

# Facts on Kids in South Dakota Children & Poverty



Issue No. Qtr 1-03

## Introduction

The focus of this issue of **Facts on Kids in South Dakota** is children and poverty. Child poverty is associated with numerous negative outcomes for children. Poverty adversely affects their physical and emotional health, daily living conditions, family stability, educational achievement, future economic earnings, and overall well-being. Many of the issues facing the public and policy makers today are rooted in poverty. Health care coverage for the uninsured, illiteracy, crime and delinquency, lack of child care, hunger, inadequate housing, and decisions about how to spend public tax dollars are consequences of people living in poverty.

Families are generally considered to be poor if their incomes are insufficient to pay for all of their basic daily living needs. Low income and poor families constantly struggle to meet the basic needs of food, housing, clothing and health care. When these basic needs are not met, a child's well being is put at risk. Child poverty is an important but complicated issue that is often misunderstood. Misconceptions about the causes and consequences of child poverty abound and society is unclear about what needs to be done about poverty.

In the short term, poor children and their families suffer the most from the negative outcomes associated with poverty. In the long term, however, everyone pays the costs of child poverty. Businesses pay for child poverty through a less educated workforce, lower productivity, absenteeism, employee turnover, and higher training and insurance costs. Businesses, in turn, pass these costs on to consumers in the form of higher prices or lower quality goods and services. Ultimately, society and taxpayers pay for the costs of child poverty through increased public and private spending on health care, crime, social services, and safety net programs.

## Poverty defined

"The U.S. Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who is poor."<sup>1</sup> There are two slightly different versions of the [U.S.] federal

poverty measure: the poverty thresholds and the poverty guidelines.

### Poverty thresholds

The poverty thresholds do not vary geographically and are "updated each year by the Census Bureau (although they were originally developed by Mollie Orshansky of the Social Security Administration). "The thresholds are used mainly for statistical purposes — for instance, preparing estimates of the number of Americans in poverty each year."<sup>2</sup> The current thresholds (2001) for a family with related children are as follows:

#### **Poverty thresholds for a family with related children, 2001**

Family of 2 (1 adult w/1 child)	\$12,207
Family of 3 (2 adults w/1 child)	\$14,255
Family of 3 (1 adult w/2 children)	\$14,269
Family of 4 (2 adults w/2 children)	\$17,960

Source: Census Bureau website: [www.census.gov/hhes/poverty/threshld/thresh01.html](http://www.census.gov/hhes/poverty/threshld/thresh01.html)

### Poverty guidelines

The poverty guidelines are the other version of the federal poverty measure. The Department of Health and Human Services (HHS) issues the guidelines each year in the Federal Register. The guidelines are a simplified version of the poverty thresholds and are used for determining financial eligibility for a wide range of federal and state programs. The current poverty guidelines (2001) are as follows:

#### **Current poverty guidelines (2001)**

Family of 2	\$11,940
Family of 3	\$15,020
Family of 4	\$18,100
For each additional person, add	\$3,080

Source: Department of Health and Human Services  
website: <http://aspe.hhs.gov/poverty/02poverty.htm>

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Some of the programs, e.g., Community Services Block Grant, Child Health Insurance Program, Head Start, Food Stamps, Special Supplemental Nutrition for Women, Infants, and Children (WIC), the National School Lunch and School Breakfast programs, use percentage multiples of the guidelines. For example, a program may use 125 percent of poverty. So, for a family of two, one child and one adult, income at or below \$14,925 would make them eligible for that program (\$11,940 x 125%). Another program might use 185 percent of poverty. So, for a family of two, one child and one adult, income at or below \$22,089 would make them eligible for that particular program.

### Self-Sufficiency Standard

More recently a new measure of income adequacy, the Self-Sufficiency Standard has been developed for South Dakota and many other states. Produced by Wider Opportunities for Women and Diana Pearce, PhD, at the University of Washington, the Self-Sufficiency Standard is the income that a family requires to meet its most basic needs – food, clothing, shelter, health care, transportation, child care, taxes – without any frills. The Standard is calculated based on a family’s composition and by geographic area, using state and federal government data that is regularly submitted by local jurisdictions.

The Self-Sufficiency Standard is not a one-size-fits-all model; it is a comprehensive measure designed to help address a complex problem. It is calculated based on local costs in individual communities. For instance, in Boston, Massachusetts the Self-Sufficiency Standard for a family of four is \$43,000 per year; in the New York City borough of Queens it is \$46,836; and in Sioux Falls, South Dakota it is \$35,736. In all three cities, the federal poverty level of \$17,650 is insufficient to the needs of a family of four, but insufficient to different degrees.

Because the Self-Sufficiency Standard varies by family type and location, the amount of money that a family needs to be economically self-sufficient depends on the family size and composition, the age of children, and where they live. As an example the table at the top of the next column details how much a single parent or two working parents would each need to earn per hour to cover basic expenses in Rapid City (Pennington County), Sioux Falls (Minnehaha County), Spink County, and Todd County.

Place	Full-time hourly wage needed for one adult, one preschooler, one school age, 2000	Full-time hourly wage needed for two adults, one preschooler, one school age, 2000
Rapid City/Pennington County	\$12.70	\$7.78 per adult
Sioux Falls/Minnehaha County	\$14.42	\$8.46 per adult
Spink County	\$11.68	\$7.34 per adult
Todd County	\$11.15	\$7.06 per adult

Source: The Self-Sufficiency Standard for South Dakota by Diana Pearce with Jennifer Brooks. Summer 2000. Prepared for South Dakota Community Concepts and South Dakota Women Work! Copies of the report are available from Carol Robertson, SD Family Economic Self-Sufficiency Project. Ms. Robertson’s contact information is on the back of this monograph.

The Self-Sufficiency Standard documents the cost of living that families of different sizes must meet to live independently, without public or private assistance. The Standard shows, for most families, earnings above the official poverty level or earnings that are high enough to disqualify them from welfare are nevertheless far below what they need to meet their families’ basic needs.

The Self-Sufficiency Standard is set at a level that is, on the one hand, not luxurious or even comfortable, and on the other hand, not so low that it fails to adequately provide for a family. Rather, the Standard provides income sufficient to meet minimum nutrition standards, for example, and to obtain housing that would be neither substandard nor overcrowded. The Standard does not allow for longer-term needs, such as retirement, purchase of major items such as a car, or emergency expenses (except possibly under the “miscellaneous” cost category). Self-sufficiency means maintaining a decent standard of living and not having to choose between basic necessities, whether to meet one’s need for child care but not for nutrition, or housing but not health care. **Self-sufficiency wages are family sustaining wages.**

### A Portrait of South Dakota’s Low Income Working Families

The Children’s Defense Fund analyzed data released from the 2000 Census. The data shows that some counties in the United States have as many as 3 out of 5 children living in poverty.<sup>3</sup>

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The Children's Defense Fund ranked the top 38 counties that had higher child poverty rates than the poorest big cities. Many of these counties are in South Dakota:

1. **Buffalo County, South Dakota - 61.8%**
2. **Ziebach County, South Dakota - 61.2%**
3. **Shannon County, South Dakota - 61.0%**
4. **Starr County, Texas - 59.5%**
5. **Todd County, South Dakota - 57.7%**
6. **East Carroll Parish, Louisiana - 56.8%**
7. **Owsley County, Kentucky - 56.4%**
8. **McDowell County, West Virginia - 53.0%**
9. **Madison Parish County, Louisiana - 52.6%**
10. **Holmes County, Mississippi - 52.4%**

**Other South Dakota counties in the top 38:**

18. **Bennett County South Dakota 48.8%**
19. **Corson County South Dakota 48.8%**
33. **Mellette County South Dakota 46.0%**

Data from the U.S. Census Bureau, Census 2000. Calculations by CDF. 2000 Census of Population, Profile Sample Data Poverty of Persons and Related Children Table DP-3. Profile of Selected Economic Characteristics.

According to *The Poverty Despite Work Handbook*<sup>4</sup> (1999) the state has about 17,000 poor families with children. Of those, 16,000, or 94 percent, have parents who are not ill, disabled or retired and are able to work. Few poor South Dakota families fit the stereotypic image of a poor family where adults are not working. South Dakota families tend to buck the national norm and rely on earnings, not public assistance. This reflects the state's independence and strong work ethic. Some key facts:

- 40 percent of these workers, work full time, year round. The percent of poor families with children that contain a worker is higher in South Dakota than in the United States as a whole - 84 percent versus 65 percent nationally.
- 63 percent of South Dakota's 16,000 poor families [parents who are not ill, disabled or retired], rely on earnings, not public assistance, for the majority of their income. In contrast, only 52 percent of similar families in the United States rely on earnings for most of their income.

- Only 17 percent of South Dakota families who are able to work rely on public assistance for the majority of their income compared to 31 percent of similar families in the U.S.

- About 30 percent of South Dakota's working poor families with children are forced to work part-time or part-year because of economic reasons: they are laid off; their employer cuts back on hours during slack work periods; or they are unable to find full-time or year-round work in their area.

- Fifteen percent of South Dakota's working poor families with children had a head-of-household younger than age 25. Most family heads-of-household of working poor families with children is ages 25-34 (37 percent). Nearly 34 percent of working poor families are 35 or older.

A majority of working parents with low hourly earnings in the state worked in either the services industry [35 percent] or retail sales [20 percent]. Low hourly earnings are defined by the Census Bureau as hourly earnings that on a full-time basis would produce annual earnings below the poverty line for a family of four [\$16,530]. Manufacturing comprises 11% of jobs for the working parents, construction, 10%; other industries, 7%; agriculture, 3%; and government, 1%. The table below shows the weekly pay of workers in the major industry groups for South Dakota.

### Average weekly pay, 2000

Mining	\$797
Construction	\$539
Manufacturing	\$614
Transportation, Communications, and Utilities	\$613
Wholesale Trade	\$595
Retail Trade	\$274
Finance, Insurance and Real Estate	\$582
Services	\$435
Government (federal, state and local)	\$593

Source: South Dakota Department of Labor website

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**The South Dakota KIDS COUNT Project** is a national and state-by-state effort, sponsored by the Annie E. Casey Foundation, to track the status of children in the United States. By providing policymakers and citizens with benchmarks of child well-being, KIDS COUNT seeks to enrich local, state, and national discussions concerning ways to secure better futures for children and families. Additional funding for the state project comes from the South Dakota Departments of: Education and Cultural Affairs and Human Services. Log on to SD KIDS COUNT [www.usd.edu/brbinfo](http://www.usd.edu/brbinfo) then follow the **KIDS COUNT** link

**The Self-Sufficiency Standard** was developed by Diana Pearce, PhD, in partnership with Wider Opportunities for Women (WOW) and its funding partners. Development of the Self-Sufficiency Standard for South Dakota was funded by the Northwest Area Foundation and WOW. Log on to [www.SixStrategies.org](http://www.SixStrategies.org) and you can download a copy of the Self-Sufficiency Standard for South Dakota and find information about SD Family Economic Self-Sufficiency goals, strategies and activities. Contact Carol Robertson, Project Coordinator, SD Family Economic Self-Sufficiency Project, 515 N Highland, Pierre, SD 57501. Phone: 605.224.8081. email: [sdfessp@aol.com](mailto:sdfessp@aol.com).

Facts on KIDS in South Dakota is published by the South Dakota KIDS COUNT Project, Business Research Bureau, The University of South Dakota. Written & Edited by Carole Cochran & Kareen H. Dougherty.

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### Sources

- 1 Website - [www.census.gov/hhes/poverty/povdef.html](http://www.census.gov/hhes/poverty/povdef.html)
- 2 Website - <http://aspe.hhs.gov/poverty/contacts.htm>
- 3 June 4, 2002 The Children's Defense Fund press release.
- 4 Christina Smith Fitzpatrick and Edward Lazere (1999). The Poverty Despite Work Hand-book. Washington, D.C.: Center on Budget and Policy Priorities.



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