

# **Connecticut's Children, Families and the New Economy**

## **The Challenge of Poverty in the New Millenium**

A Slide Sampler

prepared for Governor John Rowland

by

Connecticut Voices for Children & the National Center  
for Children in Poverty

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“For most of the 20th century, the vitality of the US economy was determined by the success of its major manufacturing industries.”

“In the old economy, states prospered by having workers who were skilled with their hands and who could reliably work in repetitive and often physically demanding jobs.”

Source: The State New Economy Index: Benchmarking Economic Transformation in the States  
July 1999

“Today, information, technology,  
communications, and intellectual capital,  
rather than energy and raw materials, power  
business.”

“In the New Economy, states will prosper  
if their workers are good with their minds.”

Source: The State New Economy Index: Benchmarking Economic  
Transformation in the States

What is the New Economy?

It is a knowledge and idea-based economy  
where the keys to wealth and job creation  
are the extent to which  
ideas, innovation, and technology  
are embedded in all sectors of the economy.”

Source: The State New Economy Index:  
Benchmarking Economic Transformation in the States  
July 1999

## How are we doing on the “New Economy”?

- ➔ Connecticut has entered the 21st century ranked 5th best in the nation on overall measures of the New Economy.
- ➔ Connecticut continues to rank #1st in the nation on per capita income.
- ➔ But, Connecticut also ranks #1st in the nation on the increase of low income families with children.

## Key Factors in the New Economy

- Progress fueled by technology
- ➔ Demand for skills and knowledge in the workforce
- Growth driven by innovation, invention and re-invention by small and large businesses
- Increasing global competition
- Continual pressure for deregulation

Source: National Governors' Association: Remaining Vibrant in the New Economy, 1999.

Technology and the New Economy

**Nationally and in Connecticut, information technology (IT) is both the engine and the fuel for new economic growth.**

In 1970, US investment in IT business equipment accounted for 7% of all capital spending. In 1998, it reached 50%.

As a share of GDP from 1994-1998, IT was responsible for 1/3 of the total real growth in the US economy.

In 1997, information technology accounted for 1/6 of all CT jobs and 1/4 of all state payroll.

Source: National Governors' Association: Remaining Vibrant in the New Economy, 1999.

Source: CT Technology Council

Workforce Development and the New Economy

**The New Economy places a premium on knowledge, skills and training..**

By 2006, "knowledge jobs" will account for 1/3 of the nation's economy.

Source: The State New Economy Index: Benchmarking Economic Transformation in the States

Also by 2006, 49% of all private sector employees will work in industries that produce or are heavy users of IT equipment or services.

Source: National Governors' Association: Remaining Vibrant in the New Economy, 1999

Workforce Development and the New Economy

“Job growth in the new economy has become more polarized: high-skill, high-wage, technical and professional jobs that tend to be full-time with generous benefits and low-skill, low-wage, service jobs that are often part time with few benefits...”

Source: Remaining Vibrant in the New Economy: State Policies for the Twenty-First Century. National Governor's Association. 1999

Connecticut's Transformation: The Facts

Connecticut's job growth trends in the service sector appear to mirror the national trend.

**Connecticut's Top Ten Service Jobs Added 1992 - 1998**

<b>Amusement &amp; Recreation</b>	<b>16,831</b>	Nursing and Personal Care	6,001
<b>Personnel Supply Services</b>	<b>15,774</b>	Medical Offices/Clinics	4,602
<b>Computer Related</b>	<b>10,559</b>	Misc. Business Service	4,474
Home Health Care	6,756	Residential Care	4,432
Management and PR	6,361	Child Day Care	3,502

Source: The CT Economic Digest, December 1999.

Connecticut's Transformation: The Facts

Connecticut's service job growth results in a bi-modal wage distribution.

**Average Annual Wages for Connecticut's Top Ten Service Jobs Added 1992-1998**

<b>Management and PR</b>	<b>\$86,189</b>	Misc. Business Service	\$29,956
<b>Computer Related</b>	<b>\$74,802</b>	Nursing & Personal Care	\$25,760
<b>Medical Offices/Clinics</b>	<b>\$62,333</b>	Residential Care	\$23,218
		Personnel Supply Services	\$22,927
		Amusement & Recreation	\$21,999
		Home Health Care	\$20,260
		Child Day Care	\$13,675

Source: The CT Economic Digest, December 1999.

Four trends that may challenge Connecticut's continued economic prosperity and national ranking as a "knowledge" state.

- ➔ As Connecticut's population ages, there will be a shortage of new workers. Connecticut has only one child for each three adults now, and that trend will continue.
- ➔ Connecticut has seen a dramatic increase in child poverty.
- ➔ Children living in low income families experience significantly poorer educational outcomes.
- ➔ Lower educational achievement limits high paying work opportunities and provides fewer "knowledge workers" for the economy.

Defining Child Poverty

Nearly one in four Connecticut children live at or near poverty.

The federal poverty rate for a family of four is \$16,700.  
Based on the federal poverty rate, 17% of Connecticut's children are poor.

The Connecticut Department of Education defines poverty as eligibility for the Free and Reduced Price Lunch program, set at 185% of the federal poverty level.

Based on the school poverty definitions, 24% of Connecticut's children are poor.

Five Facts on Poverty

Nearly two-thirds of Connecticut's poor children have working parents, many with at least a high school degree.

Between 1987/89 and 1995/97, Connecticut had the greatest increase in the nation in the proportion of working families raising children in poverty (a 127% increase).

63% of Connecticut's poor children live in families with at least one working parent.

Nearly 3/4 of Connecticut's poor families with children are headed by an adult with a high school degree **or greater.**

Source: CT Voices for Children. Poverty Despite Work, 1999

Five Facts on Poverty

**More children are living in one-parent families  
and that contributes to child poverty.**

Between 1986 and 1996, the percent of Connecticut families headed by a single parent has increased from 21% to 27%.

62% of Connecticut's poor working families are headed by single mothers compared to 48% nationally.

In Connecticut, single mothers with children under age 18 are **17 times** more likely to be poor than couples with children of the same age.

Source: CT Voices for Children. Poverty Despite Work, 1999

Five Facts on Poverty

**Child poverty is associated with a whole host of  
negative developmental outcomes.**

Impaired cognitive development

Emotional and behavioral problems

Health problems, including low birth weight,  
asthma and lead poisoning

Growing up unsafe at home and in the community

Poor school outcomes

Source: Special Report on Economic Security. CT Voices for Children,  
March 1998

Five Facts on Poverty

**Poverty accelerates educational risk.**

Students in Educational Reference Group A (our wealthiest communities) -- as compared to ERG I (our poorest communities) -- are:

2x more likely to attend preschool (1.75 to 1)

5x more likely to pass the CMT at Grade 4 (4.9 to 1)

8x more likely to pass at Grade 6 (7.94 to 1)

7x more likely to pass the CMT at Grade 8 (6.6 to 1)

12x more likely to pass the CAPT in 10th grade (11.8 to 1)

14x more likely NOT to drop out of high school (13.9 to 1)

Source: Strategic School Profiles, CT Department of Education, 1998-99

Five Facts on Poverty

**The increase in child poverty in Connecticut is not only an urban problem.**

Over the period 1992/93 through 1997/98, the number of children eligible for Connecticut's Free and Reduced Price Lunch Program increased in nearly two-thirds (63%) of Connecticut school districts.

CT Strategic School Profiles. CT Department of Education, 1998.

Connecticut's Challenges and Choices:  
Some Goals for the Decade

- ➔ Assure that all low income working families have access to increased educational and workforce training opportunities and to essential health care, child care, housing and income supports.
- ➔ Assure that all children come to school ready to learn, have access to the learning tools of the 21st century, including technology, and graduate with educational success.

The National Center for Children in Poverty  
proposes a partnership with Connecticut  
through

**LIFT** -- Let's Invest in Families Today --

with the goal of reducing child poverty  
by 50% over the next ten years.

A Final Note: “The information technologies of the New Economy tend to increase income inequality by reducing the relative demand and wages for unskilled workers.

“It will take political will and imaginative policies in education, economic development, and social safety nets to harness the potential of the new technologies to reverse the trend of rising inequality.

Laura D’Andrea Tyson,  
Dean of the Hass School of Business, University of California

Source: Business Week, January 10, 2000

**For more information, contact:**

**Janice Gruendel & Shelley Geballe**  
at  
**Connecticut Voices for Children**

**33 Whitney Avenue  
New Haven, CT 06510  
Tel. 203.498.4240**

**[www.ctkidslink.org](http://www.ctkidslink.org)**