

To: Members of the Roundtable
From: James Harvey, Executive Director
Subject: Childhood Poverty and Its Educational Correlates
Date: June 25, 2014

Most of the current school reform movement focuses on an accountability model largely restricted to school policy and school practice. Doubtless sincere in their belief that no child should be left behind, reformers are either unaware of or choose to ignore some unpleasant out-of-school realities: Half the children in American public schools are low income, one million are homeless, and the proportion of the population living in Census tracts of concentrated poverty (where 40% of people subsist on an income below official poverty levels) has increased by 57% since the turn of the century.

Poor children are located in communities long since abandoned in the scramble to maximize profits in a market economy. As the United States grew wealthier, these communities and their children were left behind without a second glance. They live in third-world conditions, many in shockingly substandard housing in blighted inner-city communities . . .



they live in trailer parks . . .



or in the hollows of Appalachia . . .



and homeless in shelters (if they're lucky) or tents or automobiles (if they're not).



These unfortunate men and women are the invisible people in today's economic policy discussion. And, while paying lip service to the importance of closing the educational achievement gap, the elite consensus that dominates education policy today has been complicit in maintaining these squalid living conditions by pretending that poverty is just an

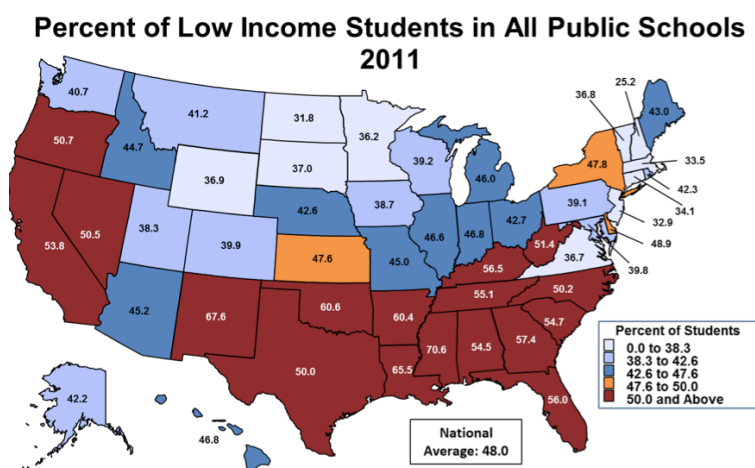
excuse and that the global markets' assault on the sense of dignity and self worth of these families can be ignored. All of this human misery is someone else's problem.

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Poverty by the Numbers

The sheer scale and scope of childhood poverty in the United States, the wealthiest nation in the world, is staggering. In a groundbreaking analysis of U.S. Department of Education data in 2013, the Southern Education Foundation reported that half (48%) of the children in American public schools are from low-income families. That is to say they were eligible in 2011 for free or reduced lunches. The South and West had the highest proportions of low-income students (53 and 50%, respectively), the Midwest and Northeast the lowest (44 and 40%).

A dramatic state-by-state figure released with the SEF report, made it clear that in 17 states spread across the South and West, free and reduced lunch counts exceeded 50% of enrollment. Five states in the South reported rates exceeding 60% (see figure on following page). By contrast, Finland, widely considered to be a model of educational excellence based on international assessment results, reports a childhood poverty rate of less than 5%.



Racial and Ethnic Breakdown. Poverty disproportionately affects Americans of color. In 2012, fully 39% of black children under the age of 18 were poor (defined by the Orshansky Index, the official measure of poverty used to distribute federal education funds such as Title I). One third of Hispanic children are counted under the Orshansky formula, and they constitute the largest number of poor children. The table below outlines the relevant numbers:

Table 1: Number and Percentage of Children Under Age 18 Living in Poverty, 2012

Race/Ethnicity	Percentage poor	Number of Poor
Black	39%	3,874,000
White	13%	5,026,000
Hispanic	33%	5,762,000
Asian	13%	435,000
Pacific Islander	25%	31,000
Native American	36%	197,000
Two or more Races	22%	662,000

Source: National Center for Education Statistics, *Digest of Education Statistics*, 2013 (Table 102.60)

Concentrated and Intergenerational Poverty



National and state figures map out the broad dimensions of the poverty challenge, but a firmer grasp of the issue requires

examining concentrated and intergenerational poverty. A remarkable symposium on these issues was convened at the Economic Policy Institute in April 2014.

Concentrated Poverty. Professor Paul A Jargowsky of Rutgers University and the Center for Urban Research and Urban Education (CURE) presented data on Census tracts considered to be “high-poverty neighborhoods” because the federal poverty level in each of them was 40% or higher. Fewer than half of the men in these neighborhoods are employed and half of the children are in single-parent households (primarily female-headed).



According to Professor Jargowsky’s analysis:

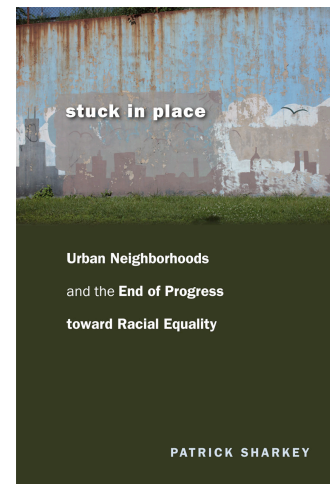
- The 384 metropolitan areas in the United States contain 84% of the U.S. population.
- Concentrated poverty (i.e., people living in neighborhoods with poverty rates of 40% or higher) *doubled* between 1970 and 1990, *declined* amid economic growth in the 1990s, and *increased by 57%* between 2000 and 2013 as the number of high-poverty Census tracts reached record levels.
- Between 2000 and the five-year period of 2008-2012, concentrated poverty increased for all ethnic groups, but remained most severe among people of color. About 7% of whites (of all ages) were living in areas of concentrated poverty in the latter period, compared to 16% of Hispanics and 24% of black Americans.
- Concentrated poverty by racial and ethnic groups is distributed in different ways. The highest concentration of poverty among black Americans is found in the Detroit-Livonia-Dearborn area of Michigan. Among Hispanics, the Philadelphia, Pennsylvania area just edges Laredo, Texas as the site with the highest concentration of poverty. Concentrated poverty among whites tends to be highest in rural areas of Michigan, Ohio, New York, and Utah.

- In almost all metropolitan areas, a few communities bear the entire burden of concentrated poverty, while suburbs use exclusionary zoning to wall out the poor (and in some cases the middle class).

Reformers who insist that poverty is just an excuse have developed a remarkable capacity to ignore these unpleasant realities.

Intergenerational Poverty. Another perspective on severe poverty can be gained by examining intergenerational poverty. A wealthy family can go bankrupt; a middle class family can lose its breadwinners and its home; but poverty that stalks generations is a greater challenge to address. According to Professor Pat Sharkey of New York University:

- Progress toward racial equality in income essentially stopped after 1970, certainly after 1980.
- Middle-class African Americans have experienced very high rates of downward mobility. While 45% of white Americans were in a higher income quintile than their parents in 2012, 53% of black Americans were in a lower quintile.
- While 61% of white children born between 1985 and 2000 lived in communities with poverty rates below 10%, just 10% of black children born in the same period were that fortunate.
- Measures of neighborhood disadvantage show a gap between white Americans and Americans of color at all income levels, with the size of the gap shrinking as income improves.
- More than half of black families (52%) have been poor over consecutive generations, compared to 7% of white families.
- The effects of neighborhood disadvantage on children's reading and language scores are cumulative and multi-generational. Children in a poor neighborhood



whose parents had been in a poor neighborhood produce, on average, the most disappointing results. The most promising results are produced when neither the child nor the parent has lived in a poor neighborhood. In between? The results for students where either the students or the parents (but not both) had lived in a poor neighborhood.

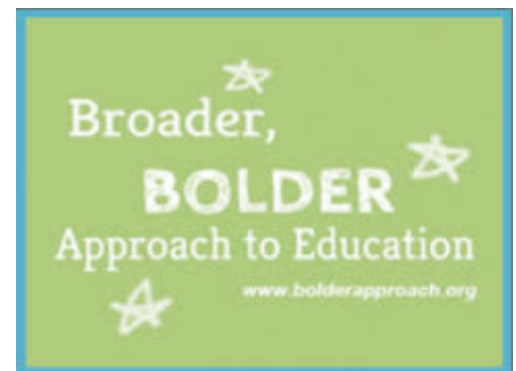
Reformers who insist that poverty is just an excuse have also been able to turn a blind eye on these realities. Indeed, in recent years, one of the few times that reformers publicly acknowledged the crippling effects of economic and racial segregation in American society occurred in 2014, the 60th anniversary of the landmark *Brown v. Board of Education* U.S. Supreme Court ruling, a year in which the topic of segregation could hardly be avoided.

Research on Poverty and Disadvantage and School Outcomes

Well, let's concede there's a lot of childhood poverty. Granted, much of it is concentrated. And it seems to be a particular issue for children of color, some of it intergenerational. All of that shouldn't make much difference in schools.

That attitude flies in the face of just about every credible research finding of the last fifty years. A half-century of research in the United States and elsewhere underscores the relationship of poverty and out-of-school factors to student achievement. Much of the research has been summarized by Elaine Weiss of the Economic Policy Institute's Broader Bolder agenda. This research indicates that:

- Schools account for somewhere between 20 and 30 percent of observed differences in student achievement. The balance is explained by out-of-school factors (Berliner, 2005; Coleman, 1966; Goldhaber, 2002; Hanushek, Kain and Rivkin, 1998; Miller, 2003).
- Across 14 nations a comparison of reading scores in 2009 with a measure of social, and cultural status (ESCS) revealed persistent and consistent correlations,



- in all 14 countries: At every percentile assessed in every nation, from the 5th to the 95th, the higher the ESCS score, the higher the reading score (Ladd, 2012).
- Poverty in the United States, particularly among urban minorities, is associated with academic performance that is well below national and international averages on a number of different assessments (Berliner, 2005).
 - In some five-dozen nations and subnational jurisdictions, socio-economic status of families and schools accounts for 60% of variance in student achievement, according to the Organization for Economic Cooperation and Development (2009). In the United States, says OECD, it accounts for more than 80%.
 - Identical twins separated at birth and raised by different adoptive families display remarkably different educational outcomes. The twins raised in middle-and upper-middle-class families are able to take full advantage of their genetic makeup. The twins raised in low-income families are not. (Turkheimer, Haley, Waldron, D'Onofrio, and Gottesman, 2003). In documenting the power of environment on infants and children who are genetic clones of each other, this research takes heredity and ability out of the equation.
 - Obesity, teenage pregnancy, inadequate nutrition, smoking, lack of medical care, and consumption of alcohol and drugs are all risk factors in pregnancy and all likely to be higher among low-income women (Bombard et al, 2012). Indeed, U.S. rates of premature and low-birth-weight births among high-risk women in the United States are comparable to those in Cambodia and Nigeria (Fertig and Corso 2009).
 - Children who experience severe and prolonged exposure to abuse, neglect, and other traumas reach a point that scientists term “toxic stress,” a biological response to adversity that permanently damages the architecture of the brain. These conditions, often associated with persistent intergenerational poverty and threatening neighborhoods impair school readiness, academic achievement, and children’s physical and mental health. (National Scientific Council on the Developing Child, 2012).

- Among advanced economies, the United States is a noticeable outlier in two respects: It simultaneously demonstrates the highest rates of childhood poverty and the lowest rates of social expenditures that might alleviate that poverty (Allegretto, 2004; Innocenti Research Center, 2007).
- Three-year-olds from families on public assistance are at a marked verbal disadvantage compared to children from blue-collar families and those from professional families (Hart and Risley, 1995). Children from professional families display working vocabularies that are twice as large as the vocabularies of children from families on public assistance.
- At each stage of a child's educational career—entering school, eighth-grade, and graduating from high school—there is a strong and persistent correlation between income and tested achievement (Weiss, 2014; Hart and Risley, 1995; College Board, 20009).

What is especially troubling about this situation is that policymakers frequently call for basing programs and practice on the best research. But for more than a decade, they have consistently advocated programs and practices that run roughshod over the research consensus.

School Finance Enters the Picture

School finance might be expected to mitigate these challenges. In fact, public policy exacerbates them. Although the latest research indicates that school spending increases are linked to better long-term outcomes for poor students, in many states the public spends more on children in affluent communities than those in low-income communities. International assessments indicate that among nearly three-dozen advanced economies, the United States is one of only three nations that, on average, display that behavior—namely spending more on public school students attending school in upper-income areas than on those in low-income neighborhoods.

Increased spending = better results. The long-term benefits to low-income students from increases in school spending are significant, according to a recent working paper published by the prestigious National Bureau of Economic Research (NBER). Such students are more likely to graduate from high school, earn a livable wage, and avoid poverty as adults. The analysis is based research examining reforms in school finance ordered by supreme courts in 28 states between 1971 and 2010. Low-income students who spent 12 years in districts where spending increased 20 percent or more demonstrated a 23-percentage-point increase in graduation rates. On average, they also added a full year of additional education after high school, and were 20 percent less likely to fall into poverty as adults.

State Spending Patterns. Not all states, however, have climbed on the “spend more on low-income children” bandwagon. Many political leaders actively oppose such an approach. The Education Law Center’s Education Justice program regularly publishes analyses of school funding fairness. The reports focus on fairness in terms of *funding levels, funding distribution, effort, and coverage*. In 2010, ELC reported that only Connecticut, Iowa, Massachusetts, New Jersey, Vermont, and Wyoming scored relatively well on all four measures. Four states had below average ratings on each measure: Illinois, Louisiana, Missouri, and North Carolina. Subsequent reports followed up on these conclusions, assessing whether states had improved or fallen behind between 2007 and 2014. The table that begins on the following page outlines the state-by-state situation in the 2010 report (based on 2004-2007 data).

International comparisons. Meanwhile, a former U.S. Secretary of Labor, Robert Reich, reports that the Organization for Economic Cooperation and Development (OECD) has concluded that the United States is one of the few nations that under-invests in schools that enroll poor children. He notes that only in the U.S., Israel, and Turkey are schools in poor neighborhoods provided with fewer resources than schools in wealthy neighborhoods. Elsewhere in advanced economies, the reverse is the norm.

State	Funding Distribution	Effort Grade	Funding Level Rank	Coverage Rank
Alabama	D	C	33	38
Alaska	--	D	6	5
Arizona	C	F	46	6
Arkansas	C	B	45	30
California	C	D	31	32
Colorado	D	F	35	12
Connecticut	C	C	8	25
Delaware	D	F	10	50
District of Columbia	--	--	3	51
Florida	D	C	22	46
Georgia	C	B	24	39
Hawaii	--	A	7	48
Idaho	D	D	49	4
Illinois	F	D	29	33
Indiana	C	C	27	29
Iowa	C	C	19	11
Kansas	D	B	20	19
Kentucky	C	C	36	41
Louisiana	D	F	30	49
Maine	D	A	14	3
Maryland	D	B	13	47
Massachusetts	B	C	9	22
Michigan	D	A	23	16
Minnesota	A	D	15	20
Mississippi	C	B	47	40
Missouri	D	D	43	44
Montana	B	C	38	7
Nebraska	C	D	25	24
Nevada	F	F	39	15
New Hampshire	F	A	18	10
New Jersey	A	A	2	21
New Mexico	C	C	34	18
New York	D	A	5	42
North Carolina	D	F	44	31
North Dakota	D	F	40	14
Ohio	A	B	17	36
Oklahoma	C	F	50	23
Oregon	C	F	37	17
Pennsylvania	D	B	12	43
Rhode Island	C	B	11	37

South Carolina	C	A	28	34
South Dakota	B	F	41	13
Tennessee	C	F	51	45
Texas	C	D	42	26
Utah	A	F	48	2
Vermont	C	A	4	9
Virginia	D	D	21	28
Washington	C	F	32	27
West Virginia	C	A	26	8
Wisconsin	C	B	16	35
Wyoming	C	A	1	1

Theory of School Reform

The administration of President George H.W. Bush proposed, as part of its 1990 America 2000 and New American Schools initiative, an effort directed at the “other 91%”—that is to say directed at the time, from conception through high school graduation, that students are not in school. The proposal sank without a trace and the

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Nobel Laureate Daniel Kahneman

accompanied by what seems to be a fixed determination to ignore what is going on outside the school.

concept has not been heard of since. The theory of school reform pursued by policymakers in both major parties since that time has concentrated almost exclusively on changing conditions and practices within schools,

At the federal level, the disparity is illustrated in the amount of money directed at the Obama administration’s Promise Neighborhoods initiative, which sets out to address out-of-school issues, and Race to the Top, which focuses on what is going on inside schools. Promise Neighborhoods were funded over three years at \$100 million, little more than decimal dust in an annual federal budget spending in excess of \$3.5 trillion. Race to the Top, on the other hand, received almost 45 times as much funding—about \$4.4 billion.

Nobel Laureate Daniel Kahneman has warned that, “The errors of a theory are rarely to be found in what it asserts explicitly; they hide in what it ignores or tacitly assumes.” There’s nothing wrong with a theory of school reform built on accountability. But the theory doesn’t go far enough. That is not to argue that the problems of student achievement in the United States can’t be addressed until all these out-of-school issues are solved. That’s simply a red herring tossed into the debate by people who prefer to pretend poverty is not an issue. It is, however, to argue that policymakers and reformers who ignore poverty, while arguing that these out-of-school assaults on the dignity of children and families have no effect inside the classroom, are evading their larger obligations to these communities while doing a disservice to the very students they claim to want to help.

They are, indeed, complicit in maintaining a situation in which half the children in public schools are low income, one million are homeless, and concentrated poverty grows, unnoticed and unchecked. All of this human misery is not someone else’s problem. It is our national problem.

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