

# Reducing Intergenerational Poverty

## Education’s Critical Role in Reducing Intergenerational Poverty

At any given time over the past decade, about 10 million U.S. children lived in families with incomes below the poverty line. Their experiences with childhood poverty can compromise their health and welfare and also hinder their opportunities for economic mobility in adulthood. An intergenerational cycle of economic disadvantages weighs heavily not only on children and families experiencing poverty but also on the nation as a whole by reducing future national prosperity and burdening its educational, criminal justice, and health care systems.

The National Academies of Sciences, Engineering, and Medicine released a comprehensive report on intergenerational poverty—a situation in which children who grow up in families with incomes below or near the poverty line experience low-income status in adulthood—in the United States. The report, *Reducing Intergenerational Poverty*, examines the drivers of long-term, intergenerational poverty; identifies potential policies and programs to reduce it; and recommends actions to address gaps in data and research.

### EDUCATION AND INTERGENERATIONAL POVERTY:

#### A VICIOUS CYCLE

Intergenerational poverty is perpetuated through cycles where disadvantaged children face barriers to accessing quality education, which in turn reduces their economic prospects as adults. This situation leads to lower academic and social skills and less completed schooling, perpetuating economic hardships for future generations and reducing



national prosperity overall. The cycle is especially pronounced in Black and Native American communities.

### THE DISPARITIES IN EDUCATIONAL OUTCOMES

Children from low-income families start school at a disadvantage compared with their peers, and on average do not catch up as they progress through school. The disparities between children in low-income families and their peers are profound—academic proficiency rates are 50% lower for low-income and minority students. Both student achievement and the number of years of completed schooling—in which there are also large disparities—are closely connected to labor market outcomes:

- Workers with college degrees have 30% higher employment rates than workers who have not finished high school.
- College graduates earn twice as much as high school dropouts and 50% more than workers with only high school diplomas.

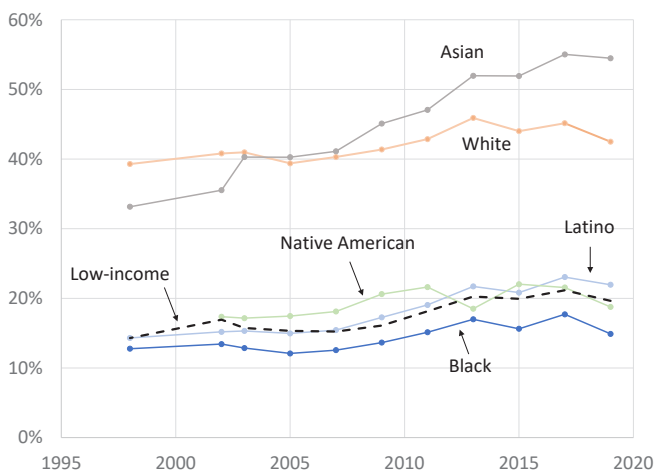
- Each additional year of education causes subsequent earnings to increase by 7% to 12%.
- As shown in the following figure, only 20% of low-income 8th graders are proficient in reading.

**A RANGE OF EDUCATIONAL OPPORTUNITIES**

Early childhood education programs like Head Start and public pre-kindergarten are widely regarded as one of the most effective means to promote success in school for low-income children. However, recent studies have shown a range of effectiveness and that expanding such programs remains challenging due to quality and scalability issues. It is also difficult to document the long-run impact, in part because it is so long between when a child participates in early childhood programs and when they enter the labor market. While these programs may be beneficial, more evidence is needed on the long-run benefits of expanding the current patchwork of early childhood programs in order to establish their efficacy in reducing intergenerational poverty specifically.

**ELEMENTARY AND SECONDARY EDUCATION**

Children in households living in poverty are more likely to attend public schools that are burdened by crumbling physical infrastructure and high levels of violence and are staffed with less experienced, lower-quality teachers.



**FIGURE 1** 8th grade reading proficiency rates by race/ethnicity, 1998–2019. SOURCE: Data from National Assessment of Education Progress. See <https://www.nationsreportcard.gov/ndecore/xplore/NDE>.

**Funding:** Several recent studies show that directing more funding to low-income schools raises students’ test scores in the short run and boosts their longer-run earnings and health.

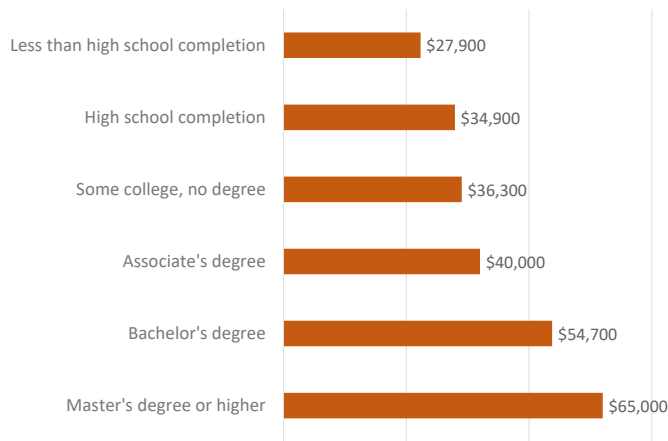
**School Composition:** Persistently high levels of neighborhood and school economic and racial segregation represent a real barrier to student progress. Predominantly non-White schools tend to have less funding, fewer resources, and less skilled teachers.

**Context:** Even if instruction is expertly delivered in an up-to-date facility by excellent teachers, students will struggle to learn if they lack stable housing, adequate nutrition, quality health care, or live under the threat of crime and violence. Medicaid expansions during prenatal and childhood stages have been shown to lead to better health, higher educational attainment, and increased earnings. Research shows that harsh school discipline itself leads to long-term negative outcomes. Students in schools with higher suspension rates are more likely to be arrested or incarcerated as adults, more likely to drop out of high school, and less likely to attend a four-year college.

Because intergenerational poverty has so many causes, it is essential to consider a holistic approach that includes improving educational systems, enhancing health care, providing family income support, improving neighborhood safety, and reforming the criminal justice system. By addressing these interconnected issues, we can create a more equitable and prosperous society for all.

**ADVANCING POST-SECONDARY AND CAREER EDUCATION OPPORTUNITIES**

The value of post-secondary education and career training in breaking the cycle of poverty cannot be overstated. College graduates have significantly higher employment rates and earnings than those with less education. However, challenges such as navigating complex educational systems, financial constraints, and lack of support services can hinder the success of



**FIGURE 2** Median annual earnings for 25- to 34-year-old workers in 2019 by education. SOURCE: Data from Current Population Survey, Annual Social and Economic Supplement, 1996 through 2020, Table 502.30, Census Bureau, U.S. Department of Commerce.

students from low-income backgrounds. Therefore, interventions like expanding financial aid, improving guidance services, and promoting minority-serving institutions can help to facilitate upward mobility for these students. In addition, it is important to recognize that not all students attend college. There are proven strategies for providing career and technical training programs in high schools and occupational training for adults and youth that have demonstrated success in reducing intergenerational poverty.

### **POLICY AND PROGRAM INTERVENTIONS FOR EDUCATIONAL EQUITY**

Direct intergenerational evidence shows the following education policies and programs have the ability to reduce intergenerational poverty by promoting child and youth learning in educational settings, encouraging young people to complete more years of education, and helping to address racial disparities:

- Increase K-12 school spending in the lowest-resourced districts by \$1,000 per pupil in the 20% of districts with the lowest average family incomes.
- Increase federal funding for higher education by \$10 billion annually for proven financial aid programs that target low-income students.
- Increase federal funding by \$8 to \$10 billion per year for campus support programs aimed at boosting higher education completion rates among low-

income students through proven programs such as tutoring and case management.

- Provide funding for states and localities to expand high-quality career and technical education through, for example, reforms of the federal Perkins Act.
- Offer sectoral training for youth through scaled-up versions of proven industry-focused training programs to 250,000 youth each year who come from low-income families and appear unlikely to earn post-secondary credentials.
- Increase teacher workforce diversity, based on strong evidence showing the positive effects of Black teachers on the high school graduation and college enrollment of Black students.
- Reduce harsh school discipline practices, based on research that shows exclusionary school discipline increases students' chances of dropping out of high school and their contact with the criminal justice system in young adulthood and reduces their college enrollment.

NOTE: While these policy interventions are supported by the strongest evidence, this list includes only policies that have been directly demonstrated to have long-run impacts on intergenerational poverty. Several others, such as reducing class sizes, high-dosage tutoring, expanding high-quality charter schools, increasing access to Ethnic Studies courses, increasing maximum Pell awards, expanding support for minority-serving institutions, and simplifying financial aid applications show promising potential. The report recommends more research to generate direct evidence of their efficacy in reducing intergenerational poverty.

#### **FOR MORE INFORMATION**

This Consensus Study Report Highlights was prepared by the National Academies' Board on Board on Children, Youth, and Families and Committee on National Statistics based on the report *Reducing Intergenerational Poverty* (2023).

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