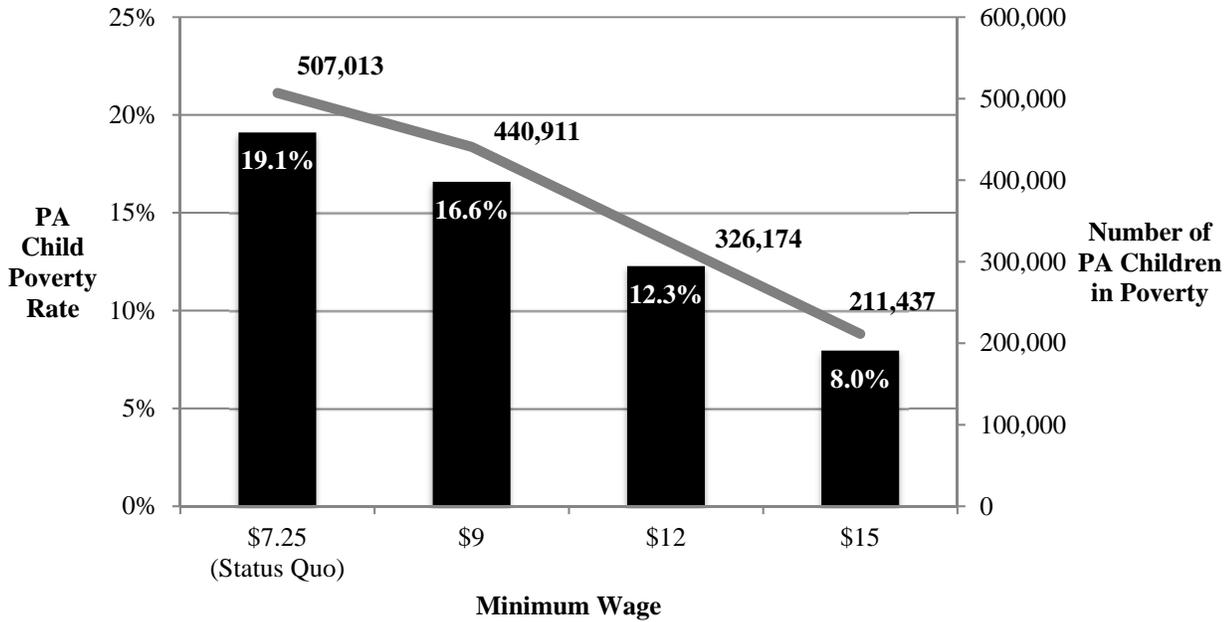


Figure 1: Increasing the Minimum Wage Would Drastically Reduce the Number of Impoverished Children in Pennsylvania



Source: Keystone Research Center analysis of U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates, and Arindrajit Dube, “Minimum Wages and the Distribution of Family Incomes”, IZA Institute of Labor Economics, 2017, 43. Children are defined as under 18 years of age.

This chart illustrates that raising the minimum wage to \$15 would lift almost 300,000 children above the federal poverty level—but there would still be work to do. To ensure no Pennsylvania child experiences poverty, we need a multi-pronged approach.³ Raising the minimum wage is a crucial first step.

Why Child Poverty Matters

The evidence on the deleterious effects poverty can have on children is overwhelming. Because of the rapid and interrelated physical, cognitive, and emotional development that occurs during childhood, poverty has uniquely profound consequences. In fact, the effects of child poverty are so profound that they can last well into adulthood, limiting opportunities in the long run. And that affects us all.

Here is what we know, based on the evidence:

1. Poverty Harms Child Development

- From birth, children form millions of neural connections per second.⁴ In fact, about 90% of brain growth occurs before age five.⁵
- Ongoing stress in a child’s environment, like the stress caused by financial instability, can damage brain development.⁶
- In general, many of the effects of child poverty are worse the earlier in a child’s life the poverty occurs, the longer it is experienced, and the deeper the deprivation.⁷

Poverty Harms Child Development (*continued*)

- Among children, poverty and low-wage parental pay are linked to higher rates of
 - Low birth weight⁸
 - Infant mortality⁹
 - Lead poisoning, which damages brain development¹⁰
 - Malnutrition, a cause of poorer learning outcomes¹¹
 - Physical health problems like stunting, anemia, obesity, and injuries¹²
 - Child abuse and neglect¹³
 - Mental, emotional, and behavioral disorders¹⁴

When parents' jobs do not pay enough to meet the basics, children pay the price. Working more hours means less time for parent-child interaction, which is crucial for healthy cognitive and emotional development.¹⁵

At the same time, working parents need quality childcare to ensure not only children's safety while they're at work but also a rich and nurturing environment for emotional development and early learning.

2. Poverty Leaves Lasting Marks on Children

The issues that arise from poverty are not short-lived. People who experience poverty in childhood are more likely to later

- Drop out of school¹⁶
- Have children as teenagers¹⁷
- Experience health problems like obesity and heart disease¹⁸
- Commit a crime¹⁹
- Earn less/be poorer as adults than peers who did not grow up poor²⁰

3. Reducing Child Poverty Benefits Everyone

While the evidence is unequivocal that child poverty can have devastating effects, it is also true that we can prevent it. And for society at large, this means big savings in

- Healthcare spending and lost productivity²¹
- Crime and justice system spending²²
- Safety net expenditures²³

In addition, investment in early childhood leads to higher earnings, which in turn results in greater revenue from income taxes.²⁴

According to one study, at the national level the costs of child poverty "add up to about half a trillion dollars a year, or 3.8 percent of GDP."²⁵ Another study found that eliminating poverty in the first five years of life would increase lifetime earnings of up to \$100,000 *per child*.²⁶ Pennsylvania cannot afford to lose out on this benefit.

Finally, reducing child poverty promises more than a monetary return on investment for individuals and taxpayers – the benefits from increased happiness and the opportunity for everyone to fully realize their potential defy quantification.

So, we know the consequences for kids and for everyone. And we know how to address it: start by paying working parents a living wage. What does it say about our values if we don't act to give our state's children the best possible start in life?

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