

# Poverty as an Adverse Childhood Experience

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**Research demonstrates the correlation between childhood adversities linked to poverty and negative outcomes in adulthood, indicating that poverty may itself be considered an adverse childhood experience. Because child poverty is a result of family economic circumstance, policy investments promoting family financial health are imperative to protect child well-being and North Carolina's future prosperity.**

**P**overty is the most pressing public health issue facing the state, as it negatively impacts nearly every indicator of child well-being and affects more than 1 in 5 children [1, 2]. Poverty is a strong reinforcing factor in the accumulation of adverse childhood experiences (ACEs) and subsequent toxic stress correlated with unfavorable health outcomes in adulthood [3, 4]. Being poor is associated with so many childhood adversities that it may be considered an ACE in itself, more pervasive and persistent than all others. As children's economic circumstances are inextricably tied to those of their families, promoting family financial health by mitigating poverty as an ACE is critical to expanding opportunity for every child in North Carolina.

A growing body of evidence indicates that poverty is highly comorbid with ACE exposure [5] and that children living in poverty are more likely than their peers to experience frequent and intense adversities [6]. Such cumulative exposure to adversity causes stress that behaves as a toxin in the developing brain of a child. In the absence of protective factors, this toxic stress can change a child's neural architecture and result in emotional disorders and cognitive deficits [7]. A variety of childhood adversities have a root cause in family economic insufficiency [3], indicating that poverty may likely be the first adversity that many children experience. Poverty acts as a reinforcing mechanism, disproportionately burdening low-income families with stressors that give rise to adverse conditions, which then convey additional stress and cognitive dysfunction [8]. The devastating effect of this negative feedback loop on the development of children is well documented, and childhood poverty has been strongly linked to a variety of negative outcomes across the life course, including low educational attainment [9], increased exposure to violence [10], hunger [11], parental incarceration [12], and increased likelihood of being subject to abuse and neglect [13].

More than 490,000 children in North Carolina lived in families with incomes at or below the federal poverty level (FPL; \$24,600 for a family of 4) in 2016, indicating a state-wide public health crisis of massive scope. One in every 5 children in North Carolina is at risk of facing the adverse effects of poverty [2]. The crisis is even more pressing considering the state's continuing legacy of racial discrimination in access to capital and wealth accumulation, which has resulted in a higher incidence of poverty among racial/ethnic minority groups. In 2016, 12% of white children in North Carolina lived in families with incomes below the FPL. During the same year, poverty rates for many children of color were 3 times as high—33% for American Indian children, 34% for black children, and 36% for Hispanic/Latino children [14].

Researchers estimated in 2013 that child and youth poverty costs the United States nearly \$500 billion each year in reduced economic output and increased health and criminal justice expenditures [15]. If North Carolina is to mitigate these largely avoidable costs, family economic security must become a public health priority. The state can decrease some of the impacts of poverty related toxic stress on children when their caretakers are able to afford access to basic needs, quality health care, education, and social experiences that promote optimal child development. Public policy investments can have a measurable impact on the economic well-being of children and families, and a variety of policy strategies are available to strengthen families in North Carolina.

## **Recommendation 1: Invest in Quality Early Education**

Expanding access to affordable, high-quality child care across North Carolina could better cultivate the state's human capital and promote employment as well. Early education serves as a critical protective factor against the adverse effects of poverty during the first years of a child's life. The vast majority of brain development occurs before

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age 5, and quality early care experiences have been found to restructure neural pathways in young children with lasting positive effects on their cognitive function, educational attainment, and socioemotional development [16]. Access to affordable, high-quality child care has the additional benefit of enabling parents to hold stable employment and receive the steady income required to establish family economic security.

### **Recommendation 2: Strengthen and Streamline Supports For Families**

Food, housing, and child care assistance subsidies are critical to helping families afford the costs of basic needs as they work to become self sufficient. Recent discussions to limit broad-based categorical eligibility for food assistance through the Supplemental Nutrition Assistance Program (SNAP) could limit the ability of low-income families to provide for the day-to-day needs of dependent children. The Supplemental Poverty Measure (SPM) assesses the impact of social supports on family budgets and shows that without government interventions, an additional 436,000 children in North Carolina would live in poverty [17]. Strengthening the safety net of public supports for working families helps to ensure that children are buffered from the adverse effects of poverty while their families work toward achieving financial health.

### **Recommendation 3: Enact Refundable Tax Credits for Working Families**

Refundable tax credits such as the Earned Income Tax Credit (EITC) are proven anti-poverty strategies that support work. These credits provide additional income for low-income families and assist working parents in affording the basic needs (ie, child care and transportation) that allow them to remain employed. North Carolina should implement a refundable tax credit for low-income, working families to help them make ends meet.

### **Recommendation 4: Close the Medicaid Coverage Gap.**

For families that fall in the “coverage gap,” unable to afford private health insurance but ineligible for Medicaid, even basic medical expenses can decimate savings and limit access to preventive care. North Carolina has rejected federal funds to expand health coverage under the Affordable Care Act, while offering no other options for families in the gap to receive services. Low-income families in states that have expanded Medicaid eligibility are largely shielded from unaffordable out-of-pocket medical costs, and in some cases, families have even been able to reduce non-medical debt in collection by as much as \$1,000 [18]. Yet, struggling families in North Carolina continue to face the uncertainty of medical expenses with the potential to deplete all of their financial resources. The state should immediately expand Medicaid to prevent children from experiencing the trauma

of family poverty and adversity driven by medical debt and barriers to care.

## **Conclusion**

Children thrive when their families are financially secure. Without public investments and supports, however, many North Carolina families are unable to attain financial health. This leaves children exposed to the early adversity of poverty, with grave impacts on human capital due to the profoundly negative effects of toxic stress on child growth and development. In order to mitigate these effects and avoid long-term associated costs, North Carolina must begin to address child poverty as an ACE and a public health emergency. Proven public policy tools exist to strengthen family economic prospects and promote positive outcomes for children. The state should make haste to employ them so that every child in North Carolina has a chance to reach their full potential. **NCMJ**

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