFORDABLE HOUSING: *Provide stability for low-income families*

Housing costs in Oregon have continued to rise over the last decade. One out of every four people in Oregon cannot find affordable housing. ^{vii} Low-income families have been especially hard hit by rising housing costs. 87 percent of Oregon renters with incomes under \$20,000 had unaffordable rent in 2001-02. Over half of renters with incomes between \$20,000 and \$35,000 had unaffordable rent. ^{viii}

High housing costs contribute to greater instability for low-income children. Children in low-income families are more than twice as likely to move so their families can find cheaper housing.

Frequent moving is associated with family turbulence and difficulties in school. ^{ix}

SOLUTIONS

- **Help low-income families make ends meet by increasing access to rental assistance.**
- **Increase funds available for low-income housing development by growing Oregon's Housing Trust Fund.**