

## Lessons From a Historic Decline in Child Poverty

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### **Executive Summary**

#### Introduction

The past quarter century witnessed an unprecedented decline in child poverty rates. In 1993, the initial year of this decline, more than one in four children in the United States lived in families whose economic resources-including household income and government benefits-were below the federal government's Supplemental Poverty Measure (SPM) threshold (Fox & Burns, 2021). Twenty-six years later, roughly one in 10 children lived in families whose economic resources were below the threshold. This is an astounding decline in the child poverty rate, which has seen child poverty reduced by more than half (59%; see Figure ES.1 below). The magnitude of this decline in child poverty is unequaled in the history of poverty measurement in the United States (U.S. Census Bureau, 2014).

What led to this remarkable decline in child poverty? And did all subgroups of children experience similar declines? We set out to answer these questions, to understand the constellation of influences that led to this decline, with the hope that what we learned would help policymakers sustain-and accelerate-progress.

This executive summary encapsulates the report's main findings and policy recommendations.



Figure ES.1. Child Poverty Rates Measured Using the Supplemental Poverty Measure (SPM), 1967-2019

Note: To provide context for the more recent decline in child poverty, we present trends in child SPM poverty rates back to 1967.

Sources: Child Trends' analysis of the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds (Wimer et al., 2021). Recession data are from the National Bureau of Economic Research (National Bureau of Economic Research, 2021).

#### What does it mean to live below the poverty threshold?

Consider a single mom with two kids who lives in, let's say, Columbus, Ohio. She works, on average, 30 hours a week, taking every shift available to her. Earning about \$3 per hour above Ohio's minimum wage in 2019, she would make \$18,018 a year (U.S. Department of Labor, 2022b). Subtracting expenses (payroll taxes and transportation, medical, and child care costs that total an average of \$4,830 per year) brings her disposable annual income to \$13,188, roughly \$10,000 below the 2019 SPM poverty threshold of \$23,200 (for her family size and location) (U.S. Census Bureau, 2020a). This amounts to about \$1,100 a month to cover costs: rent, utilities, food, clothing, and other necessities. Consider, further, that this mother has access to several federal social safety net programs (University of California Davis Center for Poverty & Inequality Research, 2018). The cash value of this assistance moves her income to the other side of the official poverty line, landing her *just above* the SPM poverty threshold of \$23,200 and raising her monthly disposable income by about \$1,000, to \$2,100.

While that support makes a remarkable difference for this family, living and supporting two children on an annual income of about \$25,000—or \$2,100 per month—is hard. Quite hard. The Census Bureau defines the poverty threshold as the income below which families do not have sufficient resources to meet their basic needs (U.S. Census Bureau, 2022b). While the current poverty threshold is a critical frame of reference for conversations around poverty, we think—as do many poverty experts—that an income at or just above the current threshold does not allow most people to meet basic needs, much less save for the unexpected or make investments that could enhance their future economic security (Fass, 2009). While moving families across the current poverty threshold is an important goal, we want to emphasize that this does not always mean they have adequate resources to meet their basic needs.

The Supplemental Poverty Measure (SPM) operationalizes a family's resources in terms of cash income, near-cash government benefits (e.g., food and housing assistance), and tax benefits (e.g., the Earned Income Tax Credit, or EITC). Necessary expenses, such as out-of-pocket medical expenses and work and child care expenses, are subtracted from a family's resources. We use the SPM throughout our report, rather than the Official Poverty Measure (OPM), because the SPM uses more up-to-date assumptions about current living needs and expenses, and includes government benefits. In 2019, families with a household income of less than approximately \$28,881 (for a two-adult, two-child household that rents its housing) were considered to be experiencing poverty (U.S. Census Bureau, 2020a). For more information about how the SPM and OPM compare, see Appendix 1: How Poverty Is Measured in the United States.

## Understanding the decline in poverty will help us continue the decline

Poverty is unequivocally linked with poorer child outcomes, particularly when poverty persists throughout childhood (National Academies of Sciences, 2019). This relationship is known but bears repeating. Lack of nutritious food, clothing, safe and stable housing, health care, and education—as well as the chronic stress that this lack of resources creates—can, in turn, have deleterious consequences for children's health, academic achievement, social-emotional functioning, and long-term well-being and economic success (Chaudry & Wimer, 2016). Reducing child poverty and promoting economic security and mobility not only improves well-being for children and their families, but also has long-term net benefits for society, such as higher taxes paid, lower health care costs, and less crime (National Academies of Sciences, 2019). The healthy development of our children—our nation's future workers, leaders, taxpayers, parents, and neighbors—is critical for a thriving nation.

For these reasons, the United States must continue its collective efforts to further extend the past quarter century's decline in child poverty rates. The lessons of this decline provide powerful insights into how we can continue to reduce child poverty. The past has much to say, and we should listen. Public policies can impact the lives of children and their families and can do so with great potency. Sometimes their impact is spot-on and intended. Sometimes their impact yields unexpected consequences. And, sometimes, their impact achieves intended yet counter-productive results. Policies also affect children in different situations with varying degrees of success. How policymakers choose those individuals who may participate in and benefit from our economy—who is helped in times of recession and economic hardship—matters greatly. And by better understanding what progress has been made—and what led to it—policymakers will be better able to sustain, and accelerate, further progress.

#### **Research questions**

We began our work eager to understand the influences that led to child poverty's decline over the last quarter century. Numerous economic, demographic, and public policy shifts have occurred over this time. On the economic front, we've seen real (inflation-adjusted) growth in gross domestic product (or GDP) per capita, median household income, and state minimum wages. Single mothers' labor force participation grew, particularly in the mid-to-late 1990s. And unemployment was lower in 2019 than in 1993. On the demographic front, the share of adults with at least a high school degree and the share of kids living in two-parent families (including cohabiting parents) grew, albeit only slightly for the latter. The shares of children who are Asian/Hawaiian/Pacific Islander, Hispanic, or living in immigrant families grew. Teen birth rates declined dramatically. On the policy front, we've seen a large increase in overall federal spending on social safety net programs, particularly refundable tax credits aimed primarily at working families with children (Maag, 2017). At the same time, we've seen a move away from out-of-work cash assistance and the introduction of new immigrant exclusion policies (Acevedo-Garcia, Joshi, Ruskin, Walters, & Sofer, 2021; Bitler & Hoynes, 2010).

So, what led to this historic decline in child poverty? Using fixed effects regression models and descriptive counterfactual analyses (for more on our methodology, see Chapter 7), we set out to answer the following questions:

- 1. What led to this historic decline in child poverty?
  - What roles have economic, labor market, and demographic factors played in explaining the declining poverty rate among children?
  - Has the social safety net improved over time at protecting children from poverty?
- 2. Did all groups of children experience a similar decline?
- 3. For which children has the social safety net worked and who has it left behind?

#### **Key findings**

The quarter century of declining child poverty from 1993 to 2019 is a fantastic success story, but it is a nuanced story with caveats. What led to the unprecedented decline in child poverty over the past roughly 25 years? In Chapters 1 through 5, we explain our analyses and findings in detail; here, though, we summarize our key findings:

Finding 1. Lower unemployment rates, increases in single mothers' labor force participation, and increases in state minimum wages explained about 33 percent of the overall decline in child poverty from 1993 to 2019, but healthy economic conditions alone were not sufficient to protect children from poverty.

- While GDP and median wage growth may have benefitted families at higher income levels, they were not associated with reductions in the rates of child poverty. A tighter labor market—and, to a lesser degree, increases in single mothers' labor force participation and state minimum wages—were associated with decreases in child poverty and deep poverty.
- Together, lower unemployment, increases in single mother labor force participation rates, and increases in state minimum wages explained about 33 percent of the decline in child poverty and 41 percent of the decline in deep poverty from 1993 to 2019.

## Finding 2. As a whole, while demographic shifts did not contribute to the decline in child poverty, they were associated with about 43 percent of the decline in child deep poverty from 1993 to 2019.

- Some demographic factors were associated with declines in child poverty rates, while others operated in the opposite direction—counteracting the first group of factors. In this report, we refer to this latter set of factors as countervailing forces.
- Changes in the shares of Black and Hispanic children and children in immigrant families within the United States—that is, the shares of children whose families disproportionately face barriers to good jobs, experience workplace discrimination, receive unequal pay and fewer benefits, or have limited access to social safety net programs—were positively associated with changes in child poverty (Acevedo-Garcia, Joshi, Ruskin, Walters, & Sofer, 2021; Bittker, 2020; Favreault, 2008; Patten, 2016; Piña et al., 2022). In other words, because of the substantial economic barriers that these groups face, changes in their shares of the population move the child poverty rate in the same "direction"—either upwards or down, as it were. Increases in the shares of Hispanic children and children in immigrant families, for example, put upward pressure on child poverty rates; if the systemic barriers that these families face did not exist, child poverty would have likely decreased even more from 1993 to 2019, all else being equal.
- While the dramatic decline in teen birth rates from 1993 to 2019 was not associated with decreases in child poverty rates, it was associated with a decline in rates of deep poverty among children. The decline in teen births was associated with 52 percent of the total decline in child deep poverty across this time. However, the association between teen birth rates and child deep poverty is reciprocal—that is, teen birth rates are a symptom of child deep poverty as well as a potential contributor to it—so causality is difficult to determine (Hoffman, 2015).
- Increases in the share of children living in two-parent families were associated with decreases in child poverty and deep poverty; however, from 1993 to 2019, the share of children living in two-parent families increased only minimally and so did not contribute much to the decline in child poverty or deep poverty during this time.

## Finding 3. The social safety net was responsible for much of the decline in child poverty from 1993 to 2019, cutting poverty by 9 percent in 1993 and by 44 percent in 2019—tripling the number of children protected from poverty over this time.

- In 1993, the social safety net (within which we include federal tax and transfer programs, such as the Earned Income Tax Credit, or EITC) cut poverty by 9 percent compared to what it would have been without the safety net. In great contrast, in 2019, the social safety net cut child poverty by 44 percent. Over that time, the number of children protected from poverty by the social safety net more than tripled, from 2.0 million children in 1993 to 6.5 million children in 2019.
- The two programs that experienced the greatest growth in the percentage of children protected from poverty were the EITC and housing subsidies.
- In 2019, the EITC, Social Security, and the Supplemental Nutrition Assistance Program (SNAP) contributed the most to protecting children from poverty.

# Finding 4. While the social safety net's role in reducing child poverty grew considerably over the last quarter century, the United States has made little progress in strengthening the social safety net for children with the least resources—specifically for those in deep poverty. The social safety net reduced deep poverty among children by about two thirds in both 1993 and 2019.

- The social safety net continued to play an important role in protecting children from deep poverty over the past 25 years. However, we saw only minimal growth in the social safety net's role in reducing deep poverty. The social safety net reduced child deep poverty by 62 percent in 1993 and by 66 percent in 2019.
- From 1993 to 2019, the role of what has been, historically, the most important program at protecting children from deep poverty—Aid to Families with Dependent Children (AFDC) and then Temporary Assistance for Needy Families (TANF)—greatly diminished; other programs partially filled this gap during the Great Recession, but many of the measures enacted were temporary.
- The relative stability of the social safety net's role in reducing deep poverty stands in stark contrast to the growth of its role in reducing poverty over this time.
- In 1993, a single program may have been enough to pull a child out of deep poverty; in 2019, however, a combination of benefits across multiple programs was often necessary to lift a child out of deep poverty.

## Finding 5. From 1993 to 2019, poverty rates declined—and declined at similar rates—for nearly all subgroups of children. This means that disparities by parental nativity, race and ethnicity, and family structure persisted.

- From 1993 to 2019, poverty rates declined at similar rates for nearly every subgroup examined: for children in immigrant families and those in non-immigrant families; for Asian/Hawaiian/Pacific Islander children, Black children, Hispanic children, and White children; and for children living in two-parent families and children living with no or one parent.
- Because child poverty rates declined at similar rates across groups, disparities in child poverty rates—by parental nativity, race and ethnicity, and family structure—persisted during the historic decline in child poverty.

• There is one exception to these patterns: Poverty, and particularly deep poverty, declined considerably for children with stably employed parents, but much less so for children without stably employed parents. Challenges to finding and maintaining secure employment can include health issues or disability, mismatches between skills and available jobs, limited job networks or resources, lack of access to affordable childcare or transportation, and the many forms of discrimination that certain job seekers face.

Finding 6. The role of the social safety net in reducing child poverty grew from 1993 to 2019 for nearly every subgroup. However, the social safety net played a smaller role in reducing poverty for some groups of children—specifically, for children in immigrant families, Asian/Hawaiian/Pacific Islander children, Hispanic children, and children without stably employed parents.

- The social safety net has consistently played a greater role in protecting children in non-immigrant families from poverty than for children in immigrant families—exacerbating disparities in child poverty by parental nativity.
- Relatedly, the social safety net exacerbated some racial/ethnic disparities in child poverty: The social safety net consistently played a greater role in protecting Black and White children from poverty, compared to Asian/Hawaiian/Pacific Islander and Hispanic children—the groups most likely to live in immigrant families.
- As the social safety net shifted its emphasis from out-of-work assistance to work-based assistance, it left behind children with the least resources—those living in deep poverty whose parents are not stably employed.

#### **Policy recommendations**

While it is clear that we have achieved substantial successes, our nation's collective work to protect children from poverty is not over. Based on our findings, we offer the following recommendations to federal, state, and local officials to maintain our collective progress in reducing child poverty and to reduce persistent disparities in child poverty. The first two recommendations address the social safety net, while the latter three address the economic and social constraints that place certain demographic groups at higher risk of experiencing child poverty.

## Recommendation 1. Recraft social safety net programs to prioritize child needs and determine eligibility based on child needs, rather than parent characteristics.

The social safety net protects millions of children from poverty and is thus a critical investment in the healthy development and future of all our nation's children. Our analysis shows both the incredible successes of the social safety net in safeguarding children and the places where it has left gaps: Current policies exclude children from the full benefits of the social safety net by setting eligibility criteria based on their parents' characteristics, such as work status and immigration status. In contrast, a social safety net designed to alleviate child poverty would be intentionally more inclusive by centering children's needs, and by eliminating requirements based on other parent characteristics.

The 2021 Child Tax Credit (CTC) and Advance Child Tax Credit represent examples of programs based on children's needs, in two ways (Internal Revenue Service, 2022b). First, the very premise of the 2021 expansion of the CTC was based on research that shows the importance of economic stability for child wellbeing and the value of investing in the early childhood years (a period of intensive brain development) (Cooper & Stewart, 2021; Heckman, 2000). The Advance CTC provided families with children predictable monthly payments of up to \$250 per child for children ages 6 to 17, and up to \$300 per child under age 6. Second, its eligibility requirements were based on the child's citizenship status, not that of the parent (Internal Revenue Service, 2022a).

By contrast, the EITC requires a completed tax return and a Social Security number for everyone claimed on a family's taxes (Internal Revenue Service, n.d.-f). Our analysis found that the EITC is one of the most significant and effective anti-poverty programs we've got; however, children who are U.S. citizens and have parents with Individual Taxpayer Identification Numbers, rather than Social Security numbers, cannot benefit from the program (Internal Revenue Service, n.d.-d). Recrafting eligibility to direct resources to children experiencing economic hardship—and removing eligibility requirements that limit benefits based on immigration status and other characteristics—would support continued reductions in child poverty and improvements in the health and well-being of our nation's children.

## Recommendation 2. Ease administrative barriers to the social safety net for eligible families to reduce child poverty and deep poverty, and to mitigate disparities between subgroups of children.

Our research shows that access to multiple programs and supports—not just one—is often needed to lift children out of deep poverty, in particular. However, program requirements across social safety net programs vary widely with respect to income thresholds, application and documentation requirements (e.g., proof of residence), recertification processes, and other eligibility requirements and details. The result is a complex web of administrative barriers that is both difficult and time-consuming for parents to navigate (Heinrich et al., 2022; Winston et al., 2021). Application, documentation, and recertification procedures should be simplified and streamlined to make it easier for every family who qualifies for a program to access its benefits. To facilitate cross-program access, state and federal agencies should broaden categorical eligibility (that is, when eligibility for one program is sufficient to determine eligibility for another), automated enrollment processes, and outreach campaigns. When families in deep poverty qualify for four programs, we should not require them to fill out four applications, negotiate with four different agencies, and maintain certification of eligibility in each program in order to continue receiving needed benefits.

The United States has learned how to reduce administrative barriers during the COVID-19 pandemic lessons that could be applied to programs operating in broader contexts, beyond emergency situations. For example, Pandemic Electronic Benefit Transfers (P-EBT) provided children already eligible for free or reduced-price lunches with benefits under SNAP (U.S. Department of Agriculture Food and Nutrition Service, 2022). While states had to develop new policies and infrastructure to make the program work, P-EBT was largely successful in reducing food insecurity and supporting children in immigrant families (Bauer et al., 2020; Perez, 2021). Implementation of the expanded CTC taught us about innovative alternative reach and delivery systems, including online portals for families that do not file taxes, alternatives to direct deposit for families that do not use banks, and outreach campaigns (Mackey, 2022). By the most conservative estimates, more than one in five eligible families don't receive the EITC (Thomson et al., 2020). Continued reforms, such as automatic enrollment, would go a long way toward ensuring that tax and transfer programs reach all families they were intended to reach.

## Recommendation 3. Support stable parental employment and more robust female labor force participation with fair labor markets, higher minimum wages, and affordable, accessible child care.

The benefits of a strong U.S. economy do not currently fully extend to children in families living in poverty. Our findings highlight persistently high rates of poverty among subgroups that face systemic barriers to accessing and maintaining stable employment. We recommend removing common barriers that prevent low-income families from accessing and maintaining employment that is both dependable and that allows families to support themselves. These barriers include lack of access to affordable and high-quality child care and transportation, neighborhoods with limited resources and opportunities, discrimination, inadequate pay, a lack of workplace accommodations for disabled parents, a lack of paid sick and family leave, discrimination against formerly incarcerated parents, and difficulties obtaining work authorization for immigrant parents.

Removing barriers to stable employment and increasing low wages may be critical strategies to reduce the persistent gaps in child poverty by race and ethnicity. Hispanic men, for example, have greater rates of labor force participation than men from other racial and ethnic groups, but Hispanic fathers often have low incomes, making it difficult for them to lift their children and families out of poverty (U.S. Bureau of Labor Statistics, 2021b; Wildsmith et al., 2018). Meanwhile, research indicates that providing access to high-quality child care, addressing workplace discrimination, and reducing wage inequality are effective strategies for enabling female workers to easily participate in the workforce (Ansel et al., 2017).

In addition to removing barriers to employment, it will be critical to ensure that work is sufficient to lift families out of poverty. Our analyses show that increases in state minimum wages were associated with reductions in child poverty. Higher minimum wages could further support families' ability to maintain stable employment and support their children. In addition, reducing the phase-in period for the EITC could maximize the benefit for working families with the lowest incomes, whose wages alone are currently too low to support their families (Crandall-Hollick et al., 2021).

## Recommendation 4. Maintain low teen birth rates by increasing public investment in evidence-based teen pregnancy prevention strategies and safeguarding adolescents' access to safe abortion.

The dramatic reduction in teen births from 1993 to 2019 was associated with the decline in child deep poverty over this time. Researchers have attributed declines in the teen birth rate to less teen sex and more contraceptive use; these factors, in turn, may have been due to media and messaging campaigns, availability of effective contraceptive methods, and pregnancy prevention programs (Abma & Martinez, 2017; Dews, 2014; Kirby, 2007; Livingston & Thomas, 2019; Romero et al., 2015; Santelli & Melnikas, 2010). As of mid-2022, teen birth rates remain at historic lows, meaning that further reductions in teen births may be less dramatic and result in less pronounced reductions in child deep poverty.

In 2022, a momentous Supreme Court ruling—Dobbs v. Jackson Women's Health Organization—overturned the legal precedent established by the 1973 Roe v. Wade court case, granting states broad flexibility to impose restrictions on abortion (*Dobbs, State Health Officer of the Mississippi Department of Health, Et Al. v. Jackson Women's Health Organization Et Al.*, 2021). Restricting adolescents' access to abortion may slow or reverse recent teen birth trends, and, by extension, have a detrimental influence on child deep poverty. In recent years, teen pregnancy rates, adolescent abortion rates, and the proportion of all abortions completed by adolescents have declined (Kortsmit et al., 2021). Still, as of 2019, adolescents ages 15 to 19 accounted for 9 percent of all abortions nationally (an estimated 53,049 abortions) (Kortsmit et al., 2021). And our analysis found that declines in teen births were associated with 52 percent of the decline in deep poverty rates for children from 1993 to 2019.

To prevent teen birth rates from rising, policymakers should work to ensure that adolescents have safe access to abortion, contraception, and evidence-based teen pregnancy prevention programs. This would likely safeguard recent reductions in child deep poverty.

## Recommendation 5. Promote the economic, social, and caregiving benefits that families bring to children and their parents, and reform policies that undermine their role in children's lives.

Drawing on our finding that the proportion of children in two-parent families is strongly associated with child poverty, we recommend that public officials promote and safeguard the benefits that families including parents, partners, and extended family—can provide to children, and particularly those assets that the presence of a second parent or caregiver typically bring. Such benefits include economic resources and logistical, emotional, and caregiving support, among others. Other policies that support families—such as paid family leave and flexible work scheduling—can provide adults with greater opportunities and resources to support the children and parents in their lives.

Furthermore, public officials should carefully reform policies and institutions that undermine the consistent presence of stable caregivers in the lives of children, and especially those that undermine the role and presence of fathers. In 2020, nearly 7 percent of children and youth had a parent serve time in jail (National Institute of Corrections, n.d.). Child welfare agencies also have a powerful influence over family stability and the presence of parents in children's lives: Previous research has found that economic insecurity can increase a family's chance of coming into contact with the child welfare system, and nearly all states' definitions of neglect include a factor linked to low incomes such as inadequate food, clothing, or shelter (S. C. Williams et al., 2022). This connection between poverty and neglect can lead to the surveillance of families with fewer resources and the separation of children from their families.

While increases in the share of children living in two-parent families were strongly associated with child poverty, we recommend caution to readers in interpreting this finding. We specifically recommend caution in developing policy interventions that directly encourage parents to maintain or create two-parent households. Incentives to marry or otherwise maintain two-parent households could have the effect of directing resources away from children in single- or no-parent households; according to our analysis, these households need resources the most. Such incentives could also trap families who are experiencing domestic violence. A narrow focus on two-parent households may also miss opportunities. Research illustrates the role of extended family—for example, Black grandparents living with their grandchildren—in supporting children and parents (Dilworth-Anderson, 1992).

### **Chapter 1–Introduction**

The past quarter century witnessed an unprecedented decline in child poverty rates. In 1993, the initial year of this decline, more than one in four children in the United States lived in families whose economic resources—including household income and government benefits—were below the federal government's Supplemental Poverty Measure (SPM) threshold\_(Fox & Burns, 2021). Twenty-six years later, roughly one in 10 children lived in families whose economic resources were below the threshold. This is an astounding decline in the child poverty rate, which has seen child poverty reduced by more than half (59%; see Figure 1.1). The magnitude of this decline in child poverty is unequaled in the history of poverty measurement in the United States (U.S. Census Bureau, 2014).

What led to this remarkable decline in child poverty? And did all subgroups of children experience similar declines? We set out to answer these questions, to understand the constellation of influences that led to this decline, with the hope that what we learned will help policymakers sustain—and accelerate—progress.

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Figure 1.1. Child Poverty Rates Measured Using the Supplemental Poverty Measure (SPM), 1967-2019

Note: To provide context for the more recent decline in child poverty, we present trends in child SPM poverty rates back to 1967.

**Sources**: Child Trends' analysis of the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds (Wimer et al., 2021). Recession data are from the National Bureau of Economic Research (National Bureau of Economic Research, 2021).

#### Building on previous research

Often, when researchers talk about poverty in the United States, we refer to a specific point in time, or we compare the current year's poverty rate to the rates for the last couple of years. Similarly, when researchers examine policy levers for reducing child poverty or improving child outcomes, we tend to look at one policy change or one program at a time. In this report, though, we've taken a big step back, similar to a 2016 report published by the U.S. Department of Health and Human Services that examined 50 years of poverty trends (Chaudry et al., 2016). We look specifically at how the landscape of child poverty has changed over the past quarter century.

For us, this report has been an exercise in listening to history, analyzing 40 years of data, reading the technical appendices of the National Academy of Sciences' A Roadmap to Reducing Child Poverty, and drawing on and expanding existing research (National Academies of Sciences, 2019). Our work builds explicitly upon prior research conducted by Hilary Hoynes (University of California, Berkeley), Marianne Page (University of California, Davis), and Ann Huff Stevens (University of Texas at Austin) (Hoynes et al., 2006). We owe them a debt of gratitude for their contribution to our understanding of how competing economic and labor market trends influenced poverty rates through the early 2000s. We've updated their work to include an additional 15 years of data, from 2004 to 2019. We've also extended their work to look, specifically, at the influence of federal anti-poverty programs on poverty rates through our use of the SPM, which includes the cash value of government benefits in its measure of family resources. (The SPM had not yet been developed when Hoynes, Page, and Stevens' report was released in 2006.) Finally, while their work focused on poverty rates more generally, our analyses focus exclusively on child poverty in the United States. And by looking across economic, demographic, and policy factors, our findings speak to policy levers intended not just for reducing child poverty and mitigating its impact on child development, but also for addressing some of the root causes of poverty among families with children.

Our work has also benefitted from the insights of researchers who have focused on examining and remedying poverty among specific groups of children at elevated risk of poverty—notably Dolores Acevedo-Garcia (Brandeis University) and Regina Baker (University of Pennsylvania). Their work shows how the likelihood that a child will experience poverty is shaped by structural forces often beyond their family's control. We explore some of these forces by examining child poverty among subgroups of children, based on their family's immigration status, their race/ethnicity, their family structure, and the stability of their parent(s)' employment. The idea that poverty is heavily shaped by structural forces can, on first consideration, seem daunting, but it gives us hope that structural changes can lead to widespread reduction in the prevalence of child poverty.

Finally, this work would not have been possible without data from the Current Population Survey Annual Social and Economic Supplement (CPS ASEC), collected by the Census Bureau, and the Bureau's development of the Supplemental Poverty Measure (SPM). Similarly indispensable was the historical, anchored SPM developed by and made public by the Columbia University Center on Poverty and Social Policy (Wimer et al., 2021). Our work also builds on the extensive body of research conducted by Jane Waldfogel, Chris Wimer, and the Columbia team, which has used the anchored SPM to examine trends in child poverty over time (Wimer, Nam, Waldfogel, & Fox, 2016).

Any missteps we've made in our interpretation of our colleagues' work or our attempt to build on it are solely our responsibility.

#### **Research questions**

We began our work eager to understand the influences that led to child poverty's decline over the last quarter century. Numerous economic, demographic, and public policy shifts have occurred over this time. On the economic front, we've seen real (inflation-adjusted) growth in gross domestic product (or GDP) per

capita, median household income, and state minimum wages. Single mothers' labor force participation grew, particularly in the mid-to-late 1990s. And unemployment was lower in 2019 than in 1993. On the demographic front, the share of adults with at least a high school degree and the share of kids living in two-parent families (including cohabiting parents) grew, albeit only slightly for the latter. The shares of children who are Asian/Hawaiian/Pacific Islander, Hispanic, or living in immigrant families grew. Teen birth rates declined dramatically. On the policy front, we've seen a large increase in overall federal spending on social safety net programs, particularly refundable tax credits aimed primarily at working families with children (Maag, 2017). At the same time, we've seen a move away from out-of-work cash assistance and the introduction of immigrant exclusion policies (Acevedo-Garcia, Joshi, Ruskin, Walters, & Sofer, 2021; Bitler & Hoynes, 2010).

So, what led to this historic decline in child poverty? Using fixed effects regression models and descriptive counterfactual analyses, we set out to answer the following questions (for more information on our methodology, see Chapter 7):

- 1. What led to this historic decline in child poverty?
  - What roles have economic, labor market, and demographic factors played in explaining the declining poverty rate among children?
  - Has the social safety net improved over time at protecting children from poverty?
- 2. Did all groups of children experience a similar decline?
- 3. For which children has the social safety net worked and who has it left behind?

#### Our approach

Before diving into the study, we offer thoughts about our approach, specifically around the time frame of our analysis, the levels of poverty that we examined, the ways in which we present our findings (percentage points versus percent), and our methodology.

#### The analysis time frame

We chose 1993 as our starting point for three interrelated reasons.

First and foremost, 1993 is the year in which child poverty began its unprecedented decline.

Second, around this time, child poverty trends began to follow a very different pattern. Prior to 1993, child SPM poverty rates (as represented by the dark blue line in Figure 1.2, below) rose and fell in sync with economic cycles (shown by the presence and absence of recessions, represented by the light gray columns in Figure 1.2). Pre-tax-and-transfer (PTT) child poverty rates—poverty rates based solely on income, and that do not include benefits from government tax and transfer programs—are shown with the light blue line. PTT poverty rates also followed economic cycles before 1993, and have continued this pattern to the present. In 1993, however, the trends in SPM child poverty started to diverge from this pattern—declining more steeply during economic booms and leveling off during economic downturns—suggesting that other factors are at play.

Third, the anti-poverty policy landscape began to shift in the early 1990s, primarily due to increased federal spending on the social safety net, accompanied by a shift away from out-of-work cash assistance at both the state and the federal levels and the introduction of new immigrant exclusion policies (Acevedo-Garcia, Joshi, Ruskin, Walters, & Sofer, 2021; Bitler & Hoynes, 2010; Moffitt & Pauley, 2018). While no single point in time can capture the multifaceted nature of this shifting policy landscape, beginning in 1993 allows us to capture a time period that includes these changes.





Note: To provide context for the more recent decline in child poverty, we present trends in child SPM poverty rates back to 1967.

**Sources**: Child Trends' analysis of the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds (Wimer et al., 2021). Recession data are from the National Bureau of Economic Research (National Bureau of Economic Research, 2021).

#### But why end in 2019?

We chose to exclude 2020 from our analyses because it was an anomalous year with respect to both economic conditions and the enactment of temporary policies that addressed the dual public health and economic crises. Our goal is to examine the more permanent, underlying factors that influence child poverty in the United States, and we concluded that 2020 would muddy rather than clarify our analyses.

We considered one more question about our time frame: Was it problematic to start with the postrecession recovery of 1993 and conclude with the economic trough of 2019? We decided it was not: Our fundamental question is to ask what contributed to the decline in child poverty from 1993 to 2019. Part of the answer may very well be (indeed, is likely to be) that there was a tighter labor market in 2019 than in 1993. How much of the decline is due to this tighter labor market and how much is due to other factors is part of what we explored.

While our focus in this report is from 1993 to 2019, our graphs provide, when available, data for previous years as context.

#### Levels of poverty

While we opened this report by highlighting the decline in child poverty, we present, throughout this work, parallel analyses for rates of children in poverty *and* in deep poverty. In 2019, families with a household income of less than approximately \$28,881 (for a two-adult, two-child household that rents) were considered to be experiencing poverty (U.S. Census Bureau, 2020a). Families experiencing deep poverty are

defined as having household net resources below 50 percent of the SPM poverty threshold. In 2019, families with a household income of less than approximately \$14,440 (for a two-adult, two-child household that rents) were considered to be experiencing deep poverty (U.S. Census Bureau, 2020a).

Rates of deep poverty among children experienced a similar decline to the rates of those in poverty. In 1993, approximately 7 percent of children lived in families whose incomes were below the deep poverty threshold (see Figure 1.3). By 2019, the rate of children in deep poverty had declined to 3 percent. This represents a decline of 56 percent, just slightly smaller than that seen for child poverty rates. However, much of this decline occurred from 1993 to 1996, and again from 2017 to 2019.

**Figure 1.3.** Child Poverty and Deep Poverty Rates Measured Using the Supplemental Poverty Measure (SPM), 1980-2019



**Sources**: Child Trends' analysis of the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds (Wimer et al., 2021). Recession data are from the National Bureau of Economic Research (National Bureau of Economic Research, 2021).

In the chapters that follow, we look at the roles of economic, demographic, and policy factors in shaping the landscape of deep poverty as well as that of poverty.

#### A note about percentage point vs. percent change, and the need to use both

We use both absolute and relative measures to present estimates of the extent to which economic, demographic, and policy factors influenced child poverty.

Absolute measures—specifically, for our purposes, percentage point decreases (or increases) in the number of children protected from poverty—are helpful to concretize the extent to which a social safety net program, for example, reduces poverty. The drawback, however, is that absolute values are difficult to compare across time periods or subgroups that have different baseline poverty rates. For example, absolute measures will be smaller in 2019 than in 1993 because poverty rates were much lower in 2019. Similarly, absolute measures are hard to compare across different levels of poverty: For example, a 1 percentage point reduction in deep poverty rates more than a 30 percent reduction in the deep poverty rate of 3

percent, while a 1 percentage point reduction in poverty represents about a 9 percent reduction in the poverty rate of 11 percent.

Relative measures—such as percent decreases in poverty rates—account for baseline poverty rates and are therefore particularly useful when comparing estimates across time, groups, or levels of poverty. The drawback here, however, is that they highlight the *proportional* difference in poverty over time, by group, or due to a specific factor. For example, the proportional role of the social safety net in reducing child poverty (as represented by its percent decrease) can increase over time even while the absolute number of children protected from poverty decreases. This can happen when child poverty rates are decreasing over time: The number of children served by the safety net can decrease because the number of children who are eligible for these programs has declined; meanwhile, if—at the same time—benefits are becoming more generous or eligibility criteria have changed such that programs are serving a greater *percent* of children in poverty, the role of the safety net (proportional to the number of children in poverty) can increase.

Together, these measures produce a more complete understanding of how the landscape of child poverty has shifted over time and allow us to compare the influence of economic, demographic, and policy factors over time and across levels of poverty and groups of children.

#### Our methodology (Chapter 7)

We use two different analytic approaches to examine the influence of economic and demographic shifts (Chapter 2) and social safety net programs (Chapters 3 and 4) on child poverty.

To look at economic and demographic influences, we follow the approach used by economists Hillary Hoynes, Marianne Page, and Ann Huff Stevens (Hoynes et al., 2006). Capitalizing on state-level variation in the timing and degree of changes in each of the factors examined, we use state and year fixed effects regression models to estimate the associations between changes in each economic and demographic factor and changes in child poverty.

Because changes in federal policies often affect all states at the same time, this method does not allow us to evaluate associations between federal policies and child poverty rates. Therefore, we use descriptive analysis to look at the role of the social safety net programs, following the approach used by the United States Census Bureau: We compare actual child poverty rates using the SPM to estimated counterfactual poverty rates if an individual federal tax and transfer program (or the entire social safety net) were removed from the calculation of SPM household resources. Neither of these methods is causal, and neither account for behavioral changes or interactions between factors. These methods are not directly comparable, but we present a rough approximation of how much each factor is contributing to the overall decline in child poverty as a high-level takeaway, complete with caveats.

#### What's next

In Chapter 2, we examine the influence of economic and demographic factors on child poverty rates and their role in explaining the decline in child poverty from 1993 to 2019. In Chapter 3, we explore the role of the social safety net in explaining this historic decline. In Chapter 4, we examine whether child poverty rates have similarly declined for all subgroups of children, as well as the extent to which social safety net programs are equally protective of children with different characteristics. A detailed summary of the findings from these chapters can be found in Chapter 5, along with thoughts about directions for future research. Chapter 6 presents key lessons learned and their implications for policymakers. Finally, you can read about our methodology in Chapter 7.

In addition, we provide the following resources as appendices to this report:

- Appendix 1: How Poverty Is Measured in the United States
- Appendix 2: Summary of the Main Government Programs Aimed at Reducing Child Poverty in the United States

### Chapter 2—The Influence of Economic and Demographic Trends on Changes in Child Poverty

Economic and demographic trends can play a substantial role in the changing landscape of child poverty. A strong economy—indicated by macroeconomic growth, high rates of labor force participation, wage growth, and low unemployment—has historically been associated with higher household incomes and lower rates of child poverty (Acs, 2008; Chetty et al., 2017; Hoynes et al., 2006; Stevens & Pihl, 2016).

Demographic shifts can also influence the incidence of child poverty because of their strong correlation with household income and access to employment, other opportunities for economic mobility, and anti-poverty programs. Existing research identifies five demographic shifts that are most likely to influence child poverty: changes in educational attainment, changes in family structure, trends in the age of childbearing, and shifts in the racial and ethnic composition and the immigrant share of the population—as well as the intersection of these forces (R. S. Baker & O'Connell, 2022; Cancian & Haskins, 2014; National Academies of Sciences, 2019; Psacharopoulos & Patrinos, 2018).

Economic and demographic trends also interact with social policy to influence child poverty rates.<sup>1</sup> For example, some social policies adapt during times of economic downturns to buffer families from poverty. Additionally, policies or barriers that limit immigrant families' access to the labor market or the social safety net could inhibit the country's ability to reduce child poverty, particularly given that children in immigrant families make up a growing share of the U.S. population.

What's in this chapter: In this chapter, we examine the link between economic and demographic shifts from 1993 to 2019 and the period's declining child poverty rate. First, in Section 1, we provide an overview of the economic and demographic shifts that occurred during this time. In Section 2, we describe our methodological approach. In Section 3, we examine the unique influence of economic and labor market factors on child poverty and deep poverty (family resources < 50% of the poverty threshold). In Section 4, we examine the unique influence of demographic factors on child poverty and deep poverty. In Section 5, we briefly look at how the influence of economic and demographic factors on poverty rates among different populations of children may vary. We close this chapter with a discussion of our key findings in Section 6.

#### **Chapter 2 summary**

#### Research parameters to keep in mind

Overall: We examine the roles of economic, labor market, and demographic factors on child poverty rates.

#### More specifically:

- The economic factors we examine include unemployment rates, real gross domestic product per capita, median wages, minimum wages, and single mothers' labor force participation.
- The demographic factors we examine include the share of children living with two parents, the share of adults with a high school degree or higher, teen birth rates, the racial/ethnic distribution of the child population, and the share of children in immigrant families.

Time frame examined: From 1993 to 2019.

<sup>&</sup>lt;sup>1</sup> While interactions between economic and demographic factors and social policies can influence child poverty rates, we do not directly examine these interactions in the current study.

#### **Poverty levels examined:**

- Poverty (<100% of the Supplemental Poverty Measure threshold)</li>
  - In 2019, income less than approximately \$28,881 for a two-adult, two-child household that rents (U.S. Census Bureau, 2020a)
- Deep poverty (<50% of the Supplemental Poverty Measure threshold)
  - In 2019, income less than approximately \$14,440 for a two-adult, two-child household that rents (U.S. Census Bureau, 2020a)

#### **Key findings**

- Economic and labor market factors, together, explained about 33 percent of the decline in child poverty and 41 percent of the decline in deep poverty from 1993 to 2019; all of these economic- and labor-related declines can be explained by an overall decline in unemployment, increases in single mothers' labor force participation, and higher state minimum wages. Gross domestic product (GDP) per capita and median wages both grew from 1993 to 2019, yet neither of these were associated with the decline in child poverty or deep poverty.
  - Unemployment rates were considerably lower in 2019 than in 1993, which could explain as much as 18 percent of the total decline in child poverty and 22 percent of the decline in deep poverty from 1993 to 2019.
  - Increases in single mothers' labor force participation were associated with decreases in child poverty and deep poverty and may explain about 9 percent of the decline in child poverty and 10 percent of the decline in deep poverty from 1993 to 2019.
  - Higher state minimum wages were also associated with lower rates of child poverty and may explain about 7 percent of the decline in child poverty and 9 percent of the decline in deep poverty from 1993 to 2019.
- Demographic factors (which include those that contributed to the decline, as well as countervailing factors) did not contribute to the decline in child poverty from 1993 to 2019, but were associated with about 43 percent of the decline in deep poverty.
  - The share of children who are Hispanic or who live in immigrant families grew from 1993 to 2019. These demographic shifts were associated with increases in child poverty rates; this likely reflects the high incidence of Hispanic and immigrant parents who face discrimination in the labor market and restricted access to the social safety net, both of which limit efforts to reduce child poverty (Acevedo-Garcia et al., 2022; Catanzarite & Trimble, 2008). Increases in the share of children living in immigrant families were also associated with increases in rates of deep poverty among children.
  - The share of Black children—whose parents often face hiring discrimination and wage inequality in the workforce—decreased from 1993 to 2019 and was associated with decreases in child poverty, although this shift's contribution to the overall decline was small (Patten, 2016; Wilson & Darity, 2022).
  - The large decrease in the number of teen births per 1,000 females ages 15 to 19 from 1993 to 2019 was not associated with decreases in child poverty, but was associated with decreases in deep poverty. The decline in teen births was associated with 52 percent of the decline in deep poverty. However, the association between teen birth rates and child deep poverty is reciprocal—that is, teen birth rates are a symptom of child deep poverty as well as a potential contributor to it, so causality is difficult to determine (Hoffman, 2015).

- Increases in the share of children living in two-parent families were associated with decreases in child poverty and deep poverty; however, from 1993 to 2019, the share of children living in twoparent families increased only minimally and so did not contribute much to the decline in child poverty or deep poverty during this time.
- Combined, economic, labor market, and demographic factors explained about 22 percent of the decline in child poverty from 1993 to 2019. However, this combination of economic, labor market, and demographic factors explained considerably more—84 percent—of the decline in child deep poverty from 1993 to 2019.

#### Section 1: Overview of the economic and demographic shifts

As context for our analyses in this chapter, we begin with information regarding economic and demographic trends of the past quarter-century.

#### How has the economy and labor market changed from 1993 to 2019?

In Figure 2.1 below, we show how economic and labor market factors have changed over time, with an eye toward whether shifts in economic and labor market trends are—or are not—in sync with trends in the child poverty rate. While we focus on 1993 to 2019, we include trends back to 1980 for context and comparison. All estimates have been adjusted for inflation using the Consumer Price Index (U.S. Bureau of Labor Statistics, n.d.-a).



#### Figure 2.1. Changes in Economic and Labor Market Indicators, 1980-2019

Recession

Real median hourly wages

Real minimum wage (weighted national average)



Note: Some of the above graphs have two scales: one on the left axis, which indicates rates or percentages, and one on the right axis, which indicates thousands of 2019 dollars.

**Sources**: Child Trends' analysis of the CPS ASEC, the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds, the Merged Outgoing Rotation Group files of the CPS, the Bureau of Labor Statistics, the U.S. Department of Labor, and the Federal Reserve Bank of St. Louis (Flood, King, Rodgers, Ruggles, Warren, & Westberry, 2021; National Bureau of Economic Research, n.d.; U.S. Bureau of Economic Analysis, 2022a; U.S. Bureau of Labor Statistics, 2022a; U.S. Department of Labor, 2022b; Wimer et al., 2021). Recession data are from the National Bureau of Economic Research (National Bureau of Economic Research, 2021).

Real (inflation-adjusted) GDP per capita grew by approximately two-fifths (44%) in the last 26 years, from \$44,480 in 1993 to \$64,100 in 2019.<sup>2</sup> However, this strong and fairly steady economic growth did not fully translate to similar increases in median household incomes. Real median household income rose and fell throughout this period, partly in response to expansions and contractions in the economy (U.S. Census Bureau, 2022c). Across the 26 years of our analysis time frame, real median household income increased by about 26 percent, from \$54,600 in 1993 to \$68,730 in 2019, with much of this growth occurring in the mid-to late-1990s and following the Great Recession. Growth in median household income was weaker than growth in GDP likely, in part, due to rising income inequality (Horowitz et al., 2020). Over time, households

<sup>&</sup>lt;sup>2</sup> The estimates presented in the figure and reported in the text are based on national averages of state-year data that are weighted by the state total population (or child population for child-population-based estimates) in a given year. As such, they approximate national averages but may not exactly match national estimates. As our subsequent analyses use state-level data, we also use them here to describe national trends for consistency. Estimates are reported in 2019 dollars. Sources for our state-year data are detailed in our Methods chapter.

already earning higher incomes have accrued disproportionate shares of economic growth (Chetty et al., 2017). Indeed, income inequality—often measured by the ratio of household income at the 90th percentile to that at the 10th percentile—grew about 18 percent from 1993 to 2019 (not shown in figure) (U.S. Census Bureau, n.d.).

With increasing income inequality in mind, we also look at minimum wage to see how wages at the bottom of the wage distribution have changed over this time. While the real value of the *federal* minimum wage declined from 1993 to 2019, the average minimum wage *increased* by 23 percent after accounting for *state-level* increases in the minimum wage<sup>3</sup>—from \$7.59 in 1993 to \$9.32 in 2019, with much of this increase occurring after 2006. It is important to note, however, that not all low-wage workers benefitted from these minimum wage increases; those likely to be excluded include workers residing in states that did not experience increases in the real minimum wage and workers not covered by minimum wage laws (e.g., independent contractors and gig workers, farm workers employed on small farms, and unauthorized immigrants) (U.S. Department of Labor, 2016).

For most families, changes in household income stem from changes in wages, but also from changes in labor force participation, hours worked, and the number of earners in the household (Nunn & Shambaugh, 2018). Overall labor force participation (not shown in Figure 2.1) remained stable (at 66-67%) from 1993 to 2009, and then decreased 5 percent during the following decade to 63 percent in 2019. Female labor force participation also remained fairly stable, with a small net increase of 2 percent: from 54 percent in 1993 to 55 percent in 2019.

There was, however, a notable increase in single mothers' labor force participation in the mid- to late-1990s, which is particularly pertinent for child poverty given the high rates of poverty among children in families headed by single mothers (Lichter & Crowley, 2004; U.S. Census Bureau & U.S. Bureau of Labor Statistics, 2022). Single mother labor force participation increased by 17 percent, from 67 percent in 1993 to 79 percent in 1999. These increases occurred alongside a substantial expansion of the Earned Income Tax Credit (EITC), a robust economy, and welfare reform (which introduced work requirements and time limits) (Crandall-Hollick, 2022; Holcomb & Martinson, 2002; Weller, 2002).<sup>4</sup> Following these increases during the 1990s, single mother labor force participation declined slightly from 2000 through the Great Recession, before beginning to inch up again—for a net increase of 15 percent from 1993 to 2019.

Unemployment rates, not surprisingly, rise during recessions and fall during economic booms. Prior to 1993, the child Supplemental Poverty Measure (SPM) poverty rate closely mirrored rises and falls in unemployment. That is, during recessions (indicated in figures by vertical light gray lines), the unemployment rate increased, as did the SPM child poverty rate. This was also true of the pre-tax-and-transfer (PTT) child poverty rate, which is based on market income and does not account for government tax and transfer programs.<sup>5</sup> After 1993, the child SPM poverty rate followed a different pattern: Unlike the child PTT poverty rate, which continues to rise and fall with economic cycles, the SPM child poverty rate fell sharply during economic booms and mostly stabilized during recessions and recovery periods.

<sup>&</sup>lt;sup>3</sup> As of 2022, 30 states and Washington, DC have minimum wages above the federal minimum wage (U.S. Department of Labor, 2022c). When state minimum wages are higher than the federal minimum wage, the state minimum wage applies to workers in those states; if the state minimum wage is equal to or lower than the federal minimum wage, the federal minimum wage applies. To estimate minimum wages across the country, we generate an average of minimum wages across all 50 states plus DC, which is weighted by the total population of each state.

<sup>&</sup>lt;sup>4</sup> Prior research has found that the expansion of the EITC explained about one third (34%) of the increase in employment among single mothers from 1993 to 1999 and 21 percent of the increase in earnings among female-headed families (Grogger, 2001). A tighter labor market explained 21 percent of the increase in single mothers' employment and 8 percent of the increase in earnings. Welfare reform policies explained 13 percent of the increase in single mothers' employment but had a negative impact on earnings.

<sup>&</sup>lt;sup>5</sup> The child pre-tax-and-transfer (PTT) poverty rate follows a very similar pattern to child poverty rates as measured by the Official Poverty Measure (OPM), which is primarily based on market income and, for the most part, does not account for government tax and transfer programs. For two reasons, we prefer to use PTT poverty (rather than OPM poverty) as an indicator of what poverty would be if only income (and no government programs) were taken into account. First, PTT is more easily comparable to the Supplemental Poverty Measure (SPM) because it uses the same poverty thresholds as the SPM, whereas the OPM uses a different threshold. Second, PTT poverty is a slightly cleaner measure of market-income-based poverty because it subtracts out all government programs, whereas the OPM includes some cash assistance programs.

#### Demographic factors that may influence the child poverty landscape

We now turn to an examination of shifts in key demographic factors that may influence child poverty. (See Figure 2.2 below.) Again, we are interested in how these demographic factors changed from 1993 to 2019, but we extend the time series back to 1980 for context and comparison.

In the quarter century from 1993 to 2019, the number of teen births per 1,000 females ages 15 to 19 (hereafter referred to as the teen birth rate) dropped dramatically (by 72%), from 59 births per 1,000 females ages 15 to 19 in 1993, to 17 in 2019—a record low (Nunn & Shambaugh, 2018). Teens who have children while in high school face unique challenges to completing their education and in balancing their school, work, and child care needs, as well as limited employment opportunities and difficulties finding social support (Sick et al., 2018). As a result, children born to young parents are more likely to live in poverty (Zweig & Falkenburger, 2017). However, the relationship between teen birth rates and child poverty is nuanced: Higher teen birth rates are more likely in families with few economic resources *and* often lead to more limited future economic opportunities, so causality is difficult to determine.

During this same time period, the American population has, on average, attained higher levels of education, and the share of adults (ages 25 or older) who completed four years of high school or more increased 12 percent, from 81 percent in 1993 to 91 percent in 2019. In general, higher levels of educational attainment have been consistently and strongly associated with higher earnings, and this association has grown even stronger over time (Psacharopoulos & Patrinos, 2018).

The share of children living in two-parent families (which includes both married and cohabiting parents) was mostly stable from 1993 to 2019, although overall there was a slight increase (4%). Shifts in the share of children living in two-parent families have the potential to influence child poverty rates, in large part because the earnings potential of dual-parent households is greater than that of single-parent households (McLanahan & Sandefur, 1997). A second parent can also help to balance and share in child care and household tasks, which allows greater flexibility and sustainability of employment (Gornick & Meyers, 2003; Millar & Ridge, 2009). In addition to lacking a second earner and/or caregiver, single parents face multiple challenges to labor force participation, such as the need to find affordable child care and the lack of family-friendly work policies (Nieuwenhuis & Maldonado, 2018).

## Why have we included married parents and cohabiting parents together?

Throughout this analysis, we look at the number of parents residing in the household, rather than parental marital status, to focus on the resources available to a child—both in terms of earnings potential, as well as having a present parent (McLanahan & Sandefur, 1997).

The racial and ethnic composition<sup>6</sup> of the child population also shifted during this time to include greater proportions of Hispanic children and Asian/Hawaiian/Pacific Islander children. The share of Hispanic children grew by 87 percent, from 14 percent in 1993 to 26 percent, while the share of Asian/Hawaiian/Pacific Islander children grew from 3 percent in 1993 to 5 percent in 2019.<sup>7</sup> Meanwhile, the share of Black and White children decreased (by 13% and 25%, respectively).<sup>8</sup> There are well-documented and persistent disparities in child poverty rates by race and ethnicity (Kaiser Family

<sup>&</sup>lt;sup>6</sup> We operationalize race and ethnicity with four categories, following the precedent of the Census Bureau: Non-Hispanic Asian/Hawaiian/Pacific Islander, non-Hispanic Black, Hispanic, and non-Hispanic White. Throughout the report, we drop "non-Hispanic" from descriptions for parsimony.

<sup>&</sup>lt;sup>7</sup> The percent increase is calculated using unrounded numbers and may not exactly match those generated from the rounded numbers presented in the text. Discrepancies due to rounding are particularly notable when the denominator includes very small numbers, as with the share of Asian/Hawaiian/Pacific Islander children.

<sup>&</sup>lt;sup>8</sup> The Current Population Survey changed how it asked about race and ethnicity in 2003, limiting the groups that we could examine over time. We were not able to include American Indian or Alaska Native (AIAN) children in our analyses. Samples of AIAN children are limited to 500 to 600 children per year, and results are too unstable to present.

Foundation, n.d.). The roots of these disparities lie in systemic discrimination that limits job opportunities and leads to unequal pay, fewer benefits, lower job quality, and disparate outcomes within employment (e.g., job channeling, promotions, etc.) for Hispanic and Black workers in particular (Acs & Loprest, 2009; Gruver, 2019; Kristal et al., 2018; Pager & Shepherd, 2008; Patten, 2016; Storer et al., 2020; Wilson & Darity, 2022).

The percent of children living in immigrant families also grew, from 17 percent in 1993 to 28 percent in 2019, an increase of 64 percent; Hispanic and Asian/Hawaiian/Pacific Islander children comprise the two largest groups of children in immigrant families (Annie E. Casey Foundation, 2017). In addition, despite high levels of employment, immigrant families—which include many Hispanic and Asian/Hawaiian/Pacific Islander families—may face unique barriers to higher-wage jobs and income supports that promote economic mobility due to language barriers, lower levels of education that reflect the development of their country of origin, lower returns to education obtained in other countries, limited U.S. networks, and policies that restrict their access to social safety net programs (Acevedo-Garcia, Joshi, Ruskin, Walters, & Sofer, 2021; Aguilera, 2003; Bandyopadhyay & Grittayaphong, 2020; Budiman et al., 2020; Bureau of Labor Statistics, 2022; Chiswick & Miller, 2009; Isphording, 2014; Warman et al., 2015). Without broad reforms to systemic discrimination and structural barriers that can trap immigrants in poverty, growing populations of immigrants can contribute to higher poverty rates.

Demographics are not destiny, though. Shifts in the population's demographics need not be tied to shifts in child poverty. However, each population-level demographic factor discussed above reflects a unique constellation of barriers and opportunities to access economic opportunities, such as higher wages, stable employment, and a stronger social safety net (Acevedo-Garcia, Joshi, Ruskin, Walters, & Sofer, 2021; Acs & Loprest, 2009; Patten, 2016; van Hook et al., 2004). For this reason, we view each of these demographic variables as proxies for social, structural, and environmental factors that link rates of children in single-parent, Black, Hispanic, Asian/Hawaiian/Pacific Islander, and immigrant families to poverty (Lett et al., 2022). Stated differently, demographic shifts in the population reflect changes in the percentage of the population exposed to systemic barriers to economic mobility and exclusionary policies that restrict immigrant families' access to the safety net (Acevedo-Garcia, Joshi, Ruskin, Walters, & Sofer, 2021; Hardy et al., 2018). We seek to understand how changes in the prevalence rates of the population exposed to such barriers impacts the child poverty rate.



#### Figure 2.2. Changes in Demographic Conditions, 1980-2019

**Sources:** Child Trends' analysis of the CPS ASEC, historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds, and data from the National Center for Health Statistics (Flood et al., 2021; Ventura et al., 2014; Wimer et al., 2021). Recession data are from the National Bureau of Economic Research (National Bureau of Economic Research, 2021).

In sum, from 1993 to 2019, the economy grew, with rising GDP per capita, rising median household income, higher state-level minimum wages, higher rates of single mother labor force participation, and lower unemployment rates in 2019 than in 1993. These trends could have each contributed to reductions in child poverty.

Additionally, demographic changes—including a substantial decline in teen birth rates and an increase in the share of the adult population with a high school degree—could have also contributed to reductions in child poverty. The share of children living with two parents is likely broadly associated with rates of child poverty, but this factor increased very little from 1993 to 2019. Meanwhile, as our country becomes more diverse, the systematic barriers disproportionately experienced by persons of color and immigrants to accessing employment, equitable pay, other economic mobility opportunities, and social safety net programs likely served as a countervailing force.

In the remainder of this chapter, we examine the extent to which these changes in economic and demographic factors are associated with changes in child poverty and contribute to the decline in child poverty from 1993 to 2019.

#### Section 2: Our approach

Building on prior work by economists Hillary Hoynes, Marianne Page, and Ann Huff Stevens, we estimate the extent to which changes in child poverty rates were explained by changes in five economic measures (unemployment rates, real GDP per capita, real median wages, single mothers' labor force participation, and real state minimum wages)<sup>9</sup> and five demographic factors (the proportion of adults with a high school degree or more, the share of children living in two-parent families, the teen birth rate, the racial and ethnic distribution of the child population, and the share of children living in immigrant families) (Hoynes et al., 2006).

We have two goals in examining the influence of economic and demographic factors on child poverty. One goal is to understand *whether* economic or demographic shifts helped explain the decline in child poverty from 1993 to 2019. A second goal is to understand the degree to which each of these economic and demographic factors play a role in child poverty more broadly. Answering the first question tells us what factors have led to the historic decline, which in turn depends on what factors actually changed over that time period; the second answer may highlight factors that did not change much from 1993 to 2019 (and so did not explain the decline) but are, nonetheless, powerful predictors of child poverty that can inform poverty reduction efforts moving forward.

Statistically, we need to tackle these goals in reverse order. So, in the sections that follow, we first quantify the associations between changes in child poverty and changes in each of our economic and demographic factors. That is, we present estimates of how much, on average, child poverty rates during this time were likely to increase or decrease, given a one unit change in each economic or demographic factor and holding everything else constant. This tells us how much *predictive power* each factor has—that is, *if* there are

<sup>&</sup>lt;sup>9</sup> Prior literature has found income inequality to explain changes in poverty in earlier decades. However, much of the recent increases in income inequality have been driven by disproportionate increases in income among the top 5 percent of earners (i.e., the 95th percentile; Hoynes et al., 2006). There has been little change in disparities in incomes at the 50th compared to the 10th percentiles (Horowitz et al., 2020). Therefore, we decided not to include a measure of income inequality in our models. Instead, we captured changes in inequality by including both median wage and minimum wage in our models: The former is a concrete measure of what's happening at the middle and the latter is a concrete measure of policy levers at the bottom. Including both measures allowed us to examine their unique influence on changes in child poverty rates. Prior literature has also noted links between female labor force participation and changes in poverty during the 1980s, a period in which female labor force participation remained relatively stable. Single mothers' labor force participation, however, did increase about 10 percentage points during this time; these changes would be expected to be even more related to changes in child poverty, given the high rates of poverty among children in single female-headed families (Lichter & Crowley, 2004; U.S. Census Bureau & U.S. Bureau of Labor Statistics, 2022). For these reasons, our models include single mother labor force participation, rather than female labor force participation more broadly.

increases in a given factor (let's say, the share of children living in two-parent families), how much of an associated decrease in child poverty would we expect to see. This speaks to the second goal noted above and allows us to identify potential policy levers, or factors that policymakers could consider as potential avenues for moving the dial on child poverty.

Next, we use the estimates generated in the first step to predict how much each factor contributed to the decline in child poverty that occurred from 1993 to 2019. This latter prediction accounts for both 1) the relationship between the given factor and child poverty and 2) the actual amount by which the given factor changed from 1993 to 2019. For example, increases in a factor such as the share of children who live in two-parent families may be found to be moderately related to decreases in child poverty, meaning that increases in this factor have moderate predictive power. However, if there is very little population-level change in the share of children in two-parent families from 1993 to 2019, then it is not going to explain much, if any, of the decline in child poverty that happened during this time. Other factors—for example, teen birth rates—may have more modest predictive power but declined so dramatically over this time period that they explain quite a bit of the 1993 to 2019 decline. That is, such factors have more *explanatory power* for declines during the time of interest but only modest predictive power for child poverty in general. Thus, this second step speaks to the first goal above: to identify what explained the decline from 1993 to 2019.

We look next at economic factors that are associated with, and that contributed to, the decline in child poverty from 1993 to 2019 (Section 3); then, we look at demographic factors (Section 4). For each, we examine influences on rates of both poverty and deep poverty among children.

#### A note on methods

Our sample includes state-year observations for the years 1980 to 2019 on child poverty, economic and labor force conditions, demographic characteristics, and policy factors. Data for our analyses are drawn from two main data sources: the Annual Social and Economic Supplement (ASEC) of the Current Population Survey (CPS) and Columbia University's Historical Supplemental Poverty Measure (SPM) Data (U.S. Census Bureau, 2021b; Wimer et al., 2021). We supplement these sources with state-level data on unemployment, GDP, wages, teen birth rates, and policies from a range of sources, each of which are described in detail in our Methods chapter.

We used state-year fixed effects regression models to examine associations between within-state changes in explanatory factors and within-state changes in child poverty rates, as measured by the SPM. Our models exploit variation in the timing and magnitude of economic and demographic changes across states and Washington, DC. We included both state and year fixed effects to control for non-time-varying differences across states, as well as national changes common to all states at the same time, such as changes to federal policies or a public health crisis or national recession. We also controlled for changes over time in the child population and in state-level policies—such as Temporary Assistance for Needy Families (TANF) benefit levels, generosity of state Earned Income Tax Credits (EITC), and whether a state expanded Medicaid. We cluster the standard errors at the state level and the regressions are weighted using the total weighted child population for each state averaged across years. We first examined and present associations between changes in child poverty and changes in economic and demographic factors for the time period from 1993 to 2019. Then, we examined these same associations, looking at rates of child poverty for White, Black, and Hispanic children separately; for children living with one (or no) parents and children living with two parents; and for children living in immigrant families and children living in nonimmigrant families.

The use of state-level economic and demographic data (as opposed to national estimates that reflect aggregate changes in the economy, demographics, and child poverty rates) allows us to control for the influence of additional unmeasured factors (Hoynes et al., 2006). However, controlling for year fixed effects in a state fixed-effects regression model absorbs some of the national trends in economic and demographic variables. Our models may thus underestimate the role of these variables in the decline in child poverty.

#### Section 3: Economic and labor market influences on child poverty

## Which economic and labor market factors predict changes in child poverty and deep poverty?

Of the five economic and labor market factors we examined, we find that changes in the unemployment rate, single mother labor force participation rate, and state minimum wage each played a unique and statistically significant role in explaining changes in the rates of child poverty and deep poverty from 1993 to 2019 (see Table 2.1). Specifically, we find that:

- Increases in GDP per capita and median wages were not associated with changes in child poverty or deep poverty rates, likely due to increasing inequality in which economic growth and increases in wages at the 50th percentile are not felt for those at the bottom of the income distribution (Horowitz et al., 2020).
- Increases in state-level minimum wages<sup>10</sup> were associated with decreases in child poverty and deep poverty. For every dollar increase in the minimum wage, child poverty rates decreased by 0.63 percentage points (or 3.5% of the average poverty rate during our study period<sup>11</sup>) and deep poverty rates decreased by 0.21 percentage points (or 4.1%).
- Increases in single mothers' labor force participation were also associated with decreases in both child poverty and deep poverty. For every 1 percentage point increase in single mothers' labor force participation, child poverty rates decreased by 0.14 percentage points (or 0.8%) and child deep poverty rates decreased by 0.04 percentages points (0.8%).
- Fluctuations in unemployment rates, which rise and fall with economic cycles, were associated with changes in child poverty rates. We find that, for every 1 percentage point change—a decrease or increase—in the unemployment rate, child poverty rates decreased or increased, in the same direction, by about 0.91 percentage points (5.0%); similarly, deep poverty rates decreased or increased by 0.28 percentage points (5.5%).

<sup>&</sup>lt;sup>10</sup> Technically, the coefficients refer to the change in child poverty associated with an increase or decrease in minimum wages. Here, we use increase as a shorthand, even though the real value of state-level minimum wages, for example, does decrease between some of the years examined due to inflation.

<sup>&</sup>lt;sup>11</sup>To allow for easier comparisons across poverty levels, we calculate the "percent impact" of the association between each significant factor and child poverty and deep poverty rates. We do this by dividing each coefficient by the mean poverty and deep poverty rate, respectively, across the time period. The "percent impact" can be interpreted as the percent change in poverty or deep poverty associated with a 1 unit change in the factor. These are presented parenthetically throughout this section.

**Table 2.1.** Associations Between Changes in Economic Conditions and Changes in Child SPM Poverty Rates,1993-2019

Economic factors	Poverty	Deep poverty
Unemployment rate	0.91 (0.15)***	0.28 (0.07)***
% impact	5.0%	5.5%
Real GDP per capita	-0.09 (0.05)	-0.03 (0.02)
% impact		
Median wage	0.13 (0.15)	-0.05 (0.06)
% impact		
Minimum wage	-0.63 (0.15)***	-0.21 (0.09)*
% impact	-3.5%	-4.1%
Single mother labor force participation	-0.14 (0.02)***	-0.04 (0.01)***
% impact	-0.8%	-0.8%

p < 0.05, p < 0.01, p < 0.001

**Notes:** The table presents coefficients (and standard errors) from state- and year- fixed effects regression models that control for changes in demographic factors as well as changes in state policies and programs (state EITC generosity, Medicaid expansion, and TANF cash assistance benefits) and child population over time. See Methods chapter for additional details.

The coefficients that reflect the association between each factor and child poverty are larger for poverty than for deep poverty due to higher baseline poverty rates compared to deep poverty rates. To allow for easier comparisons across poverty levels, we calculate the "percent impact" of the association between each significant factor and child poverty and deep poverty rates. We do this by dividing each coefficient by the mean poverty and deep poverty rates, respectively, across the time period. The "percent impact" can be interpreted as the percent change in poverty or deep poverty associated with a 1 unit change in the factor. For example, a 1 percentage point increase in the unemployment rate is associated with a 4.3 percent increase in child poverty and a 4.9 percent increase in deep poverty.

**Sources**: Child Trends' analysis of the CPS ASEC, the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds, the Merged Outgoing Rotation Group files of the CPS, the Bureau of Labor Statistics, the U.S. Department of Labor, the Federal Reserve Bank of St. Louis, and the National Center for Health Statistics (Flood et al., 2021; National Bureau of Economic Research, n.d.; U.S. Bureau of Economic Analysis, 2022a; U.S. Bureau of Labor Statistics, 2022a; U.S. Department of Labor, 2022a; Ventura et al., 2014; Wimer et al., 2021). Recession data are from the National Bureau of Economic Research (National Bureau of Economic Research, 2021).

### Which economic and labor market factors explain the decline in child poverty and deep poverty from 1993 to 2019?

To explore the contributions of economic and labor market factors to the decline in child poverty from 1993 to 2019, we used the coefficients from our model to predict what the child poverty and deep poverty rates *would have been* if each individual economic factor had been the only thing that changed over time—controlling for other economic and labor market factors, demographic factors, and state policy factors.

For example, the unemployment rate decreased from 1993 to 2019, on average (across states, weighted by the size of the state population), by 3.3 percentage points. Holding everything else constant at 1993 levels, this decrease in unemployment corresponded with a 3.0 percentage point decrease in the child poverty rate.

This predicted percent reduction in child poverty due to changes in the unemployment rate is depicted in Figure 2.3. The dashed line in this figure presents the predicted child SPM poverty rate from 1993 to 2019 if *only* the unemployment rate had changed, and all other factors had stayed constant at 1993 levels. These predicted SPM rates are based, as noted above, on the degree to which the unemployment rate changed from the prior year and the average association between changes in unemployment and changes in child poverty rates. Thus, predicted rates rise and fall as the unemployment rate itself goes up and down.

For instance, the predicted poverty rate during the Great Recession, when unemployment was high, was higher than the actual 1993 poverty rate (shown in the figure by the horizontal gray line). However, because unemployment was lower in 2019 than in 1993, the predicted poverty rate was lower than the actual 1993 rate. The gap between the gray line and the light blue dashed line is the predicted percentage point decrease (or increase) in poverty, compared to 1993, that is explained by changes in unemployment alone. The dark blue line shows the actual child SPM poverty rate to indicate the portion of the total decline in child poverty from 1993 to 2019 that is explained by the decline in unemployment during this time. Here, we see that the 3.0 percentage point decrease in child poverty rates from 1993 to 2019 that is predicted by changes in the unemployment rate accounts for about 18 percent of the total decline in child poverty during this time.





**Sources**: Child Trends' analysis of the CPS ASEC, the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds, the Merged Outgoing Rotation Group files of the CPS, the Bureau of Labor Statistics, the U.S. Department of Labor, the Federal Reserve Bank of St. Louis, and the National Center for Health Statistics (Flood et al., 2021; National Bureau of Economic Research, n.d.; U.S. Bureau of Economic Analysis, 2022a; U.S. Bureau of Labor Statistics, 2022a; U.S. Department of Labor, 2022a; Ventura et al., 2014; Wimer et al., 2021). Recession data are from the National Bureau of Economic Research (National Bureau of Economic Research, 2021).

We repeat this process for each economic factor found to be significantly associated with changes in child poverty. In Figure 2.4, each additional colored line represents the additive effect of each new factor combined with the preceding factors. That is, the dark orange line depicts the predicted child poverty rates if the unemployment rate *and* single mother labor force participation rate were the only factors that changed, and the teal line depicts the predicted poverty rates if unemployment, single mothers' labor force participation, and minimum wages were the only factors that changed.

Increases in single mothers' labor force participation occurred mainly prior to 2000 (seen where the gap between the dark orange line and the light blue dashed line increases in the left portion of the graph), then single mothers' labor force participation decreased slightly through the Great Recession before inching up a bit in recent years. From 1993 to 2019, there was a net increase in single mothers' labor force participation decreased with a 1.4 percentage point decrease in child poverty, or about 9 percent of the total decline.

**Changes in state minimum wages explained about 7 percent of the decline in child poverty.** Increases in state minimum wages mainly occurred in the past 10 years: We can see this in the figure beginning in 2008 where the teal line begins to pull away from the dark orange line, showing the additive effect of changes in state minimum wages to the predicted child poverty rate.

Combined, these three economic factors—unemployment rates, single mothers' labor force participation, and state minimum wages—explained about one third of the decline in child poverty from 1993 to 2019. For a summary of the contribution of each economic factor to the decline, see Table 2.2.





**Note:** Each additional colored line represents the additive effect of each new factor combined with the preceding factors. That is, the dark orange line depicts the predicted child poverty rates if the unemployment rate and single mothers' labor force participation (SM LFP) were the only factors that changed, and the teal line depicts the predicted poverty rates if unemployment, SM LFP, and state minimum wages were the only factors that changed. Where a line crosses over the preceding line, that factor is reversing its decrease (or increase) such that it is putting upward pressure on child poverty rates for a short period of time.

**Sources**: Child Trends' analysis of the CPS ASEC, the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds, the Merged Outgoing Rotation Group files of the CPS, the Bureau of Labor Statistics, the U.S. Department of Labor, the Federal Reserve Bank of St. Louis, and the National Center for Health Statistics (Flood et al., 2021; National Bureau of Economic Research, n.d.; U.S. Bureau of Economic Analysis, 2022a; U.S. Bureau of Labor Statistics, 2022a; U.S. Department of Labor, 2022a; Ventura et al., 2014; Wimer et al., 2021). Recession data are from the National Bureau of Economic Research (National Bureau of Economic Research, 2021). We see a similar story when it comes to deep poverty among children (see Figure 2.5): Changes in the unemployment rate explained about 22 percent of the decline in deep poverty among children from 1993 to 2019. Changes in single mothers' labor force participation explained about 10 percent of the total decline.

Increases in state minimum wages explained about 9 percent of the decline. Combined, these three economic factors explained about two fifths of the decline (41%) in deep poverty among children from 1993 to 2019, suggesting that economic and labor market factors played a slightly larger role in explaining the decline in *deep* poverty than for poverty.

**Deep poverty** is defined as having an income less than 50 percent of the SPM poverty threshold, or less than approximately \$14,440 for a two-adult, two-child household that rents (U.S. Census Bureau, 2020).

Children in deep poverty are diverse and live in suburban, urban, and rural areas (Trisi & Saenz, 2020). Most live in families headed by a single parent. They represent a diversity of races and ethnicities: In 2016, 37 percent were White, 23 percent were Black, and 30 percent were Hispanic (Trisi & Saenz, 2020). Deep poverty is linked to multiple and complex barriers to employment that disproportionately affect families living in deep poverty, including unstable housing, unreliable child care, lack of education, and mental and physical health problems that aren't severe enough to qualify for disability (Lei, 2013).





**Note:** Each additional colored line represents the additive effect of each new factor combined with the preceding factors. That is, the dark orange line depicts the predicted child poverty rates if the unemployment rate and single mothers' labor force participation (SM LFP) were the only factors that changed, and the teal line depicts the predicted poverty rates if unemployment, SM LFP, and state minimum wages were the only factors that changed. Where a line crosses over the preceding line, that factor is reversing its decrease (or increase) such that it is putting upward pressure on child poverty rates for a short period of time.

**Sources**: Child Trends' analysis of the CPS ASEC, the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds, the Merged Outgoing Rotation Group files of the CPS, the Bureau of Labor Statistics, the U.S. Department of Labor, the Federal Reserve Bank of St. Louis, and the National Center for Health Statistics (Flood et al., 2021; National Bureau of Economic Research, n.d.; U.S. Bureau of Economic Analysis, 2022a; U.S. Bureau of Labor Statistics, 2022a; U.S. Department of Labor, 2022a; Ventura et al., 2014; Wimer et al., 2021). Recession data are from the National Bureau of Economic Research (National Bureau of Economic Research, 2021). **Table 2.2.** Predicted Percentage Point Change and Percent of Total Decline in Child Poverty and DeepPoverty Due to Economic and Labor Market Factors, 1993-2019

		Poverty	Deep poverty
Unomployment	Percentage point change	-2.97	-0.91
onemployment	Percent of decline explained	18.1%	22.4%
Single mothers'	Percentage point change	-1.44	-0.41
participation	Percent of decline explained	8.8%	10.1%
	Percentage point change	-1.09	-0.36
Minimum wages	Percent of decline explained	6.6%	8.9%
Combined	Percent of decline explained	33.4%	41.4%

**Note:** To contextualize these findings, a percentage point reduction in child poverty across this time period is equivalent to approximately 724,000 fewer children in poverty. For example, increases in real minimum wages from 1993 to 2019 were associated with a 1.1 percentage point decrease in child poverty and a 0.4 percentage point decrease in deep poverty. This amounts to about 800,000 fewer children in poverty and nearly 300,000 fewer children in deep poverty over this 26-year time period. (Calculations for the number of children living in poverty are based on the average child population from 1993 to 2019 published by Kids Count Data Center [Kids Count Data Center, 2021a].)

**Sources**: Child Trends' analysis of the CPS ASEC, the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds, the Merged Outgoing Rotation Group files of the CPS, the Bureau of Labor Statistics, the U.S. Department of Labor, the Federal Reserve Bank of St. Louis, and the National Center for Health Statistics (Flood et al., 2021; National Bureau of Economic Research, n.d.; U.S. Bureau of Economic Analysis, 2022a; U.S. Bureau of Labor Statistics, 2022a; U.S. Department of Labor, 2022a; Ventura et al., 2014; Wimer et al., 2021).

#### Section 4: Demographic influences on child poverty

#### Which demographic factors predict changes in child poverty and deep poverty?

We turn now to the influence of shifting demographic trends on changes in child poverty and deep poverty from 1993 to 2019. Specifically, we look at associations between changes in child poverty and changes in teen birth rates (the number of births per 1,000 females ages 15-19), the share of the adult population (ages 25 and older) who have a high school degree or higher, the share of children living in two-parent families, the racial and ethnic composition of the child population, and the share of children living in immigrant families.

We find the following:

- Changes in the share of children living in two-parent families, Black children, Hispanic children, and children in immigrant families—each of whom face specific sets of barriers to economic mobility—were associated with changes in the rates of child poverty (see Table 2.3). Changes in the share of children living in two-parent families and the share of children living in immigrant families were also associated with changes in rates of deep poverty among children.
  - Children in two-parent families: A 1 percentage point increase in the share of children living in two-parent families—which is to say, the share of children living in a family structure that tends to confer greater earnings potential, access to resources and support, and ability to navigate child care needs more flexibly—was associated with a 0.18 percentage point (or 1.0%) decrease in child poverty and a 0.09 percentage points (or 1.8%) decrease in deep poverty (McLanahan & Sandefur, 1997).
  - **Black children:** A 1 percentage point decrease (or increase) in the share of Black children—who are disproportionately likely to live in families that face significantly lower wages and fewer benefits, employment discrimination, and occupational segregation—was associated with a 0.18 percentage

point (or 1.0%) decrease (or increase) in rates of child poverty. Changes in the share of Black children were not associated with changes in rates of deep poverty (McLanahan & Sandefur, 1997).

- Hispanic children: A 1 percentage point increase in the share of Hispanic children—who are more likely to live in families that tend to have high levels of labor force participation but also face employment discrimination and occupational segregation in low-wage jobs and less job security, and who are often excluded from safety net programs—was associated with a 0.11 percentage point (or 0.6%) increase in child poverty (Acevedo-Garcia, Joshi, Ruskin, Walters, & Sofer, 2021; Dubina, 2021; Solomon et al., 2019; Wildsmith et al., 2018). Changes in the share of Hispanic children were not associated with changes in rates of deep poverty.
- Children in immigrant families: A 1 percentage point increase in the share of children living in immigrant families—who are more likely to face language and other barriers to accessing employment; to be concentrated in low-wage jobs, with non-standard work schedules, less safe work conditions, and fewer benefits; and who are excluded from accessing many safety net programs—was associated with a 0.14 percentage point (or 0.8%) increase in rates of child poverty and a 0.06 percentage point (or 1.2%) increase in rates of deep poverty (Acevedo-Garcia, Joshi, Ruskin, Walters, & Sofer, 2021; Capps & Fix, 2010; Earle et al., 2014; Ojha, 2011; Orrenius & Zavodny, 2009).
- Changes in teen birth rates were significantly associated with changes in rates of deep poverty among children. However, teen birth rates may be either a symptom of child deep poverty or a potential contributor to it, so the relationship between these indicators may be reciprocal, or bidirectional: That is, while declines in teen birth rates may have helped explain declines in child deep poverty, it is also possible that fewer children in deep poverty helped to explain the decline in teen births (Hoffman, 2015). Every 1 fewer birth per 1,000 females ages 15 to 19 was associated with a 0.05 percentage point (or 1.0%) decline in deep poverty. There was no association between changes in teen birth rates and child poverty.
- Increases in the share of adults who have a high school degree or higher were not associated with changes in either child poverty or deep poverty rates. This may be because high school degrees have become less valued on the job market as postsecondary education has become more common and required for many "good jobs (Baron, 2013; Carnevale et al., 2009).

**Table 2.3.** Associations Between Changes in Demographic Conditions and Changes in Child SPM PovertyRates, 1993-2019

Demographic factors	Poverty	Deep poverty
% Children living with 2 parents	-0.18 (0.04)***	-0.09 (0.02)***
% impact	-1.0%	-1.8%
% High school grads	-0.09 (0.09)	0.02 (0.03)
% impact		
% Hispanic children	0.11 (0.05)*	0.04 (0.02)
% impact	0.6%	
% Black children	0.18 (0.06)**	0.03 (0.02)
% impact	1.0%	
% Asian/Hawaiian/Pacific Islander children	0.00 (0.07)	-0.05 (0.03)
% impact		
% Children of other races/ ethnicities	-0.01 (0.05)	0.00 (0.02)
% impact		
% Children in immigrant families	0.14 (0.04)**	0.06 (0.02)**
% impact	0.8%	1.2%
Teen birth rate	0.05 (0.03)	0.05 (0.02)**
% impact		1.0%

\* p < .05, \*\* p < .01, \*\*\* p < .001

**Notes:** The table presents coefficients (and standard errors) from state- and year- fixed effects regression models that control for changes in economic factors as well as changes in state policies and programs (state EITC generosity, Medicaid expansion, and TANF cash assistance benefits) and child population over time. See Methods chapter for additional details.

The coefficients that reflect the association between each factor and child poverty are larger for poverty than for deep poverty due to higher baseline poverty rates compared to deep poverty rates. To allow for easier comparisons across poverty levels, we calculate the "percent impact" of the association between each significant factor and child poverty and deep poverty rates. We do this by dividing each coefficient by the mean poverty and deep poverty rates, respectively, across the time period. The "percent impact" can be interpreted as the percent change in poverty or deep poverty associated with a 1 unit change in the factor. For example, a 1 percentage point increase in the share of children living in two-parent families is associated with a 1.0 percent decrease in child poverty and a 1.8 percent decrease in deep poverty.

**Sources**: Child Trends' analysis of the CPS ASEC, the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds, the Merged Outgoing Rotation Group files of the CPS, the Bureau of Labor Statistics, the U.S. Department of Labor, the Federal Reserve Bank of St. Louis, and the National Center for Health Statistics (Flood et al., 2021; National Bureau of Economic Research, n.d.; U.S. Bureau of Economic Analysis, 2022a; U.S. Bureau of Labor Statistics, 2022a; U.S. Department of Labor, 2022a; Ventura et al., 2014; Wimer et al., 2021).

### Which demographic factors explain the decline in child poverty and deep poverty from 1993 to 2019?

We now examine the extent to which demographic factors contributed to the decline in child poverty from 1993 to 2019. As we did when looking at economic and labor market factors, we use the coefficients from our model to predict what the child poverty and deep poverty rates *would have been* if each demographic factor considered had been the only thing that changed over time—all while controlling for the other demographic, economic and labor market, and state policy factors.

**Children in two-parent families and Black children:** There was little change from 1993 to 2019 in the share of children living with two parents and the share of Black children, so these factors explained only small portions of the overall decline—3 percent and 2 percent, respectively.
**Hispanic children and children in immigrant families:** There were also countervailing forces that put upward pressure on child poverty rates. Specifically, the rising shares of children in Hispanic and immigrant families—many of whom face systemic barriers to accessing employment and exclusionary policies that limit anti-poverty efforts—were associated with an increase of 1.3 and 1.5 percentage points, respectively, in overall child poverty rates (Acevedo-Garcia, Joshi, Ruskin, Walters, & Sofer, 2021; Earle et al., 2014).

As a whole, demographic factors (after accounting for countervailing forces) did not contribute to the decline in child poverty. Rather, the demographic shifts from 1993 to 2019—particularly the increased share of children living in households that experience significant barriers to economic mobility—put upward pressure on child poverty rates. In other words, it is likely that the systemic barriers faced by Hispanic and immigrant families inhibited further declines in child poverty.

**Figure 2.6.** Actual and Predicted Poverty Rates Assuming Changes in Only Economic and Select Demographic Factors From 1993-2019



**Notes:** Each additional colored line represents the additive effect of each new factor combined with the preceding factors. That is, the dark orange line depicts the predicted child poverty rates if the unemployment rate and single mothers' labor force participation (SM LFP) were the only factors that changed; the teal line depicts the predicted poverty rates if unemployment, SM LFP, and state minimum wages were the only factors that changed. The green line depicts the predicted poverty rates if unemployment, SM LFP, state minimum wages, and the share of children in two-parent families were the only factors that changed; and the purple line depicts the predicted poverty rates if unemployment, SM LFP, state minimum wages, the share of children in two-parent families were the only factors that changed; and the share of Black children were the only factors that changed. Where a line crosses over the preceding line, that factor is reversing its decrease (or increase) such that it is putting upward pressure on child poverty rates for a short period of time.

**Sources**: Child Trends' analysis of the CPS ASEC, the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds, the Merged Outgoing Rotation Group files of the CPS, the Bureau of Labor Statistics, the U.S. Department of Labor, the Federal Reserve Bank of St. Louis, and the National Center for Health Statistics (Flood et al., 2021; National Bureau of Economic Research, n.d.; U.S. Bureau of Economic Analysis, 2022a; U.S. Bureau of Labor Statistics, 2022a; U.S. Department of Labor, 2022a; Ventura et al., 2014; Wimer et al., 2021). Recession data are from the National Bureau of Economic Research (National Bureau of Economic Research, 2021). While demographic factors did not contribute to the decline in child poverty from 1993 to 2019, they were associated with the decline in deep poverty among children. The decline in teen birth rates was associated with a 2.1 percentage point reduction in deep poverty, which corresponds with a stunning 52 percent of the decline (see Figure 2.7). Increases in the share of children living with two parents were associated with a 0.3 percentage point reduction in deep poverty, explaining 7 percent of the decline.

As we saw when looking at contributors to the decline in child poverty, there were also countervailing forces that put upward pressure on deep poverty rates. Specifically, the rising share of children in immigrant families was associated with a 0.7 percentage point increase in the rate of deep poverty among children.

# Combined, these demographic factors (including the countervailing forces) explained about 43 percent of the decline in deep poverty from 1993 to 2019.

**Figure 2.7.** Actual and Predicted Child Deep Poverty Rates Assuming Changes in Only Economic and Select Demographic Factors From 1993-2019



**Notes:** Each additional colored line represents the additive effect of each new factor combined with the preceding factors. That is, the dark orange line depicts the predicted child poverty rates if the unemployment rate and single mothers' labor force participation (SM LFP) were the only factors that changed; the teal line depicts the predicted poverty rates if unemployment, SM LFP, and state minimum wages were the only factors that changed. The pink line depicts the predicted poverty rates if unemployment, SM LFP, state minimum wages, and teen birth rates were the only factors that changed; the teal single represents the predicted poverty rates if unemployment, SM LFP, state minimum wages, and teen birth rates were the only factors that changed; the green line depicts the predicted poverty rates if unemployment, SM LFP, state minimum wages, teen birth rates, and the share of children in two-parent families were the only factors that changed. Where a line crosses over the preceding line, that factor is reversing its decrease (or increase) such that it is putting upward pressure on child poverty rates for a short period of time.

**Sources**: Child Trends' analysis of the CPS ASEC, the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds, the Merged Outgoing Rotation Group files of the CPS, the Bureau of Labor Statistics, the U.S. Department of Labor, the Federal Reserve Bank of St. Louis, and the National Center for Health Statistics (Flood et al., 2021; National Bureau of Economic Research, n.d.; U.S. Bureau of Economic Analysis, 2022a; U.S. Bureau of Labor Statistics, 2022a; U.S. Department of Labor, 2022a; Ventura et al., 2014; Wimer et al., 2021). Recession data are from the National Bureau of Economic Research (National Bureau of Economic Research, 2021). **Table 2.4**. Predicted Percentage Point Change and Percent of Total Decline in Child Poverty and DeepPoverty Due to Demographic Factors, 1993-2019

		Poverty	Deep poverty
Toop birth rates	Percentage point change		-2.13
reen birth rates	Percent of decline explained		52.3%
Share of	Percentage point change	-0.55	-0.27
parent families	Percent of decline explained	3.3%	6.7%
Share of	Percentage point change	1.31	
children	Percent of decline explained	-8.0%	
Share of Black	Percentage point change	-0.38	
children	Percent of decline explained	2.3%	
Share of children in	Percentage point change	1.53	0.65
immigrant families	Percent of decline explained	-9.3%	-16.1%
Combined	Percent of decline explained	-11.6%	43.0%

**Note:** To contextualize these findings, a percentage point reduction in child poverty across this time period is equivalent to approximately 724,000 fewer children in poverty. (Calculations for the number of children living in poverty are based on the average child population from 1993 to 2019 published by Kids Count Data Center (Kids Count Data Center, 2021a).)

**Sources**: Child Trends' analysis of the CPS ASEC, the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds, the Merged Outgoing Rotation Group files of the CPS, the Bureau of Labor Statistics, the U.S. Department of Labor, the Federal Reserve Bank of St. Louis, and the National Center for Health Statistics (Flood et al., 2021; National Bureau of Economic Research, n.d.; U.S. Bureau of Economic Analysis, 2022a; U.S. Bureau of Labor Statistics, 2022a; U.S. Department of Labor, 2022a; Ventura et al., 2014; Wimer et al., 2021).

# Section 5: Economic and demographic influences on child poverty rates by subgroup

We also looked at how the influences of economic and demographic factors on child poverty rates varied by subgroup. We separately examined the extent to which each economic and demographic<sup>12</sup> factor was associated with poverty rates for White children, Black children, Hispanic children, children living with single or no parents, children living with two parents, and children living in immigrant and non-immigrant families.<sup>13</sup> We consider this analysis exploratory and, while we tested for significant associations between factors and groups, we did not test for significant differences between groups. Below, we present noteworthy findings that focus on the percent difference by which each factor changed poverty rates for the subgroups considered:<sup>14</sup>

- Changes in unemployment rates were associated with a larger percent change<sup>15</sup> in child poverty rates among White children, children living with two parents, and children living in immigrant families than among the other groups. A one percentage point decrease in unemployment is associated with a 6.2 percent decrease in the poverty rate for White children, a 6.5 percent decrease for children living with two parents, and a 6.7 percent decrease among children living in immigrant families. Additional analyses are needed to examine whether increases in unemployment rates, compared to decreases, influence subgroup poverty rates in similar or different ways.
- Increases in GDP per capita were associated with declines in poverty rates among children living with two parents (a 1.1% decline), suggesting that macroeconomic growth may have more of a positive influence on the economic well-being of two-parent families.
- Increases in state minimum wages were associated with a larger percent decline in poverty rates among Black children (5.8%) and—to a slightly smaller degree—among Hispanic children (4.5%) and children in immigrant families (4.2%). This may be because Black, Hispanic, and immigrant families are disproportionately more likely to work in lower-wage jobs and thus more likely to benefit from an increase in the minimum wage (Acs & Loprest, 2009).
- Increases in single mothers' labor force participation were associated with a larger percent decline in poverty rates among Black children (1.7%). Black women have the highest labor force participation of all women, and Black children have the highest rates of living in single-parent families (the vast majority of which are led by single mothers); this suggests that single mothers' labor force participation may play a more important role in lowering child poverty rates among Black children in particular (Kids Count Data Center, 2020a; Roux, 2021; U.S. Bureau of Labor Statistics, 2021a; U.S. Census Bureau & U.S. Department of Commerce, n.d.).

<sup>&</sup>lt;sup>12</sup> When examining the relationship between demographic factors and child poverty rates by race and ethnicity, family structure, and whether a child lives in an immigrant family, we focused on a subset of demographic factors: teen birth rates, single mothers' labor force participation, and education attainment, excluding the racial and ethnic composition indicators, which overlap with the subgroups examined.

<sup>&</sup>lt;sup>13</sup> We also looked at associations between each factor and poverty rates among Asian/Hawaiian/Pacific Islander children, but we do not present these estimates, as they were imprecise with large standard errors due to the smaller sample size of children in this subgroup.

<sup>&</sup>lt;sup>14</sup> Tabled results available upon request.

<sup>&</sup>lt;sup>15</sup> For significant associations between factors and groups, we report the percent change in the mean child poverty rate for the subgroup that would accompany a one unit change in the respective economic or demographic factor. This allows for easier comparisons of the relative role across subgroups where the mean child poverty level is different. Because each model is run separately (with the subgroup child poverty rate as the dependent variable), we did not test for significant differences across groups. Therefore, we mostly limit our discussion to trend-level differences in the percent impact of each economic or demographic factor on the child poverty rates for each subgroup.

• Increases in the share of the adult population with at least a high school degree were associated with declines in poverty rates among Black children (2.3% decline) and children living in non-immigrant families (1.7% decline).

In sum, our findings suggest that declines in unemployment and increases in state minimum wages tended to be associated with lower poverty rates for most subgroups. White children, children in two-parent families, and children in immigrant families potentially experience more poverty-reduction benefits from lower unemployment, and Black and Hispanic children and children in immigrant families potentially experience greater benefits from increases in state minimum wages. Meanwhile, increases in single mothers' labor force participation were associated with decreases in poverty rates primarily among Black children.

# Section 6: Discussion of key findings

Changes in economic and demographic trends from 1993 to 2019 help explain the unprecedented decline in child poverty across this time period. **Specifically, unemployment was a strong determinant of child poverty and deep poverty.** This aligns with previous research indicating that low-wage earners are disproportionally impacted by economic downturns (Gupta & Goldman, 2019).

**Increases in real, inflation-adjusted state minimum wages were associated with decreases in rates of poverty and deep poverty among children, but changes in median wages were not associated with either.** This points to the need to counter rising rates of income inequality to ensure that increases in wages are felt by those at the lower ends of the income spectrum in order to prevent poverty and deep poverty among children.

Increases in single mothers' labor force participation and in the share of children living in two-parent families were also associated with decreases in child poverty. The associations between each of these factors and child poverty and deep poverty rates were strong. The increase in single mothers' labor force participation—which occurred during the 1990s alongside expansion of the EITC, decreasing unemployment, and welfare reform—explains about 9 percent the decline in child poverty during this time (Crandall-Hollick, 2022; Holcomb & Martinson, 2002; Weller, 2002). In contrast, because the increase in the share of children living with two parents was relatively muted, this factor explains only small overall decreases in child poverty from 1993 to 2019. Nonetheless, both factors are potential policy levers for further poverty reduction.

We additionally find that increases in the share of children whose families face specific barriers to accessing good jobs and/or have limited access to social safety net programs—specifically children in Hispanic, Black, and immigrant families—are associated with increases in child poverty rates (Acevedo-Garcia, Joshi, Ruskin, Walters, & Sofer, 2021; Piña et al., 2022). As our country continues to become more racially and ethnically diverse and the share of immigrants grows, public policies to address poverty will fall short of their potential if they do not specifically and systematically address discrimination and structural barriers that prevent people of color and immigrants from fully accessing the labor market and the social safety net (see Chapter 4).

**Finally, decreases in teen birth rates were associated with decreases in child deep poverty.** Holding everything else constant, the 72 percent decrease in teen birth rates from 1993 to 2019 corresponded with 52 percent of the decrease in deep poverty over the past quarter century. Researchers have attributed declines in the teen birth rate to less teen sex and to more contraceptive use; these shifts, in turn, may have been due to media and messaging campaigns, the availability of effective contraceptive methods, and pregnancy prevention programs. These efforts may also continue to help keep child deep poverty rates low; however, because teen birth rates are currently at a historic low, further reductions in teen births may be less dramatic (Abma & Martinez, 2017; Dews, 2014; Kirby, 2007; Livingston & Thomas, 2019; Romero et al., 2015; Santelli & Melnikas, 2010).

Combined, the economic and labor market factors we considered explain about 33 percent of the decline in child poverty from 1993 to 2019, while demographic factors—net of countervailing forces—did not contribute to the decline. Economic and demographic factors each explain larger portions of the decline in deep poverty rates among children—41 percent and 43 percent, respectively—than of the decline in all child poverty (see Table 2.5).

			Poverty			Deep poverty	
		Percentage point change	Percent of decline explained	Combined percent of decline explained	Percentage point change	Percent of decline explained	Combined percent of decline explained
	Unemployment	-2.97	18.1%	33.4%	-0.91	22.4%	- 41.4%
Economic and	Minimum wage	-1.09	6.6%		-0.36	8.9%	
labor force changes	Single mothers' labor force participation	-1.44	8.8%		-0.41	10.1%	
	Teen birth rate				-2.13	52.3%	
	Share of children in 2-parent families	-0.55	3.3%		-0.27	6.7%	
Demographic changes	Share of Hispanic children	1.31	-8.0%	-11.6%			43.0%
enangeo	Share of Black children	-0.38	2.3%	]			]
	Share of children in immigrant families	1.53	-9.3%		0.65	-16.1%	

**Table 2.5.** Predicted Percentage Point Change and Percent of Total Decline in Child Poverty and DeepPoverty Due to Economic, Labor Market, and Demographic Factors, 1993-2019

**Sources**: Child Trends' analysis of the CPS ASEC, the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds, the Merged Outgoing Rotation Group files of the CPS, the Bureau of Labor Statistics, the U.S. Department of Labor, the Federal Reserve Bank of St. Louis, and the National Center for Health Statistics (Flood et al., 2021; National Bureau of Economic Research, n.d.; U.S. Bureau of Economic Analysis, 2022a; U.S. Bureau of Labor Statistics, 2022a; U.S. Department of Labor, 2022a; Ventura et al., 2014; Wimer et al., 2021).

As seen in Figures 2.8 and 2.9, when economic and demographic factors are considered together, they explain a little over one fifth of the decline in child poverty but more than four fifths of the decline in child deep poverty from 1993 to 2019. This means that most of the decline in poverty remains unexplained by our economic and demographic models.

In Chapter 3, we investigate an additional factor that may help explain the remaining, as-yet-unexplained portion of the declines seen in poverty and deep poverty from 1993 to 2019.<sup>16</sup> We will look specifically at the roles of federal social safety net programs in protecting children from poverty and deep poverty, as well as how these roles have changed over time.

<sup>&</sup>lt;sup>16</sup> Some of the as-yet-unexplained portion of the declines in child poverty and deep poverty may also be explained by national trends in economic and demographic factors that affect all states at the same time, or by unmeasured time-varying factors (beyond those we included in the model) that impact individual states or groups of states. See our Methods chapter for more details on the limitations of our state and year fixed effects models.



**Figure 2.8.** Actual and Predicted Poverty Rates Among Children Assuming Changes in Only Economic and Demographic Factors From 1993-2019



**Figure 2.9.** Actual and Predicted Deep Poverty Rates Among Children Assuming Changes in Only Economic and Demographic Factors From 1993-2019

Note for 2.8 and 2.9: Each additional colored line represents the additive effect of each new factor combined with the preceding factors.

Sources for 2.8 and 2.9: Child Trends' analysis of the CPS ASEC, the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds, the Merged Outgoing Rotation Group files of the CPS, the Bureau of Labor Statistics, the U.S. Department of Labor, the Federal Reserve Bank of St. Louis, and the National Center for Health Statistics (Flood et al., 2021; National Bureau of Economic Research, n.d.; U.S. Bureau of Economic Analysis, 2022a; U.S. Bureau of Labor Statistics, 2022a; U.S. Department of Labor, 2022a; Ventura et al., 2014; Wimer et al., 2021). Recession data are from the National Bureau of Economic Research (National Bureau of Economic Research, 2021).

# Chapter 3—The Role of the Social Safety Net in Protecting Children from Poverty

In this chapter, we seek to understand the role of the federal social safety net in the decline in child poverty from 1993 to 2019.

The social safety net is a compilation of anti-poverty programs that work to protect children from poverty. We examine the social safety net as a whole, as well as individual safety net programs that research has found to be most effective in protecting children from poverty (Fox, 2020; National Academies of Sciences, 2019). For both the safety net in its entirety and for individual programs, we examine how much they each contributed to the decline in child poverty, as well as how their relative roles in protecting children from poverty changed during this period. The programs examined individually include the Earned Income Tax Credit (EITC), the Supplemental Nutrition Assistance Program (SNAP), Social Security, housing assistance, unemployment insurance, Supplemental Security Income (SSI), Temporary Assistance for Needy Families (TANF, formerly known as Aid for Families with Dependent Children, or AFDC), and a handful of other, smaller federal programs.

Except for state taxes, this analysis focuses on the role of federal anti-poverty programs and does not consider the role of state or local programs or community supports (e.g., the local food bank). It does include federal programs that are administered by states, such as TANF. We exclude programs that are generally considered outside the core social safety net programs (such as bail policies) that, while peripheral to poverty, certainly influence poverty.

To determine the role of each anti-poverty program in reducing child poverty, we calculate the degree to which child poverty—as measured by the Supplemental Poverty Measure (SPM)—decreased with the resources provided by each program, following the method used by the United States Census Bureau\_(Fox & Burns, 2021). (For more on our methodology, see the text box below and our Methodology chapter.) We present results starting in 1980 to provide context for the steady decline in child poverty that began in 1993, but we focus our attention on 1993 to 2019 to better understand which factors most likely contributed to the extraordinary decline over the period.

We take a broad, high-level view of the social safety net's role in reducing child poverty for the full population of children in the United States. Taking this high-level view does not allow us to investigate the nuances of the programs that make up the social safety net or to look deeply into the details of their operations (e.g., benefits cliffs, administrative burden), which has been the focus of previous scholarship (Anderson et al., 2022; Herd & Moynihan, 2018; Hoynes, 2019; Prenatal-to-3 Policy Impact Center, 2021). This high-level approach, however, does allow us to assess the relative role that each program has separately and collectively played in the decline of child poverty over the past quarter century.

What's in this chapter: In Section 1, we provide an overview of the social safety net, with specific context on public tax and transfer programs aimed at reducing child poverty and the ways in which the social safety net changed from 1993 to 2019. In Section 2, we first describe the role of the entire social safety net in protecting children from poverty from 1980 to 2019; second, we examine the role of each program individually; and third, we examine the interplay among multiple policies in the social safety net in protecting children from poverty. In Section 3, we repeat this exercise for deep poverty (less than 50% of the SPM threshold), which is especially detrimental to child well-being and linked to poorer outcomes later in life (Cuddy et al., 2015; Nguyen et al., 2020). In Section 4, we conclude with a summary and discussion of overarching themes from the chapter's findings.

# **Chapter 3 summary**

### Research parameters to keep in mind

Overall: We examine the total role of the social safety net.

#### More specifically:

- We examine the EITC, SNAP, Social Security, housing assistance, unemployment insurance, SSI, TANF, and other federal programs.
- We examine the role of individual programs additively, as well as their cumulative role together.

Time frame examined: From 1993-2019, plus 1980-1992 for historical context.

#### Poverty levels examined:

- Poverty (<100% of the Supplemental Poverty Measure threshold)</li>
  - In 2019, income less than approximately \$28,881 for a two-adult, two-child household that rents (U.S. Census Bureau, 2020b)
- Deep poverty (<50% of the Supplemental Poverty Measure threshold)
  - In 2019, income less than approximately \$14,440 for a two-adult, two-child household that rents (U.S. Census Bureau, 2020b)

### **Key findings**

The social safety net played a dramatically increased role in protecting children from poverty in 2019, compared to 1993.

- In 1993, the social safety net reduced child poverty by 9 percent and protected 2 million children from poverty. By 2019, the social safety net's role in protecting children from poverty had expanded such that it reduced child poverty by 44 percent and protected 6.5 million children from poverty.
- The role of housing subsidies and the potential role of the EITC increased the most from 1993 to 2019 as contributors to protecting children from poverty, although housing subsidies contributed only modestly to the reduction in child poverty.
- The role of AFDC/TANF in protecting children from poverty—especially deep poverty—declined dramatically from 1993 to 2019. While it was once a major player in protecting children from poverty, TANF now plays a minimal role.
- In 2019, the EITC, Social Security, and SNAP contributed the most to child poverty reduction.

The social safety net also plays an important role in protecting children from living in deep poverty. However, its role in reducing deep poverty did not grow by nearly as much as its growth in protecting children from poverty; therefore, the safety net contributed little to the decline in deep poverty from 1993 to 2019.

- The social safety net has consistently been a hugely important protector of children against deep poverty, reducing child deep poverty by about two thirds in both 1993 and 2019.
- While the role of the social safety net increased dramatically in protecting children from poverty from 1993 to 2019, its role in protecting children from deep poverty remained fairly stable.

• In 1993, a single program may have been enough to pull a child out of deep poverty; in 2019, however, a combination of benefits across multiple programs was often necessary to lift a child out of deep poverty.

## Section 1: An overview of the U.S. social safety net

The social safety net is a compilation of public anti-poverty programs that work to protect children from experiencing the negative effects of poverty. The anti-poverty programs that make up the social safety net operate by either 1) preventing children from living in poverty in the first place by transferring money directly to individuals with cash transfers and refundable tax credits; or 2) combatting the effects of low incomes with in-kind transfers that provide direct services or vouchers that low-income families can use to meet specific needs such as nutrition, housing, medical insurance, or child care (Pac et al., 2017).

The social safety net's disparate programs include refundable tax credits that operate through the tax system, such as the EITC and the Child Tax Credit (CTC), as well as standalone programs that include SNAP, Social Security, housing assistance, unemployment insurance, SSI, TANF, child care subsidies, and Medicaid.<sup>17</sup>

Anti-poverty programs can aim to support families in the short term by providing stability in their access to basic needs during periods of economic hardship. Programs can also try to position families for long-term economic stability and mobility by freeing up resources to support parents' labor market participation and access to higher-wage jobs, including the cost of child care, transportation, and educational and skills investments.

Several programs—such as Social Security and unemployment insurance—were not designed to provide support specifically to low-income families with children but, nonetheless, provide support to millions of children in families who experience either temporary loss of income due to involuntary parental unemployment or more chronic loss of income due to the death, disability, or retirement of a caregiver. We therefore include them in our definition of the social safety net. (For a summary of the main public programs aimed at reducing child poverty in the United States, see the appendix, Summary of the Main Government Programs Aimed at Reducing Child Poverty in the United States.)

<sup>&</sup>lt;sup>17</sup> Note that we are not able to separately examine the role of each of these programs in our analyses due to data limitations. We cannot separate out the unique roles of the CTC, Medicaid, or child care subsidies. However, they are accounted for either directly or indirectly when we estimate poverty rates with the SPM.

### **Methods**

#### A note on methods and interpretation in Chapter 3

In this chapter, we use a different methodology than in Chapter 2. To determine the role of each antipoverty program in reducing child poverty, we calculated the degree to which child poverty is lower with the resources provided by each program than it would have been without them, following the method used by the United States Census Bureau (Fox & Burns, 2021). To do this, we used Historical Supplemental Poverty Measure Data, which contain information for each child's family on the monetary value of each benefit that a family received (Wimer et al., 2021). Some benefit amounts are captured directly from respondents (e.g., by asking them the monetary value of SNAP benefits), while others are simulated based on other financial information provided. For example, the size of EITC received is based on a tax simulator. Notably, this simulation does *not* account for the Social Security number eligibility requirement of the EITC, so it likely overestimates the role of the EITC for children in immigrant families (Crandall-Hollick, 2022). For this reason, we refer to the potential role of the EITC. Details on the calculations of benefits and a full explanation of methods are provided in our Methods chapter.

With these data, we recalculated each child's family's income without benefits. We then recalculated poverty rates for the full sample of children and weighted them to be nationally representative. We first looked at the overall role of the social safety net by estimating each child's family's pre-tax and transfer income—that is, their income minus the cash value of the sum of all the benefits they receive. We then went through this process separately for each program described in Table 3.1 to examine the role of individual programs on child poverty rates. We did not adjust for known and growing underreporting of resource receipt, or for any behavioral changes that might result from receiving benefits (Greenstein, 2015; Wheaton, 2008).

For individual program calculations, programs are treated independently from one another. It is likely, however, that some families are receiving multiple benefits and that there are behavioral changes associated with receiving benefits from a program. The results can be read, then, as the role that a given program plays in reducing child poverty, without accounting for any behavioral change or any other interrelated program. When examining the role of the social safety net as a whole, the role of the full tax system is also captured, including federal and state taxes owed, federal tax credits (including the refundable tax credits), payroll taxes (FICA), and stimulus payments in 2008 and 2009.

#### Absolute vs. relative measures of the role of the social safety net in reducing child poverty

To examine the role of the social safety net in protecting children from poverty over time, we calculated the degree to which poverty is lower with the social safety net than it would have been without it. We examined both the absolute size of the social safety net (examining the percentage point decline in poverty or the number of children protected from poverty) and the relative role of the social safety net (examining the percent decline in poverty or the percent decline in poverty). The absolute comparison tells us how much the social safety net grew or shrunk over time, while the relative role tells us the magnitude of this decline proportional to how high poverty rates were at a certain point in time. The relative measure is particularly useful in comparing the role of the social safety net over time, but, as poverty rates approach zero, relative measures tend to look large. We focus much of our discussion on the relative measures because they are more comparable, but include all three measures throughout. In the table below, we describe how each measure is calculated and can be interpreted.

## Methods, cont.

Measure	Interpretation	Calculation
Percentage point reduction in child poverty associated with each program	A program reduced child poverty by X percentage points. This measures the absolute size of the role of a program in reducing poverty. This number is likely to mechanically be smaller in 2019 than in 1993 because poverty rates were much lower in 2019.	SPM poverty rate without the program - SPM poverty rate
Number of children protected from poverty by each program	A program protected X children from poverty. This measures the absolute size of the role of a program in reducing poverty.	Percentage point reduction * total number of children
Percent reduction in poverty associated with each program	A program reduced child poverty by X percent. This measures the relative size of the role of a program in reducing poverty, because it takes the poverty level into account.	SPM poverty rate without the program - SPM poverty rate SPM poverty rate without the program

## Major shifts in the safety net, 1993 to 2019

There were three major shifts in the social safety net during our study period that collectively shaped access to programs, the generosity of benefits offered, and, ultimately, their effectiveness at lifting children out of poverty. (We detail these many changes as context for the reader in Tables 3.1 and 3.2 below.)

The first major shift: Spending on the social safety net broadly increased from the 1990s through the end of the Great Recession, and increases in spending frequently translated into more generous benefits and/or broader program reach (see Table 3.2). For example, federal spending for the EITC grew by more than 150 percent from 1993 to 2019; this was then reflected as an increase in the average benefit among children in participating families, and in the participation rate among children in poverty across this period (Urban Institute & Brookings Institution Tax Policy Center, 2019). Spending on other refundable tax credits (e.g., the Child Tax Credit), housing assistance, Social Security, SSI, and SNAP also increased from the 1990s through the Great Recession (Hahn et al., 2021). Increased spending on some of these programs may not all go toward children living in poverty, however. For example, the proportion of SNAP beneficiaries without children or above the poverty line increased from 2007 to 2015 (U.S. Department of Agriculture Food and Nutrition Service, n.d.e). <sup>18</sup> The exception to this trend of increased spending and broadening programming (in terms of benefits and/or reach) is TANF/AFDC. TANF spending on cash assistance decreased (by 71%) from 1997 to 2016, as did the average benefit amount for children, and program reach also declined from 1993 to 2019 (Isaacs et al., 2021).

The social safety net shifted substantially in the early- to mid-1990s:

- 1. Spending on the social safety net broadly increased from the 1990s through the 2010s.
- 2. The social safety net shifted away from an emphasis on out-of-work cash assistance toward in-work programs that were no longer strictly linked to families with very low incomes.
- 3. Fundamental changes to immigrant eligibility disqualified individuals or reduced benefits based on individual or household immigrant status.

Second, the social safety net transitioned in the early- to mid-1990s from an emphasis on out-of-work assistance toward a focus on in-work programs aimed at a broader group of families (Hoynes & Schanzenbach, 2018). In-work programs include both 1) programs that require recipients to work or engage in work-related activities to maintain benefits, and 2) programs that are conditioned on work or that promote work by increasing benefits with each additional dollar earned (Hahn et al., 2019; Marr et al., 2015). In the early 1990s, in the context of growing interest in welfare reform, many states increasingly took advantage of federal waivers that allowed states to implement work requirements for recipients of cash welfare programs and impose time limits, family caps, and immigrant restrictions (Moffitt, 2003). By 1995, 40 states had established work requirements and, one year later, in 1996, these work requirements were federally mandated by the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA; Moffitt, 2003; U.S. Department of Health and Human Services Office of the Assistant Secretary for Planning and Evaluation, 1996). With this shift, many programs were no longer strictly limited to families with very low incomes. Around the same time, workconditioned programs like the EITC, which provide income support to low- and moderate-income working families with children, were expanded (Hoynes et al., 2017).

<sup>&</sup>lt;sup>18</sup> Data on the percent of child recipients above the poverty line were aggregated from annual USDA reports on Food Stamp/SNAP recipients entitled "Characteristics of Food Stamp Households" and "Characteristics of SNAP Households" from FY 1995 to 2019. Reports from 2017–2019 are available on the SNAP website; all preceding years are available on the USDA National Agricultural Library Digital Collections site (U.S. Department of Agriculture Food and Nutrition Service, n.d.-d; U.S. Department of Agriculture, n.d.).

Third and finally, fundamental changes to immigrant eligibility criteria disqualified individuals or reduced benefits based on immigration status (Acevedo-Garcia, Joshi, Ruskin, Walters, & Sofer, 2021; Bitler & Hoynes, 2011). Legal residency requirements were first included in social safety net programs in the 1970s following a sharp rise in immigration from Latin America and Asia after the 1965 Immigration and Nationality Act (Chishti et al., 2015; U.S. Social Security Administration, n.d.-a). In 1996, PRWORA introduced an additional eligibility criteria for the social safety net: the need to be a "qualified immigrant," which includes those with permanent legal status in the United States (also known as green card holders) (Harrington, 2020). PRWORA required that immigrants hold a qualified status for at least five years before they could become eligible for social programs. This provision is known as the five-year bar (Harrington, 2020).

When it comes to program eligibility, immigration status and legality can be thought of as a continuum, and programs vary in their requirements of legal status in the United States (Acevedo-Garcia, Joshi, Ruskin, Walters, & Sofer, 2021). For some programs (e.g., SNAP), children can receive benefits if they are eligible even if their parents are not considered qualified based on their legal status in the United States. However, the benefit amount a family receives is based on the percentage of qualified immigrants in the household. Consequently, citizen children and qualified immigrant children in families with non-qualified immigrant members may not receive benefits or receive lower benefits than their peers in all-citizen families. In addition, with the passage of PRWORA, all family members were required to have a Social Security number to be eligible for the EITC (Crandall-Hollick, 2022). More discussion on the implications of immigrant eligibility criteria can be found in Chapter 4.

Together, these three shifts extended the reach of the social safety net to low- and even moderate-income families, but also made a child's access to benefits from the social safety net more conditional on parents' characteristics—and especially on their work and legal status in the United States. (We will discuss in Chapter 4 how these policy shifts impact which children have more access to the social safety net and who may be left behind.)

Table 3.1 Major Policy Changes in Social Safety Net Programs, 1993-2019

Social safety net program	Major policy changes between 1993 & 2019
Earned Income Tax Credit (EITC)	1993: credit amount increases 1996: Social Security numbers required for all family members with the passage of PRWORA 2002, 2009: marriage penalty relief 2009: larger credit for families with >2 kids
Social Security	<b>1996:</b> limited benefits for some noncitizens, certain disabled children, and those experiencing substance use problems
Supplemental Nutrition Assistance Program (SNAP)	<b>1996:</b> eliminated eligibility for many legal immigrants, placed a time limit on food stamp receipt for certain groups, reduced the growth of the maximum benefit <b>2002:</b> reinstated eligibility for certain groups of legal immigrants (those who have lived continuously in the United States for at least 5 years and children under age 18) <b>2008, 2009:</b> increased benefits <b>2013:</b> increase in benefits expires
Housing assistance	<ul> <li>1996: eliminated eligibility for some immigrants</li> <li>1998: added work incentives</li> <li>2001: adoption of median fair market rent in most concentrated rental markets</li> </ul>
National School Lunch Program (NSLP)	<b>2004:</b> NSLP+ institutes expanded categorical eligibility
Supplemental Security Income (SSI)	<b>1996:</b> limited benefits for some noncitizens, certain disabled children, and those experiencing substance use problems
Temporary Assistance to Needy Families (TANF) and Aid to Families with Dependent Children (AFDC)	<ul> <li>1996: with the passage of PRWORA work requirement and time limits instated, states can use money for non- direct cash transfers; eliminated eligibility for many immigrants</li> <li>2009: new TANF Emergency Contingency Fund to be spent in 2009-2010</li> </ul>
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	<b>1998:</b> all applicants for WIC certification must be physically present, document their income, and present proof of residency
Unemployment insurance	<b>2009:</b> federal funding for modernization, expanded eligibility, and increased generosity
Low-Income Home Energy Assistance Program (LIHEAP)	No major policy changes

Sources: Congressional Research Service, U.S. Social Security Administration, U.S. Department of Agriculture, and National Archives and Records Administration (Billings, 2022; Congressional Research Service, 2014; Crandall-Hollick, 2022; DiSimone, 1996; Falk, 2022; Kollmann, 2000; McCarty et al., 2019; McCarty & Kolker, 2020; Oliveira et al., 2002; Perl, 2018; U.S. Department of Agriculture Food and Nutrition Service, 2018; U.S. Department of Housing and Urban Development, 2000; U.S. Social Security Administration, n.d.-c).

Table 3.2. Generosity and Reach of Social Safety Net Programs, and Their Change Over Time, 1993 to 2019

Social safety net program	Average (mean) benefit amount (among children in families participating in each program, in 2019 \$)		Percent change in average amount of benefit (among children in participating families, in 2019 \$)	Participation rate (among children in poverty)		Percent change in participation rate (among children in poverty)	
	1993	2019		1993	2019		
Earned Income Tax Credit (EITC)	\$1,838.71	\$4,307.07	134.2%	55.2%	70.2%	27.0%	
Social Security	\$14,262.53	\$18,798.08	31.8%	13.9%	18.2%	30.7%	
Supplemental Nutrition Assistance Program (SNAP)	\$4,227.24	\$4,186.41	-1.0%	57.3%	47.1%	-17.8%	
Housing	\$6,251.73	\$9,837.05	57.3%	18.2%	15.5%	-14.9%	
National School Lunch Program (NSLP)	\$1,138.24	\$1,290.80	13.4%	69.8%	77.9%	11.7%	
Supplemental Security Income (SSI)	\$8,675.36	\$10,066.21	16.0%	10.2%	10.4%	2.6%	
Temporary Assistance to Needy Families (TANF) and Aid to Families with Dependent Children (AFDC)	\$8,285.08	\$5,052.88	-39.0%	41.2%	7.7%	-81.3%	
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	\$574.67	\$859.25	49.5%	41.5%	21.8%	-47.6%	
Unemployment insurance <sup>1</sup>	\$8,738.91	\$5,536.50	-36.6%	14.8%	3.4%	-77.0%	
Low-Income Home Energy Assistance Program (LIHEAP)	\$470.54	\$513.60	9.2%	17.6%	13.3%	-24.4%	

**Notes:** The unemployment insurance (UI) benefit amount was temporarily increased in 1993 due to economic recovery policies. This elevated rate in 1993 contributes to a large difference between benefit amounts in 1993 and 2019. In addition, UI benefit amounts and participation rates are reflective of unemployment rates during the respective years: That is, unemployment is considerably lower in 2019 compared to 1993; we would thus expect the average benefit amounts and participation rates to be lower in 2019 as well.

We do not separately investigate the child tax credit in our analyses. It is grouped with taxes, along with federal taxes, payroll taxes (FICA), state taxes, and stimulus payments (in 2008 and 2009). Medicaid/CHIP is not included as there are no data to quantify Medicaid benefits received by children or households. Unemployment insurance includes workman's comp, veterans' payments, and government pensions as well.

All benefit amounts are adjusted for inflation and presented in 2019 dollars.

Participation rates reflect the percent of children in participating households with income-based poverty rates (pre-tax-and-transfer poverty) below the SPM threshold. Mean benefits are per participating household. Households may include multiple program participants (e.g., the NSLP benefit for a household that includes two children participating in the program would include the benefits for both children). Mean benefit amounts have been adjusted for inflation and are presented in 2019 dollars.

As noted in our Methodology chapter, public program receipt—particularly SNAP and TANF receipt—tends to be underreported in the CPS ASEC, and the extent of the underreporting has grown over time. Thus, it may be that a small portion of the decline in participation in these programs may be attributable to greater underreporting. EITC participation rates, by contrast, are likely overestimates, as they are based on simulations that do not account for families who are ineligible because someone in their families does not have a Social Security number or those who may be eligible but do not file for or receive the credit.

**Source**: Child Trends' analysis of the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds (Wimer et al., 2021).

# Section 2: The role of the social safety net in reducing poverty among children

Our analyses show that the role of the social safety net in protecting children from poverty dramatically increased from 1993 to 2019. This decline in child poverty was contemporaneous with an increase in national spending on social safety net programs.

Figure 3.1 illustrates the role of the safety net in protecting children from poverty quite starkly. The dark blue line shows child poverty rates, as measured by the SPM, steadily declining from 1993 to 2019. The magenta line shows what poverty rates would have been without the social safety net: Rates would have also declined during this period, but to a lesser extent and more in line with economic cycles. The growing gap between the two lines illustrates the growing role of the social safety net in protecting children from poverty.

**Figure 3.1.** Child Poverty Rates Based on the Supplemental Poverty Measure (SPM), Calculated With and Without the Social Safety Net, 1980-2019



**Notes:** The social safety net is made up of many disparate programs (Thomson et al., 2022). Anti-poverty programs captured here include the Supplemental Nutrition Assistance Program (SNAP), Social Security (SS), housing assistance, unemployment insurance, Supplemental Security Income (SSI), Temporary Assistance to Needy Families (TANF) and Aid to Families with Dependent Children (AFDC), the National School Lunch Program (NSLP), Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and Low-income Home Energy Assistance Program (LIHEAP) subsidies. The full tax system is also captured here, including federal and state taxes owed, federal tax credits (including the refundable tax credits), payroll taxes (FICA), and stimulus payments in 2008 and 2009.

**Sources**: Child Trends' analysis of the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds (Wimer et al., 2021). Recession data are from the National Bureau of Economic Research (National Bureau of Economic Research, 2021).

In 1993, the child poverty rate would have been 31 percent without the safety net (in magenta), compared to 28 percent with it (in blue). The social safety net lowered child poverty rates by 2.8 percentage points—a decrease of 9 percent (see Figure 3.2).

By 2019, the social safety net grew such that it lowered child poverty rates by 8.8 percentage points (from 20% to 11%)—a decrease of 44 percent. The number of children protected from poverty by the social safety net increased correspondingly: The social safety net protected 2.0 million children from poverty in 1993,

compared to 6.5 million children in 2019. The number of children protected by the social safety net more than tripled from 1993 to 2019.





**Notes:** The social safety net is made up of many disparate programs (Thomson et al., 2022). Anti-poverty programs captured here include the Supplemental Nutrition Assistance Program (SNAP), Social Security (SS), housing assistance, unemployment insurance, Supplemental Security Income (SSI), Temporary Assistance to Needy Families (TANF) and Aid to Families with Dependent Children (AFDC), the National School Lunch Program (NSLP), Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and Low-income Home Energy Assistance Program (LIHEAP) subsidies. The full tax system is also captured here, including federal and state taxes owed, federal tax credits (including refundable tax credits), payroll taxes (FICA), and stimulus payments in 2008 and 2009.

**Sources**: Child Trends' analysis of the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds (Wimer et al., 2021). Recession data are from the National Bureau of Economic Research (National Bureau of Economic Research, 2021).

While reductions in child poverty are indeed a success, we must also consider how far above the poverty line the social safety net is able to lift children. As shown in Table 3.3, in both 1993 and 2019, children in poverty who were lifted above the poverty threshold by the social safety net tended, on average, to have resources equivalent to about 130 percent of the threshold (or an income-to-needs ratio of 1.3). For example, the 2019 poverty threshold for a two-adult, two-child household that rents is approximately \$28,881\_(U.S. Census Bureau, 2020a). The average family lifted out of poverty by the social safety net in 2019 had an income of \$18,773 before the social safety net (or an income-to-needs ratio of 0.65). After including the cash value of social safety net benefits, this average family would have \$37,256 in resources (or an income-to-needs ratio of 1.29).

The average family lifted out of poverty by the social safety net in 1993 tended to have an income-to-needs ratio similar to 2019 after accounting for the cash value of social safety net benefits. However, the income-to-needs ratio of children *before* accounting for social safety net benefits was lower in 1993 than in 2019. In other words, in 2019, the social safety net was more likely to lift children out of poverty who were closer to the threshold to begin with and who needed less of a boost to get across the line. By comparison, in 1993, the social safety net tended to lift children out of poverty who were, on average, closer to the deep poverty threshold.

**Table 3.3.** Mean Income-to-Needs Ratios Without and With the Social Safety Net, Among Children LiftedOut of Poverty by the Social Safety Net, 1993 & 2019

	Mean income-to-needs ratio without safety net programs	Mean income-to-needs ratio with safety net programs			
1993	0.54	1.28			
2019	0.65	1.29			

**Notes:** The universe for this table is children who would be in poverty without benefits of the social safety net (PTT poverty) and who were lifted out of poverty by the social safety net. To calculate income-to-needs ratio, we divided the total resources available to a family (either before or after the social safety net) by their respective poverty threshold. An income-to-needs ratio less than 1 indicates that an individual is in poverty whereas a number greater than 1 indicates they are above the poverty threshold.

The social safety net is made up of many disparate programs (Thomson et al., 2022). Anti-poverty programs captured here include the Supplemental Nutrition Assistance Program (SNAP), Social Security (SS), housing assistance, unemployment insurance, Supplemental Security Income (SSI), Temporary Assistance to Needy Families (TANF) and Aid to Families with Dependent Children (AFDC), the National School Lunch Program (NSLP), Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and Low-income Home Energy Assistance Program (LIHEAP) subsidies. The full tax system is also captured here, including federal and state taxes owed, federal tax credits (including refundable tax credits), payroll taxes (FICA), and stimulus payments in 2008 and 2009.

**Source**: Child Trends' analysis of the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds (Wimer et al., 2021).

### Roles of individual social safety net programs in reducing child poverty

Given this evidence that the social safety net has played a growing role in reducing child poverty over the past quarter century, we turn to the relative roles of the individual anti-poverty programs that make up the social safety net. We focus on the federal anti-poverty programs that offer cash or in-kind assistance listed in Table 3.1: the EITC, SNAP, Social Security, housing assistance, unemployment insurance, SSI, AFDC/TANF, NSLP, WIC, and LIHEAP. Due to data limitations, we do not examine the role of Medicaid, child care subsidies, or the CTC, which are also intended to prevent children from being in poverty (see Methodology chapter).

Figure 3.3 below illustrates the relative role of each program in protecting children from poverty from 1980 to 2019. We include data from 1980 to 1992 as context for the decline in child poverty from 1993 to 2019. In this figure, the y axis represents the child poverty rate, as measured by the SPM, that would occur without each program, independent of other factors and considered cumulatively. *That is, each color band in the figure represents the degree to which child poverty would increase, in percentage points, if the program were removed.* We complement this figure with Table 3.4, which shows percentage point reduction in poverty due to each program (parallel numbers to those presented in Figure 3.3), as well as the reduction in the number of children in poverty due to each program and the percent reduction. Below, we describe the changing role of each program in protecting children from poverty from 1993 to 2019, focusing our discussion on the relative percent reduction—a more comparable measure.

# **Figure 3.3.** Child Poverty Rates Based on the Supplemental Poverty Measure (SPM), Calculated Without Individual Programs in the Social Safety Net, 1980-2019



**Notes:** Taxes include federal taxes and refundable tax credits (including the Child Tax Credit), payroll taxes (FICA), state taxes, and stimulus payments (in 2008 and 2009). Other federal programs include the combined role of WIC, NSLP, and energy. The contribution of each program (or group of programs in the case of other federal programs) in protecting children from poverty is treated independently.

**Source**: Child Trends' analysis of the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds (Wimer et al., 2021).

 Table 3.4. Changes in Poverty Rates Associated With Programs in the Social Safety Net, 1993 & 2019

	Percentage point decline in child poverty due to each program		Number of children (in millions) protected from poverty due to each program		Percent reduction in poverty due to each program	
	1993	2019	1993	2019	1993	2019
Earned Income Tax Credit (EITC)	1.4%	3.2%	1.0	2.4	4.9%	22.1%
Social Security	1.6%	1.9%	1.1	1.4	5.5%	14.3%
Supplemental Nutrition Assistance Program (SNAP)	1.4%	1.4%	1.0	1.0	4.9%	11.0%
Housing assistance	0.4%	1.1%	0.3	0.8	1.4%	8.6%
National School Lunch Program (NSLP)	1.0%	0.9%	0.7	0.6	3.3%	7.2%
Supplemental Security Income (SSI)	0.8%	0.8%	0.6	0.6	2.8%	6.6%
Temporary Assistance to Needy Families (TANF)	1.6%	0.2%	1.1	0.2	5.4%	2.1%
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	0.2%	0.2%	0.1	0.2	0.7%	1.9%
Unemployment insurance	1.4%	0.2%	0.9	0.1	4.7%	1.5%
Low Income Home Energy Assistance Program (LIHEAP)	0.1%	0.1%	0.1	0.0	0.4%	0.5%
Total social safety net	2.8%	8.8%	2.0	6.5	9.2%	43.6%

**Notes:** Percent decreases are in reference to what poverty rates would have been without the specific program in question. So, the denominator for each program-year is different. The contribution of each program in protecting children from poverty is treated independently.

**Source**: Child Trends' analysis of the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds (Wimer et al., 2021).

#### The EITC became increasingly important in protecting children from poverty from 1993 to 2019.

- Since its creation in 1975, the EITC has grown to become the largest refundable tax credit and was the single program that protected the most children from poverty in 2019 (see Figure 3.4 and Table 3.4). As illustrated by the widening teal band in Figure 3.3, the EITC's potential role in protecting children from poverty grew fairly consistently from 1980 to the present, with substantial expansions to eligibility and/or benefit levels in 1986, 1990, 1993, and 2001.
- The EITC's role in protecting children from poverty naturally expanded during the Great Recession, likely because more children became eligible for the credit due to lower family incomes in the economic downturn. This may have been partially offset, however, by families with unemployed workers or lower earnings qualifying for smaller EITC benefits.
- In 1993, the EITC had the potential to reduce child poverty by 1.4 percentage points—a decrease of 5 percent compared to what the poverty rate would have been without the EITC. By 2019, the program had grown such that it had the potential to reduce child poverty by 3.2 percentage points, or 22 percent. The EITC protected 1.0 million children from poverty in 1993 and protected 2.4 million children from poverty in 2019.

While we highlight the role of the EITC here, our findings regarding the EITC's role in lifting children out of poverty have important limitations, so we frame our findings as the potential role of the EITC. Our estimates of the role of the EITC are likely overstated, as the EITC values in the Historical SPM Dataset are simulated based on family income, and on family structure and composition (Jones & Ziliak, 2019). They do not account for whether family members have Social Security numbers, which have, since 1996, been required

of all household members in order to receive the EITC—making 21 percent of children in poverty ineligible to receive EITC benefits (Acevedo-Garcia et al., 2022; Crandall-Hollick, 2022). The simulated values also do not account for the approximately 20 percent of tax filers who are eligible for, but do not claim, the EITC (National Conference of State Legislatures, 2022). Nor does the simulation account for workers who do not routinely file taxes because they have no tax liability, but are nonetheless eligible for, and would receive, the EITC if they were to file taxes.<sup>19</sup>

#### **Taxes and the EITC**

The EITC is embedded in the federal tax system. Even though many families with incomes below the poverty line do not have federal tax obligations, they still pay payroll taxes and, sometimes, state taxes, which together likely reduce their incomes. Payroll taxes are taken directly out of paychecks through the Federal Insurance Contributions Act and go toward Medicaid and Social Security (U.S. Social Security Administration Office of Communications, 2017). Refundable tax credits have been more recent additions to our tax systems and, because of their refundability, have been highlighted as effective mechanisms for reducing poverty. While nonrefundable tax credits are less likely to benefit families in poverty who have no federal tax liability, families who are eligible for refundable tax credits receive cash back from the government for the amount of the credit minus any taxes. In this way, refundable tax credits operate a lot like cash transfers, which can both counteract any taxes paid into the system and/or be a net positive addition to a family's income. The largest refundable tax credit is the EITC. Within the Historical SPM Data, other (at least partially) refundable tax credit (CDCTC)—are included with other taxes and cannot be examined separately without additional simulations.

When examining the social safety net as a whole, we factor in the tax system at large. Figures 3.3 and 3.7 also present the role of the tax system at large—including federal and state income tax, Federal Insurance Contributions Act tax, refundable tax credits either than the EITC, and economic stimulus payments during the Great Recession. Consumption taxes are not captured in the data. The yellow band at the bottom of the figures shows that, in most years, without the EITC, the tax system would push children into poverty. When considering taxes together with all refundable tax credits—including the EITC—federal taxes began protecting children from poverty in 1996.

#### Housing assistance played a growing but modest role in protecting children from poverty.

- Housing assistance provides families with access to low-cost housing options and, as housing costs have grown over time, the cash value of housing assistance has increased, although its reach has slightly declined (see Table 3.2) (M. Schwartz, 2017; U.S. Census Bureau, 2000; U.S. Census Bureau & U.S. Department of Housing and Urban Development, 2022).
- During our study period, housing assistance played a growing but modest role in protecting children from poverty. That is, the percent of children protected from poverty by housing assistance grew steadily from 1980 to 2019 but remained modest.
- Housing assistance decreased child poverty rates by 0.4 percentage points in 1993—a decrease of 1 percent. By 2019, the role of housing assistance grew such that it decreased child poverty by 1.1 percentage points, or 9 percent. Housing assistance protected 290,000 children from poverty in 1993 compared with 790,000 children in 2019.

<sup>&</sup>lt;sup>19</sup> The overestimation of the EITC's anti-poverty role using simulation methods has also been noted in Jones & Ziliak (2019). Previous research that corrects for the overestimation of the EITC, however, has also found it to be among the most important anti-poverty programs for children (National Academies of Sciences, 2019).

SNAP played a large role in protecting children from poverty from 1993 to 2019, although its role ebbed and flowed with economic cycles.

- SNAP's role in protecting children from poverty grew from 1993 to 2019: SNAP reduced poverty by 5 percent in 1993 and 11 percent in 2019.
- SNAP was particularly important during the Great Recession as 1) more families became eligible because they had lower incomes and 2) it was temporarily expanded as part of the American Recovery and Reinvestment Act (ARRA) (U.S. Department of Agriculture Food and Nutrition Service, 2018). Following the Great Recession, the role of SNAP began to shrink again, particularly after the expiration of the temporary increase in benefits through ARRA.
- Without SNAP, approximately 1 million more children would have lived in poverty in both 1993 and 2019. While the number of children protected from poverty was similar in 1993 and 2019, the role of SNAP was greater in 2019 because child poverty rates were lower to begin with.
- The modeling of SNAP receipt may be particularly sensitive to underreporting of program participation in surveys used for this research, so these may be underestimates (National Academies of Sciences, 2019).

# Social Security and unemployment insurance, programs that were not designed explicitly to protect children from poverty, nevertheless played an important role in reducing child poverty from 1993 to 2019.

- Social Security
  - While not designed for children, a significant number of children benefit from Social Security when their household has experienced the loss of income due to a caregiver or other family member's retirement, disability, or death\_(U.S. Social Security Administration, 2022b). A growing share of children in the United States live with grandparents, for example, and Social Security benefits for a retired grandparent living with their grandchild contribute to the household's economic resources. (Ellis & Simmons, 2014).
  - Social Security's role in protecting children from poverty grew during this time. In 1993, Social Security reduced poverty by 6 percent (in absolute terms, 1.1 million fewer children were in poverty). By 2019, it reduced poverty by 14 percent (1.4 million fewer children).
  - Social Security is not means-tested, meaning there are no income limits on who can receive benefits.
     Correspondingly, we do not see contractions and expansions with changing economic conditions.
- Unemployment insurance
  - Unemployment insurance provides temporary, partial income replacement to workers who are involuntarily unemployed (Benefits.gov, n.d.). Benefit amounts are based on prior employment status and earnings, and parents with lower previous earnings receive less in benefits.
  - The role of unemployment insurance<sup>20</sup> in protecting children from poverty generally rose and fell in sync with economic cycles during our study period. Although unemployment insurance does not stand out as an anti-poverty program during economic booms, during economic downturns it plays a critical role in buffering the economy's impact on child poverty. In 2000, during a time of economic boom, unemployment insurance reduced child poverty by 4 percent. In 2009, during a time of economic recession, unemployment insurance decreased child poverty by 11 percent.

<sup>&</sup>lt;sup>20</sup> In our data, this category includes unemployment insurance, workman's comp, veterans' payments, and government pensions.

The role of additional social safety net programs in protecting children from poverty also increased modestly from 1993 to 2019.

- Supplemental Security Income (SSI) provides monthly income to families with limited income who have a disabled family member, including a child with a disability (U.S. Social Security Administration, 2022a). Its relative role grew modestly from 1993 to 2019. In 1993, SSI reduced poverty by 3 percent, and by 7 percent in 2019. In both 1993 and 2019, SSI protected about 570,000 children from poverty.
- The role of other federal programs—including the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); the National School Lunch Program (NSLP); and Low-income Home Energy Assistance Program (LIHEAP) subsidies—in protecting children from living in poverty also grew from 1993 to 2019. We group these three programs together because previous research shows that, on their own, they each play fairly minor roles in protecting children against poverty (Fox & Burns, 2021; National Academies of Sciences, 2019). Of the three programs, the NSLP lowers child poverty rates by the largest amount: NSLP lowered child poverty rates by about 7 percent in 2019, compared to 3 percent in 1993. WIC is the second-largest program, even though it is targeted at young children, and lowered child poverty rates by 1.9 percent in 2019, compared to 0.7 percent in 1993. LIHEAP is the smallest of these other federal programs: Its role grew very slightly, from 0.4 percent in 1993 to 0.5 percent in 2019. Taken together, these three programs protected about 860,000 children from living in poverty in 2019.
- While the number of children protected from poverty by these programs was similar in 1993 and 2019, their roles grew because child poverty rates were lower in 2019 to begin with.

# While AFDC, now TANF, was once a major player in protecting children from poverty, TANF now plays a minimal role.

- The role of AFDC/TANF in protecting children from poverty declined dramatically from 1980 to 2019, as illustrated by the shrinking light green-colored band in Figure 3.3.
- In the 1980s and early 1990s, AFDC/TANF was one of the most influential programs in the social safety net protecting children from poverty (along with unemployment Insurance, Social Security, and SNAP). AFDC's role had already diminished by 1993, when it lowered child poverty rates by 5 percent. By 2019, TANF's role was minimal in protecting children from poverty: It decreased poverty by 2 percent and protected 180,000 children from poverty—just a fraction of the 1.1 million children protected from poverty by AFDC in 1993.

# In 2019, the programs that reduced child poverty the most were the EITC, Social Security, and SNAP (see Figure 3.4).

- In 2019, the EITC had the potential to reduce child poverty by 3.2 percentage points, or 22 percent, and to protect 2.4 million children from poverty.
- In 2019, Social Security was the second-most influential program protecting children from poverty, according to our analyses. Social Security reduced child poverty by 1.9 percentage points in 2019, or 14 percent, and protected 1.4 million children from poverty.
- In 2019, Social Security was the second-most influential program protecting children from poverty, according to our analyses. Social Security reduced child poverty by 1.9 percentage points in 2019, or 14 percent, and protected 1.4 million children from poverty (National Academies of Sciences, 2019). In 2019, Social Security was the second-most influential program protecting children from poverty, according to our analyses. Social Security reduced child poverty by 1.9 percentage points in 2019, or 14 percent, and protected 1.4 million children from poverty (National Academies of Sciences, 2019). In 2019, Social Security was the second-most influential program protecting children from poverty, according to our analyses. Social Security reduced child poverty by 1.9 percentage points in 2019, or 14 percent, and protected 1.4 million children from poverty (National Academies of Sciences, 2019).

**Figure 3.4.** Percent Decreases in Child Poverty Rates, Based on the Supplemental Poverty Measure (SPM), Attributable to Programs That Make Up the Social Safety Net, 1993 & 2019



**Notes:** Percent decreases are in reference to what poverty rates would have been without the specific program in question. So, the denominator for each program-year is different. The contribution of each program in protecting children from poverty is treated independently.

**Source**: Child Trends' analysis of the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds (Wimer et al., 2021).

#### Interplay between anti-poverty programs in reducing poverty

Now that we've examined the overall role of the social safety net in protecting children from poverty, as well as the role of individual programs, we briefly examine the interplay between programs to better understand how programs work in tandem with one another to protect children from poverty. It is possible that a child could be lifted across the poverty line by participating in a single program. However, a child's family may need to participate in multiple programs to cross the poverty line.

To examine the interplay between programs, we compare the total role of the social safety net calculated in two ways: 1) We look at the additive role of each program treated independently; and 2) we look at the role of the social safety net as a single whole. Starting with the first approach, if we were to add the number of children protected from poverty by each individual program in Table 3.4, we would get 6.9 million children protected from poverty in 1993 and 7.3 million children in 2019. There is overlap in the children served by each program, however (e.g., a child receives both SNAP and the EITC), so we also look at the total number of children lifted out of poverty by the entire safety net; thus, we see that, in total, 2.0 million children were lifted out of poverty in 1993 and 6.5 million were lifted out of poverty in 2019. This tells us that the social safety net lifted fewer children out of poverty than the sum of each individual program in both 1993 and 2019. In other words, there was overlap in the population of children lifted out of poverty by each program. Some children were pushed over the poverty line by a single program but participated in multiple. There was more overlap in 1993 than in 2019.

Next, we examine how the social safety net protected children from a more severe level of economic deprivation—deep poverty, which is an experience with well-documented negative developmental consequences (Nguyen et al., 2020).

# Section 3: The role of the social safety net in reducing deep poverty among children

As with overall child poverty, deep poverty also declined dramatically from 1993 to 2019—by 56 percent (see dark blue line in Figure 3.5), and the social safety net has consistently protected a large share of children against deep poverty. But the safety net played less of a role in this decline than it did for the decline in child poverty as a whole.

The social safety net has consistently been a hugely important protector of children against deep poverty. In both 1993 and 2019, the social safety net reduced the rate of child deep poverty by about two-thirds. In 1993, the safety net reduced child deep poverty by 62 percent and, in 2019, by 66 percent (see Figure 3.6).

In absolute numbers, though, the social safety net protected fewer children from deep poverty in 2019 than in 1993: In 1993, the safety net reduced deep poverty by 12 percentage points and protected 8.4 million children from deep poverty. In 2019, the safety net reduced deep poverty by 6.3 percentage points and protected 4.6 million children from deep poverty.

How could the social safety net's relative role in protecting children from deep poverty stay steady while its absolute role shrank? There were fewer children in deep poverty without the safety net in 1993 than there were in 2019, largely due to changing economic and demographic conditions in the United States (see discussion in Chapter 2).

Because the relative role of the social safety net has remained relatively stable over time, it was not a large contributor to the decline in child deep poverty from 1993 to 2019. This story is very different from what we saw with child poverty overall. While the role of the social safety net increased dramatically in protecting children from poverty from 1993 to 2019, its role did not grow in the same way to protect children from deep poverty.



**Figure 3.5.** Child Deep Poverty Rates, Based on the Supplemental Poverty Measure (SPM), Calculated With and Without the Social Safety Net, 1980-2019

**Notes:** The social safety net is made up of many disparate programs (Thomson et al., 2022). Anti-poverty programs captured here include the Supplemental Nutrition Assistance Program (SNAP), Social Security (SS), housing assistance, unemployment insurance, Supplemental Security Income (SSI), Temporary Assistance to Needy Families (TANF) and Aid to Families with Dependent Children (AFDC), the National School Lunch Program (NSLP), Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and Low-income Home Energy Assistance Program (LIHEAP) subsidies. The full tax system is also captured here, including federal and state taxes owed, federal tax credits (including the refundable tax credits), payroll taxes (FICA), and stimulus payments in 2008 and 2009.

**Sources:** Child Trends' analysis of the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds (Wimer et al., 2021). Recession data are from the National Bureau of Economic Research (National Bureau of Economic Research, 2021).

While the role of the social safety net in protecting children from deep poverty was similar in 1993 and 2019, there were fluctuations over this time. From 1996—when PRWORA was enacted—to 2007, the role of the social safety net in protecting children from deep poverty shrank, as illustrated by Figure 3.5 and the decline in its deep poverty reduction role shown in Figure 3.6. The role of the social safety net increased again in 2008, corresponding to the Great Recession. However, after the Great Recession, the social safety net's role in protecting children from deep poverty shrank again before increasing in the late 2010s.





**Notes:** The social safety net is made up of many disparate programs (Thomson et al., 2022). Anti-poverty programs captured here include the Supplemental Nutrition Assistance Program (SNAP), Social Security (SS), housing assistance, unemployment insurance, Supplemental Security Income (SSI), Temporary Assistance to Needy Families (TANF) and Aid to Families with Dependent Children (AFDC), the National School Lunch Program (NSLP), Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and Low-income Home Energy Assistance Program (LIHEAP) subsidies. The full tax system is also captured here, including federal and state taxes owed, federal tax credits (including refundable tax credits), payroll taxes (FICA), and stimulus payments in 2008 and 2009.

**Sources:** Child Trends' analysis of the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds (Wimer et al., 2021). Recession data are from the National Bureau of Economic Research (National Bureau of Economic Research, 2021).

We also examine how far out of deep poverty children are lifted by the social safety net. The average child who was lifted out of deep poverty by the social safety net remained below the poverty threshold (see Table 3.5) in both 1993 and 2019. On average, children who were lifted out of deep poverty by the social safety net were not lifted out of poverty completely, but had family resources just below the poverty threshold. In 1993, about one in 10 children lifted out of deep poverty by the safety net were lifted across the poverty threshold. This grew to almost one in four children in 2019.

Similarly, the social safety net may have been able to lift children higher out of deep poverty in 2019 than in 1993, as the average income-to-needs ratios after the social safety net was higher in 2019 than in 1993. However, children who were lifted out of deep poverty by the social safety net in 2019 were slightly better off to begin with (as seen by the higher average income-to-needs ratio before the social safety net), relative to children who were lifted out of deep poverty by the social safety net in 1993.

**Table 3.5.** Mean Income-to-Needs Ratios Without and With the Social Safety Net, Among Children LiftedOut of Deep Poverty by the Social Safety Net, 1993 & 2019

	Mean income-to- needs ratio without the social safety net	Mean income-to- needs ratio with the social safety net	Percent of children lifted from deep poverty out of poverty	
1993	0.11	0.82	10.7%	
2019	0.21	0.95	23.4%	

**Notes:** The universe for this table is children who would be in poverty without the benefits of the social safety net (PTT poverty) and who were lifted out of poverty by the social safety net. To calculate income-to-needs ratio, we divided the total resources available to a family (either without or with the social safety net) by their respective poverty threshold. An income-to-needs ratio less than 1 indicates that an individual is in poverty, whereas a number greater than 1 indicates they are above the poverty threshold. The social safety net is made up of many disparate programs. Anti-poverty programs captured here include the Supplemental Nutrition Assistance Program (SNAP), Social Security (SS), housing assistance, unemployment insurance, Supplemental Security Income (SSI), Temporary Assistance to Needy Families (TANF) and Aid to Families with Dependent Children (AFDC), the National School Lunch Program (NSLP), Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and Low-income Home Energy Assistance Program (LIHEAP) subsidies. The full tax system is also captured here, including federal and state taxes owed, federal tax credits (including the Child Tax Credit and the Earned Income Tax Credit), payroll taxes (FICA), and stimulus payments in 2008 and 2009.

**Source**: Child Trends' analysis of the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds (Wimer et al., 2021).

# Roles of individual programs in the social safety net in protecting children from deep poverty

In the 1980s and early 1990s, the social safety net's protection against child deep poverty was concentrated in two programs: AFDC (now TANF) and Food Stamps (now SNAP). The role of both programs diminished over the past 25 years, albeit to varying degrees. The roles of other programs, though—notably Social Security and the EITC—increased from 1993 and 2019, partially filling the gap left by TANF.

- While AFDC was the most influential program protecting children from deep poverty in the 1980s and early 1990s, AFDC/TANF's role in protecting children against deep poverty greatly diminished during the mid- to late-1990s, following the passage of PRWORA, which instated work requirements and time limits, eliminated eligibility for many immigrants, and allowed states to use block grant funds for non-direct cash transfers (see Figure 3.7) (Personal Responsibility and Work Opportunity and Reconciliation Act, 1996). In 1993, TANF lowered child deep poverty rates by a notable 38 percent, corresponding to 3.1 million children protected from deep poverty (see Table 3.6 and Figure 3.8). By 2019, TANF lowered child deep poverty rates by just 4 percent, protecting about 100,000 children from deep poverty.
- In 1993, Food Stamps, as SNAP was then known, decreased child deep poverty rates by 29 percent and protected more than 2 million children from living in deep poverty. By 2019, SNAP decreased deep poverty rates by 21 percent and protected 620,000 children from deep poverty.
- The role of Social Security increased from 1993 to 2019: In 2019, it reduced deep poverty by more than a quarter (29%), while in 1993, it reduced deep poverty by 18 percent. Its increased role may be due, in part, because the number of children lifted out of deep poverty by Social Security remained about the same (decreasing only slightly) while deep poverty rates overall declined across this period.
- The role of the EITC also increased from 1993 to 2019. In 2019, the EITC reduced deep poverty by 18 percent; by comparison, it reduced deep poverty by 12 percent in 1993.



**Figure 3.7.** Child Deep Poverty Rates, Based on the Supplemental Poverty Measure (SPM), Calculated Without Individual Programs in the Social Safety Net, 1980-2019

**Notes:** Taxes include federal taxes and refundable tax credits (including the Child Tax Credit), payroll taxes (FICA), state taxes, and stimulus payments (in 2008 and 2009). Other federal programs include the combined role of WIC, NSLP, and energy. The contribution of each program (or group of programs in the case of other federal programs) in protecting children from poverty is treated independently.

**Source**: Child Trends' analysis of the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds (Wimer et al., 2021).

**Table 3.6.** Changes in Child Deep Poverty Rates Associated With Programs in the Social Safety Net, 1993 &2019

	Percentage point decline in child deep poverty due to each program		Number of children (in millions) protected from deep poverty due to each program		Percent reduction in deep poverty due to each program	
	1993	2019	1993	2019	1993	2019
Earned Income Tax Credit (EITC)	1.0%	0.7%	0.7	0.5	11.5%	17.8%
Social Security	1.6%	1.3%	1.1	0.9	18.1%	28.6%
Supplemental Nutrition Assistance Program (SNAP)	3.1%	0.9%	2.1	0.6	29.5%	20.9%
Housing assistance	1.5%	0.7%	1.1	0.5	17.4%	18.4%
National School Lunch Program (NSLP)	0.6%	0.3%	0.5	0.2	8.1%	8.2%
Supplemental Security Income (SSI)	0.8%	0.4%	0.6	0.3	10.3%	12.0%
Temporary Assistance to Needy Families (TANF)	4.4%	0.1%	3.1	0.1	37.8%	4.1%
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	0.2%	0.1%	0.1	0.1	2.4%	2.5%
Unemployment insurance	0.9%	0.0%	0.6	0.0	10.8%	1.5%
Low Income Home Energy Assistance Program (LIHEAP)	0.1%	0.0%	0.0	0.0	0.9%	1.4%
Total Social Safety Net	12.0%	6.3%	8.4	4.6	62.2%	66.1%

**Notes:** Percent decreases are in reference to what poverty rates would have been without the specific program in question. So, the denominator for each program-year is different. The contribution of each program in protecting children from poverty is treated independently.

**Source**: Child Trends' analysis of the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds (Wimer et al., 2021).

Among the programs examined, the most important programs protecting children from deep poverty in 2019 were Social Security, SNAP, housing assistance, and the EITC (see Figure 3.8). Each of these programs independently reduced child deep poverty rates by at least 17 percent, and each protected approximately half a million children or more from living in deep poverty in 2019. While Social Security plays the largest role in protecting children from living in deep poverty in our analyses, previous research that adjusted for underreporting of household incomes found that SNAP was the largest anti-poverty program in the social safety net protecting kids from deep poverty (National Academies of Sciences, 2019). For children in deep poverty, housing assistance plays about an equally large role in reducing deep poverty as the EITC.



**Figure 3.8.** Percent Decrease in Child Deep Poverty Rates, Based on the Supplemental Poverty Measure (SPM), Attributable to Programs That Make Up the Social Safety Net, 1993 & 2019

**Notes:** Percent decreases are in reference to what poverty rates would have been without the specific program in question. So, the denominator for each program-year is different. The contribution of each program in protecting children from poverty is treated independently.

**Source**: Child Trends' analysis of the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds (Wimer et al., 2021).

Compared to their role in protecting children against poverty generally, many anti-poverty programs were particularly important protectors against deep poverty. The following programs reduced deep poverty by approximately double the percent at which they reduced poverty: LIHEAP, housing assistance, Social Security, TANF, SNAP, and SSI. Conversely, while the EITC plays a moderate role in protecting children from deep poverty, it is more important for protecting children from poverty than from deep poverty. This finding is consistent with previous research finding that tax-based programs are more influential for families just below the poverty threshold, while means-tested programs are more influential for families in deep poverty (National Academies of Sciences, 2019).

#### Interplay between anti-poverty programs in reducing deep poverty

Finally, we examine the interplay between programs to better understand how programs work in tandem to protect children from deep poverty. As we saw with poverty, it is possible for a child to be lifted across the deep poverty line by participating in a single program or by participating in multiple programs. To examine the interplay between programs, we again compare the total role of the social safety net calculated in two ways: 1) We look at the additive role of each program treated independently; and 2) we look at the role of the social safety net as a single whole.

In 1993, totaling the number of children protected from deep poverty by each individual program in Table 3.6 independently shows us that 9.9 million children would have been lifted out of deep poverty, compared with the 8.4 million children actually lifted out of deep poverty by the entire social safety net. This is similar to the pattern we see for poverty and indicates that some children were lifted out of poverty by a single program but were served by multiple programs. Nonetheless, as shown above, the vast majority of children lifted out of deep poverty by the social safety net still have resources below the poverty line.

The story is different in 2019, however. In 2019, more children were lifted out of deep poverty by the entire social safety net (4.6 million) than the sum of its individual parts (3.4 million). How is this possible? This suggests that, in 2019, more children likely needed benefits from multiple social safety net programs to escape deep poverty. In other words, in 2019, it was less likely that a single program was sufficient to lift a child out of deep poverty; rather, a combination of benefits across multiple programs was often needed to pull a child out of deep poverty.

# Section 4: Summary and discussion

In this chapter, we set out to examine the role of the social safety net in reducing child poverty during its historic decline over the past quarter century. We found different answers for poverty and deep poverty: While the social safety net played a major role in the reduction of child poverty, it contributed little to the decline in child deep poverty.

## Role of the social safety net in reducing child poverty

The social safety net's role in protecting children from poverty grew, alongside increases in federal spending, from 1993 to 2019, corresponding to the overall decline in child poverty. As child poverty rates fell from 28 percent in 1993 to 11 percent in 2019, the social safety net played an increasingly important role in protecting children from poverty. At the start of the decline, in 1993, the entire social safety net reduced child poverty by 9 percent. In 2019, the social safety net reduced child poverty by 44 percent.

The greatest growth in the percent of children protected from poverty was seen for the EITC and housing subsidies, but housing subsidies still made only a modest contribution to the reduction in child poverty. In 2019, the three programs that played the largest role in reducing poverty were the EITC, Social Security, and SNAP. Each program alone protected approximately 1 million children or more from poverty in 2019.

**Programs that were not designed explicitly to protect children from poverty are nevertheless important.** While not frequently thought of as an anti-poverty program for children, we found that Social Security played a fairly large and consistent anti-poverty role for children. Unemployment insurance also played an important role in protecting children from poverty during economic downturns.

Whereas AFDC (the predecessor to TANF) was once a major player in protecting children from poverty—surpassing the role of EITC and SNAP in 1993 and on par with that of Social Security—it now plays a minimal role.

The decreasing role of cash welfare (i.e., AFDC/TANF) and the increasing role of the EITC, which is conditional on earnings, is reflective of the transition away from out-of-work support to an emphasis on work-based programs. While the expansion of the EITC, in particular, contributed substantially to the increased role of the social safety net in protecting children from poverty, this shift is not without consequences. Children whose parents are not stably employed may not fully benefit from the EITC, and children living in immigrant families—who are more likely to live with family members who do not have a Social Security number—may be excluded entirely. In Chapter 4, we focus our attention on who the social safety net works for, and who it leaves behind.

### Role of the social safety net in reducing deep poverty among children

The social safety net consistently plays a hugely important role in protecting children from deep **poverty.** In both 1993 and 2019, the social safety net reduced deep poverty among children by about two thirds.

That said, while we saw a marked increase in the social safety net's role in protecting children from poverty from 1993 to 2019, we saw only minimal growth in its role in reducing deep poverty. The social safety net reduced child deep poverty by 62 percent in 1993 and by 66 percent in 2019.

In the intervening years, however, there were notable changes in the social safety net's role in reducing deep poverty. Following the passage of PRWORA in 1996 and continuing until 2006, the role of the social safety net in reducing deep poverty declined, and deep poverty rates among children increased. The role of the social safety net in protecting children from deep poverty increased again, however, with the introduction of temporary measures during the Great Recession, and much of the decline in deep poverty rates among children occurred after the economy strengthened again in the 2010s.

**From 1993 to 2019, the role of TANF, the most historically important program for protecting children from deep poverty, greatly diminished.** Much of this decline occurred during the mid- to late-1990s following the passage of PRWORA, which instated work requirements and time limits, eliminated eligibility for many immigrants, and allowed states to use block grant funds for non-direct cash transfers. The role of SNAP also declined slightly during this same time. However, the role of other programs—notably Social Security and EITC—increased moderately from 1993 to 2019, partially filling the gap left by TANF in particular.

# Chapter 4—A Subgroup Analysis of Child Poverty Shifts

# Introduction

Throughout U.S. history, a child's economic circumstances have been largely driven by their families' characteristics and the extent to which their families are welcomed in or excluded from the labor market and social safety net programs based on these characteristics (Hoynes et al., 2016; Piore, 2014). The result has been a wide variation in a child's risk of experiencing economic deprivation. Over the past 50 years, our nation's racial and ethnic composition has become increasingly diverse, and we have witnessed the greatest influx of immigrants since the turn of the 20th century (Frey, 2020; Migration Policy Institute et al., n.d.). The structure of American families has also become more diverse, with many couples forgoing marriage and others parenting children without partners (Livingston, 2018; VanOrman & Jacobsen, 2020).

In this chapter, we explore the following:

- 1. The extent to which child subgroups benefited from the historic decline in child poverty, and the implications for subgroup disparities in child poverty.
- 2. The extent to which the social safety net protects children from poverty across subgroups.

We answer these questions by examining multiple subgroups of children to understand precisely who benefited from the historic decline in child poverty. Specifically, we examine child subgroups based on the following characteristics: 1) parental nativity, 2) child race/ethnicity, 3) family structure, and 4) parental employment stability. We have selected these subgroups due to longstanding structural and societal forces—including immigration policies, structural racism, and labor market practices—that have differentially shaped a child's risk of poverty based on their family's characteristics (Acevedo-Garcia, Joshi, Ruskin, Walters, Sofer, & Guevara, 2021; Chen & Corak, 2005; Heard-Garris et al., 2021). However, we recognize that these are not the only important groups of children to examine. Previous research, for example, has shown large disparities in child deep poverty based on parents' disability status\_(Trisi & Saenz, 2020).<sup>21</sup>

As we examine differences across subgroups of children, we contextualize our findings and illuminate trends to understand group differences. We have not conducted causal analyses but, rather, we point to possible explanations of our findings. In contrast with Chapter 3, we do not present a policy-by-policy analysis of child subgroups in this chapter, but rather focus on the role of the safety net as a whole in helping to lift various subgroups of children out of poverty.

What's in this chapter: In Section 1 of this chapter, we review the four family characteristics listed above, relying on past research and policy shifts to explain how particular child subgroups experience elevated risks of poverty. In Section 2, we examine the extent to which child poverty declined for each child subgroup from 1993 to 2019. This section also explores whether subgroup disparities widened or narrowed. In Section 3, we look at the relative role of the social safety net in protecting different child subgroups from poverty. We conclude (Section 4) with a discussion of themes arising from the findings.

 $<sup>^{21}</sup>$  We were unable to examine children of parents with disabilities as a subgroup due to data limitations described in Chapter 5.
#### Chapter 4 summary

#### Research parameters to keep in mind

**Overall:** We examine the rate of the decline in child poverty, by subgroup; and the total role of the social safety net in protecting children from poverty, by subgroup.

#### More specifically:

- We examine the overall factors listed above by parental nativity, or by children living with all U.S.-born parents and children living with at least one foreign-born parent.
- We examine the overall factors listed above by race/ethnicity, or by Asian/Hawaiian/Pacific Islander children, Black children, Hispanic children, and White children.
- We examine the overall factors listed above by family structure, or by children living with two parents and children living with zero or one parent.
- We examine the overall factors listed above by parental employment stability, or by children living with parent(s) who collectively work less than 25 weeks per year at any intensity, and children living with parent(s) who work at least 26 weeks per year at any intensity.

Time frame examined: From 1993-2019

#### **Key findings**

- Child poverty rates declined—and declined at similar rates—for nearly every subgroup examined: children in immigrant families and non-immigrant families; Asian/Hawaiian/Pacific Islander children, Black children, Hispanic children, and White children; and children living in two-parent families and children living with zero or one parent.
- Because child poverty rates declined at similar rates across groups, disparities in child poverty rates by parental nativity, race and ethnicity, and family structure persisted during the historical decline in child poverty from 1993 to 2019.
- There is one exception to this pattern of similar rates of decline across groups: The gap in poverty rates, and particularly deep poverty rates, grew between children with stably employed parents and those without. Poverty rates declined considerably for children with stably employed parents but much less so for children without stably employed parents.
- The role of the social safety net in reducing child poverty grew dramatically from 1993 to 2019 for nearly every subgroup; however, the social safety net did not work as well for all groups of children.
  - The social safety net has consistently played a greater role in protecting children in non-immigrant families from poverty than children in immigrant families—exacerbating disparities in child poverty between these two groups.
  - Relatedly, the social safety net exacerbated some racial/ethnic disparities in child poverty: The safety net consistently played a greater role in protecting Black and White children from poverty, compared to Hispanic and Asian/Hawaiian/Pacific Islander children—the groups most likely to live in immigrant families.<sup>22</sup>

<sup>&</sup>lt;sup>22</sup> We were unable to separate out Asian, native Hawaiian, and other Pacific Islander children due to data limitations.

 As the safety net shifted its emphasis from out-of-work assistance to work-based assistance, it left behind children with the least resources, those in deep poverty whose parents were not stably employed.

#### Section 1: Subgroup characteristics associated with child poverty

Past research has repeatedly identified gaps in child poverty based on family characteristics and has connected these subgroup disparities to a confluence of social, economic, demographic, and public policy factors. Many root causes of poverty disparities are long-standing—consider, for example, the legacy of disparate community investment under the GI Bill and redlining, and a shifting labor market structure that provided declining real wages—especially to workers with lower levels of education (Agron, 2021; D. Baker et al., 2016). The influence of these policies continues today. Some causes of disparities are newer, such as the changes to eligibility criteria in the social safety net discussed in Chapter 3.

Given the social safety net's increasing role in addressing child poverty from 1993 to 2019, which followed increases in safety net spending during that time frame, public officials need to know whether the safety net is helping reduce inequities, maintain the status quo, or increase inequities.

While the nation has come to contribute greater resources to the social safety net, families do not automatically receive its benefits based on their income. Multiple procedural steps stand between families and the benefits they need. To start, families need to know programs exist. They need to know which programs meet their needs. Armed with that knowledge, they must prove their eligibility for each program and apply for benefits, often through a separate application process for each program. Following successful enrollment, families may face waiting periods before receiving any, or full, benefits. They must comply with program-specific requirements, such as maintaining a minimum number of hours of work when programs have work requirements. At each step, families may encounter barriers that can influence their participation and the benefits they receive, resulting in wide variations in access by family characteristics, as well as by program and state (Macartney & Ghertner, 2021).

We now discuss the four family characteristics of our subgroup analysis. For each, we provide our rationale for focusing on groups classified by this characteristic based on a brief overview of past research examining child poverty disparities and their root causes. Further, for each characteristic we examine how the social safety net might provide disproportionately greater or lesser support to different subgroups due to program design and/or administration.

#### **Parental nativity**

The vast majority of children in the United States today are U.S.-born citizens. For example, 93 percent of Latino children were born in the United States (National Research Center on Hispanic Children & Families, 2020). However, the proportion of children living in immigrant families has grown steadily since the 1965 Immigration and Nationality Act, such that one quarter of all children in the United States (across racial and ethnic groups) lived with at least one foreign-born parent in 2019, compared with 6 percent of children in 1970\_(Greenberg et al., 2019; Kids Count Data Center, 2020b).

Association with poverty. Immigrants may experience unequal access to the labor market—namely, to higher-wage jobs and stable employment—due to language barriers, lower levels of education reflecting the development of their country of origin, lower returns to education attained in other countries, and limited U.S. networks (Aguilera, 2003; Bandyopadhyay & Grittayaphong, 2020; Chiswick & Miller, 2009; Isphording, 2014; Warman et al., 2015). A sizeable barrier to higher-wage jobs and stable employment is legal status in the United States, which impacts the one quarter of Hispanic children in the United States who have an unauthorized parent, for example (Borjas & Cassidy, 2019; Clarke et al., 2017; Earle et al., 2014). Previous

research has found that these barriers place children with immigrant parents at risk for poverty and dampen the protective role of the social safety net (Acevedo-Garcia, Joshi, Ruskin, Walters, Sofer, & Guevara, 2021).

**Social safety net access**. Much of the social safety net requires proof of legal immigration status or citizenship. Programs vary in their requirements: For instance, with the passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), all family members were required to have a Social Security number to be eligible for the Earned Income Tax Credit (EITC) (Acevedo-Garcia, Joshi, Ruskin, Walters, & Sofer, 2021; Crandall-Hollick, 2022). In addition, PRWORA introduced the five-year bar, which requires that immigrants hold a qualified status for at least five years before they become eligible for many social safety net programs. This bar keeps children in immigrant households—the vast majority of whom are U.S.-born citizens—from receiving benefits that their peers in non-immigrants families receive (National Research Center on Hispanic Children & Families, 2020).

Even when the five-year bar does not apply directly to children, citizen children in immigrant families may not realize full social safety net benefits as compared to their peers without immigrant family members. For instance, in 2002, the five-year bar for immigrant children was removed for Supplemental Nutrition Assistance Program (SNAP) benefits. Still, SNAP benefits are prorated to the number of citizens or qualified immigrants in the household. An analysis showed that a non-immigrant family of four could receive \$569 as their monthly SNAP benefit, but a family of four with two legal permanent residents who have not met the five-year bar requirement would receive only \$459; if those parents had no legal immigration status in the United States, the monthly benefit would be only \$193 (Walters et al., 2021). States have the option to use their own funds to provide Temporary Assistance for Needy Families (TANF) and other programs to immigrants under the five-year bar or to non-qualified immigrants, although fewer than half do\_(Center on Budget and Policy Priorities, 2022; U.S. Department of Health and Human Services Office of the Assistant Secretary for Planning and Evaluation, 2012).

Additional factors limit access to the social safety net for children in immigrant families, even when they are eligible. The public charge rule, for example, while no longer in effect, has had a "chilling effect" on applications for benefits from families with members who are not U.S. citizens, who fear that receiving benefits may jeopardize their path to permanent residency (Capps et al., 2020; U.S. Citizenship and Immigration Services, 2022). Indeed, mixed-status families and families with members who are not U.S. citizens are less likely to access anti-poverty programs—even when they are eligible (Acevedo-Garcia, Joshi, Ruskin, Walters, & Sofer, 2021).

**Subgroup analysis.** If any of a child's residential parents were born outside of the United States, we consider them to be living in an immigrant family. If all residential parents were born in the United States, inclusive of U.S. territories, we consider the child to live in a non-immigrant family. Parental nativity is a broad measure of family immigration status that does not fully capture how immigrants with different legal statuses operate within society. That is, parental nativity does not distinguish between naturalized citizens, authorized immigrants, and immigrants lacking authorization in the United States. We anticipate that using parental nativity likely underestimates the high levels of poverty faced by children in immigrant households, in which not all family members are authorized to be in the United States. Differences between groups would likely be more stark if our measures of immigrant status included citizenship status or whether all household members have a Social Security number (Acevedo-Garcia et al., 2022).

#### **Race and ethnicity**

Race and ethnicity are relevant to the study of child poverty because they are social constructs that shape families' access to resources in U.S. society—both historically and in the present day (Bailey et al., 2017; Heard-Garris et al., 2021; Lin & Harris, 2009; Smedley & Smedley, 2005). These constructs have become increasingly salient to the study of child poverty as the population of children in the United States has become more racially and ethnically diverse: Over the past quarter century, the number of Asian/Hawaiian/Pacific Islander children has almost doubled, the number of Black children has slightly

declined, the number of Hispanic children has nearly doubled, and the number of White children has shrunk by about one fifth.

Association with poverty. Legacies of discrimination against people of color have had long-lasting consequences for determining which children are likely to live in poverty today. For example, Black residents in Southern states with more severe historical racial regimes (e.g., slavery and sharecropping, voter disfranchisement, and Jim Crow segregation) are still more likely to live in poverty (R. S. Baker, 2022). Additionally, large shares of Asian and Hispanic children live in immigrant households: 87 percent of Asian and 54 percent of Hispanic children had an immigrant parent in 2019 (Urban Institute, n.d.-a). Since immigrant parents face structural barriers to both workforce entry and the social safety net, these racial and ethnic groups are also at elevated risks of living in poverty. In addition to these structural factors, interpersonal discrimination against American Indian/Alaska Native, Asian, Black, and Hispanic people is well-documented in housing, financing, and other areas of the private sector (Pager & Shepherd, 2008).

Social safety net access. Research has captured how multiple facets of social safety net programs (e.g., eligibility requirements, administrative burden, program features) and wide variation in program administration across states result in different levels of program access and benefit for families by race and ethnicity (Bitler et al., 2022; Ray et al., 2022). Administrative burden, for example, leads to implicit exclusion of children of color, children from immigrant households, and children from households in which members do not speak English by making it more difficult for families to learn about benefits, apply for benefits, prove their eligibility, and comply with program requirements. Examples of administrative burden include disparate application processes for each program, reapplication procedures, health status screenings, waiting periods, the provision of program information and applications in English only, and programs' occasional tendency to request sensitive information that is not required for eligibility. Research has found disparities in children's access to Supplemental Security Income (SSI) along racial lines (Community Legal Services of Philadelphia, 2020). In 2019, almost 10 percent of Hispanic children were uninsured, placing them at elevated risk of not receiving SSI benefits (Whitener & Corcoran, 2021). Program generosity, or the dollar amount of a particular benefit, is a major contributor to the effectiveness of the benefit for lifting children out of poverty, and this feature is stratified by race. Research indicates that the least generous TANF and unemployment insurance programs are in states with higher proportions of Black residents, for example (Hahn et al., 2017; Herd & Moynihan, 2020). An analysis of 2012-2014 data suggested that neutralizing differences in how states use TANF funds to address poverty could reduce the Black-White child poverty gap by 15 percent (Parolin, 2021). In addition to these concerns, the immigration exclusions discussed earlier place Asian and Hispanic children at the greatest risk of experiencing poverty.

**Subgroup analysis.** We examine differences in child poverty rates by race and ethnicity due to the constraints families face—both current and historic—that bar their access to the economy, labor market, and social safety net based on their race and ethnicity. We operationalize race and ethnicity with four categories, following the precedent of the Census Bureau: Non-Hispanic Asian/Hawaiian/Pacific Islander, non-Hispanic Black, Hispanic, and non-Hispanic White.<sup>23</sup> Each of these groups is large and heterogeneous. The non-Hispanic Asian/Hawaiian/Pacific Islander group encompasses children with very different identities, including at least 21 ethnic Asian identities (e.g., Chinese, Asian Indian, Mongolian), as well as Native Hawaiians, Samoans, Chamorros, Tongans, and Fijians (Monte & Shin, 2022). Black children are also diverse; for example, they live within a wide diversity of family structures, including married and single-parent households and in grandparent homes where grandparents are the primary caregiver (Lloyd et al., 2021, 2022). Additionally, Hispanic children's families are also diverse and vary by countries of heritage, citizenship status, languages spoken at home, and generational status—all factors tied to their likelihood of living in poverty (Guzman et al., 2021).

As we have multiple subgroups to compare, we have chosen to use a disparity framing in this section and opted to use White children as the comparison group. While this is a common practice in subgroup analysis, we recognize that it centers the experiences of White children and frames their experiences as "normal" or

<sup>&</sup>lt;sup>23</sup> Throughout the report, we drop "non-Hispanic" from descriptions for parsimony.

"typical" (D. T. Williams, 2019). It is not ideal for any child to experience poverty, and the ideal comparison would be against a poverty rate of 0. However, because White children, as a group, are less likely to experience the structural barriers to the social safety net described above, we are using them as our reference group.

This analysis only scratches the surface of the diversity of racialized experiences of children and families in the United States. The Current Population Survey changed how it asked about race and ethnicity in 2003, limiting the groups that we could examine over time (Bowler et al., n.d.). We were not able to include American Indian or Alaska Native (AIAN) children in our analyses. Samples of AIAN children are limited to 500 to 600 children per year, and results are too unstable to present. Please refer to published estimates from the American Community Survey for poverty estimates for AIAN children, as well as for Native Hawaiian and Other Pacific Islander children (captured separately from Asian children).<sup>24</sup>

#### **Family structure**

Over the past quarter century, the share of children living in two-parent families, including both married parents and cohabiting parents, has remained more or less stable. Within this group, the proportion of children who live with two married parents has declined and the share of children living with cohabiting parents has increased (Kids Count Data Center, 2019; Livingston, 2018). Cohabiting parents also contribute to families' well-being, both in terms of earnings potential and the benefits that accrue to children from having multiple parents present (McLanahan & Sandefur, 1997).

Association with poverty. Two-parent families tend to have more economic resources than single-parent families by virtue of having a second adult in the household (Thomas & Sawhill, 2005). With two parents, there are two potential earners in the family and greater earnings potential, as well as potential economies of scale (Thomas & Sawhill, 2005). Two-parent families also have the potential to balance and share child care and household tasks (Gornick & Meyers, 2003). Meanwhile, single parents face less flexibility and sustainability of employment and additional challenges to labor force participation, including the need for accessible and affordable child care, wage inequities, and the lack of family-friendly work policies— challenges that all parents face but which are especially acute for single parents (Millar & Ridge, 2009; Nieuwenhuis & Maldonado, 2018).

**Social safety net access**. Anti-poverty programs have shifted in their approach to serving children in twoparent vs. single-parent families over time. Critics of anti-poverty programs in the 1980s and 1990s especially of Aid to Families with Dependent Children (AFDC), the predecessor to TANF—criticized these programs for discouraging work and encouraging single parenthood (Tach & Edin, 2017). Since the passage of PRWORA, one approach to reducing child poverty has been to encourage family stability through marriage and encouraging two-parent families. Indeed, one of TANF's four purposes is to "encourage the formation and maintenance of two-parent families" (U.S. Administration for Children & Families Office of Family Assistance, 2022b). There is little evidence, however, that welfare reform led to more marriages or fewer unwed births (Bitler et al., 2004; Joyce et al., 2002; Tach & Edin, 2017).

Programs that prorate benefits based on earnings, giving larger benefits to families with higher incomes (e.g., the EITC, unemployment insurance, and Social Security), may provide larger benefits to two-parent families. However, means-tested programs that target families in deep poverty may be more accessible for single-parent families.

**Subgroup analysis**. We compare children living with single or no parents to those in two-parent families. We combine children living with one or no parents together to focus on the resources available to a child—for the reasons discussed above and for parsimony. In 2019, 34 percent of children lived in single-parent families, and 6 percent lived with neither parent (for example, with an aunt or grandparent without a parent

<sup>&</sup>lt;sup>24</sup> Specifically, the c17001A-I table series on data.census.gov provides these data.

present) (Kids Count Data Center, 2020c, 2022b). We include biological parents as well as stepparents, adoptive parents, and cohabiting partners in determining whether a child lives in a two-parent household. This analytic decision may dampen the role of marriage penalties that count both partners' incomes when determining eligibility because cohabiting partners are included in two-parent families (Wilcox, 2020).

#### Parental employment stability

The primary source of income for most children is their parents' earned income (Bitler et al., 2016). However, in 2019, more than one in four children lived in families in which no parent had a regular, full-time job (Kids Count Data Center, 2020d). This does not, however, mean that their parents did not work at all. Parents without full-time employment may experience challenges finding stable work and must instead navigate temporary or short-term employment spells in jobs that are unpredictable and have high levels of churn (Institute for Research on Poverty at University of Wisconsin, 2017; Ehrenreich, 2001).

Association with poverty. Nearly one third of parents in deep poverty experience long-term unemployment (Nguyen et al., 2020). Whatever the reason, a lack of secure parental employment can raise a child's chances of experiencing deep poverty (Institute for Research on Poverty at University of Wisconsin, 2017). Challenges to finding and maintaining secure employment can include health issues or disability, mismatches between skills and available jobs, limited job networks or resources, lack of access to affordable child care or transportation, and the many forms of discrimination that certain job seekers face. The loss of a job can also create an unfortunate cycle, as employment interruptions can raise red flags with future employers (Weisshaar, 2021). Parents out of the labor force could also be attending school to improve their children's future economic well-being.

**Social safety net access**. In 1935, during the Great Depression, the Social Security Act created the first federal welfare program for children (Aid for Dependent Children, renamed AFDC in 1962 and replaced by TANF in 1996) (U.S. Department of Health and Human Services Office of the Assistant Secretary for Planning and Evaluation, n.d.). AFDC/TANF was specifically designed as an "out-of-work" safety net program, with the goal of providing aid to support the well-being and health of children living in families in which the primary wage earner (usually the father) was absent from the home, deceased, or unable to work (Bitler & Hoynes, 2010). In the 1990s, however, concerns about AFDC/TANF disincentivizing work led to welfare reform. In 1996, PRWORA introduced work requirements to AFDC/TANF and funding for the program was capped; meanwhile, the EITC, which is conditioned on work, was significantly expanded.

Today, many social safety net programs have work requirements (e.g., TANF), are experimenting with work requirements (e.g., housing assistance), or tie benefits directly to employment and earned income (e.g., EITC and unemployment insurance). Work requirements assume that all parents can obtain and maintain stable employment, and programs with work requirements have time limits on job seeking. Many parents cannot meet those assumptions, however, as they face complex and often overlapping barriers to stable employment, including unstable housing, unreliable child care, health problems (including those that are not severe enough to qualify for exemptions or disability benefits), lack of education, and criminal records (Lei, 2013).

Other programs in the social safety net, such as the EITC, tie benefits to earned income. While some of the largest increases in federal spending from the early 1990s through the Great Recession were seen for work-conditioned programs such as the EITC, these programs do not equally benefit all children. Notably, children whose parents are unable to work—or whose work hours are limited due to disability, chronic health problems, or unreliable child care—may not receive the credit or may receive substantially smaller credits because their earned income is lower than required to receive the full benefit (Crandall-Hollick et al., 2021).

**Subgroup analysis**. We compare children with at least one stably employed parent to children without a stably employed parent. We define stable employment as all available residential parents working a combined total of at least 25 weeks in the past year, regardless of how many hours were worked. This simple

definition of stable employment does not capture challenges associated with consistent but part-time work that may not afford a family access to benefits like health insurance.

Given the high risk of deep poverty for children without stably employed parents, we look at how the safety net protects children with both characteristics from poverty and deep poverty.

#### Section 2: Declines in child poverty, by subgroup

This section is dedicated to answering the following question: Did different groups of children experience similar declines in child poverty during the past quarter century's historic decline in child poverty? For each of the four characteristics discussed previously, we also explore the resulting implications for child poverty disparities.

#### A note about how we use absolute and relative measures

To answer our two research questions in this chapter, we present both absolute and relative measures first, to compare subgroup declines in child poverty; and second, to examine the contribution of the social safety net to protecting children from poverty. Below, we explain how, for each analysis, each measure contributes to our understanding of subgroup experiences with child poverty.

To examine subgroup differences: We look at absolute differences in child poverty between subgroups by examining the percentage point difference between subgroups. This tells us how much higher a poverty rate is for one subgroup than another without comparison to either subgroup's rate. To introduce an example: If Group A has a poverty rate of 30 percent and Group B has a poverty rate of 20 percent, then there is an absolute difference of 10 percentage points. If Group C has a poverty rate of 15 percent and Group D has a poverty rate of 5 percent, then the absolute difference would again be 10 percentage points, even though Group C and Group D have lower rates of poverty than either Group A or Group B.

We also examine the relative difference in child poverty between subgroups. This approach tells us how likely a person in one group is to live in poverty, compared to a person in another group. To examine relative differences, we create a ratio of the percent of children in poverty between groups. Using the same examples as above, the ratio of 30/20 between Group A and Group B means that a person in Group A is 1.5 times as likely to be in poverty as a person in Group B. And given the ratio of 15/5 between Group C and Group D, a person is Group C is 3 times as likely to be in poverty as a person in group to be in poverty as a person in Group D.

Using these two methods to measure disparities between groups over time can give different answers to how disparities have changed over the past 26 years. In cases when poverty rates decrease, such that absolute differences either remain stable or shrink, relative differences can remain stable, increase, or decrease. When poverty rates decline for all groups, but at the same rate or faster for the group with the lower poverty rate, then absolute differences can remain steady while relative differences increase. Group C represents a 50 percent decline from Group A, while Group D represents a 75 percent decline from Group B. While the absolute differences between Groups A and B and between Groups C and D are the same, the relative difference between Groups C and D ends up larger than that between Groups A and B.

We present both measures for our subgroup analyses, but focus on relative differences between groups because these measure the proportional magnitude difference between the groups and mathematically allow disparities to grow or shrink as poverty rates decline (Paschall, 2020). As poverty rates approach zero, though, relative measures tend to look large, so we do not always present ratios of differences.

To examine the contribution of the social safety net by subgroup: For our second research question, we calculate how much lower poverty is with the social safety net than it would have been without it. We provide an absolute measure of the social safety net's contribution by calculating, for each subgroup, the percentage point difference between their pre-tax-and-transfer (PTT) poverty rate and their poverty rate based on the Supplemental Poverty Measure (SPM). This absolute measure tells us how much the social safety net reduced poverty in absolute terms for that subgroup. We then provide a relative measure of the social safety net contribution by calculating the percent decline in poverty for each subgroup due to the social safety net. The relative measure illustrates the magnitude of this decline proportional to how high poverty rates were in the subgroup. The two measures provide two very different true stories: The absolute metric makes clear how significant the social safety net is to reductions in poverty, but it's the relative metric that clarifies how the social safety net's priorities have shifted. You need both stories together to show this clearly. Again, we emphasize the relative measure when comparing the role of the social safety net between subgroups.

#### **Parental nativity**

Child poverty rates declined by nearly two thirds from 1993 to 2019 for both children in immigrant families and children in non-immigrant families (see Figure 4.1). For children in immigrant families, child poverty decreased by 61 percent, from 41 percent in 1993 to 16 percent in 2019. Similarly, for children in non-immigrant families, poverty decreased from 24 percent in 1993 to 9 percent in 2019, a decrease of 62 percent. While the percentage point gap in child poverty rates by parental nativity decreased—from a gap of 16.2 percentage points in 1993 to a gap of 6.6 percentage points in 2019—children in immigrant families remain about 1.7 times as likely to be in poverty as children in non-immigrant families in both 1993 and 2019.



**Figure 4.1.** Child Poverty by Parental Nativity, as Measured by the Supplemental Poverty Measure (SPM), 1993-2019

**Notes:** If any of a child's residential parents were born outside of the United States, we consider them to be living in an immigrant family. If all residential parents were born in the United States, inclusive of U.S. territories, we consider the child to live in a non-immigrant family. The Current Population Survey did not ask about birthplace until 1994, so data are not presented before 1993 (the 1994 survey asks about income in 1993).

**Sources:** Child Trends' analysis of the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds and the CPS ASEC (Flood et al., 2021; Wimer et al., 2021). Recession data are from the National Bureau of Economic Research (National Bureau of Economic Research, 2021).

#### **Race and ethnicity**

From 1993 to 2019, the percentage of children experiencing poverty decreased for all racial and ethnic groups at similar rates, between 63 and 66 percent (see Figure 4.2).

- For Asian/Hawaiian/Pacific Islander children, poverty decreased by 66 percent, from 27 percent in 1993 to 9 percent in 2019.
- For Black children, poverty decreased by 64 percent, from 49 percent in 1993 to 18 percent in 2019.
- For Hispanic children, poverty decreased by 64 percent, from 52 percent in 1993 to 19 percent in 2019.
- For White children, poverty decreased by 63 percent, from 18 percent in 1993 to 7 percent in 2019.

Because child poverty rates declined at similar rates across groups, relative disparities in poverty between racial and ethnic groups remained fairly stable over time. Focusing on White children (who consistently had the lowest levels of poverty) as the reference group, percentage point gaps with Asian/Hawaiian/Pacific Islander children, Black children, and Hispanic children shrank, respectively, from 9.5 percentage points to 2.9 percentage points, from 31.6 percentage points to 11.1 percentage points, and from 34.3 percentage points to 12.1 percentage points. Nevertheless, the percentage of Asian/Hawaiian/Pacific Islander, Black, and Hispanic children living in poverty—when compared to White children—remained relatively consistent in both 1993 and 2019: Asian/Hawaiian/Pacific Islander children remained about 1.5 times as likely to be in poverty as White children; Black children remained about 2.7 times as likely to be in poverty as White children are the racial/ethnic group with the largest number of children in poverty (Kids Count Data Center, 2022a).





**Notes**: The Current Population Survey changed its race and ethnicity questions in 2003, limiting the groups that can be examined over time (Bowler et al., n.d.). We present data starting in 1993 in order to include the Asian/Hawaiian/Pacific Islander group. We were not able to include American Indian or Alaska Native (AIAN) children in our analyses due to sample size limitations.

**Sources**: Child Trends' analysis of the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds and the CPS ASEC (Flood et al., 2021; Wimer et al., 2021). Recession data are from the National Bureau of Economic Research. (National Bureau of Economic Research, 2021).

#### **Family structure**

Child poverty rates decreased at similar rates for both children in two-parent families and families with one or no parents from 1993 to 2019 (see Figure 4.3). For children in two-parent families, poverty decreased by 60 percent, from 18 percent in 1993 to 7 percent in 2019. For children in families with one or no parents, illustrated in light blue, poverty decreased by 54 percent, from 51 percent in 1993 to 23 percent in 2019.

Consistently, though, poverty rates for children in two-parent families have been much lower than for children living with one or no parents. In 1993, rates of poverty for children living with two parents were 33.3 percentage points lower than for children living with a single parent or no parents. In 2019, this absolute difference fell to 16.1 percentage points.

When looking at relative rates, however, we see that children living with one or no parents remain about three times as likely to be in poverty as children living with two parents, in both 1993 and 2019. In other words, the relative inequities in poverty rates between children in two-parent families and children living with one or no parents persisted from 1993 to 2019.

**Figure 4.3.** Child Poverty by Family Structure, as Measured by the Supplemental Poverty Measure (SPM), 1980-2019



**Notes:** We provide data back to 1980 to provide context for the decline in child poverty that occurred from 1993 to 2019. We include biological parents as well as stepparents, adoptive parents, and cohabiting partners in determining whether a child lives in a two-parent household.

**Sources**: Child Trends' analysis of the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds and the CPS ASEC (Flood et al., 2021; Wimer et al., 2021). Recession data are from the National Bureau of Economic Research (National Bureau of Economic Research, 2021).

#### Parental employment stability

**Child poverty rates declined at different rates for children with and without stably employed parents from 1993 to 2019.** Child poverty rates declined by 28 percent for children without stably employed parents, from 71 percent to 52 percent. However, for children with stably employed parents, child poverty rates fell faster in relative terms: For these children, child poverty declined by 61 percent, from 18 percent to 7 percent.

Given the high risk of *deep* poverty for children without stably employed parents, we also look at how deep poverty rates changed for children with and without stably employed parents.

**Child deep poverty rates declined for children with stably employed parents from 1993 to 2019, but remained about the same for children without stably employed parents (see Figure 4.4).** In 1993, one in five children (21%) without a stably employed parent lived in deep poverty.<sup>25</sup> Twenty-six years later, in 2019, the share of children without a stably employed parent in deep poverty remained essentially unchanged, at 21 percent. On the other hand, over the same period, the deep poverty rate for children with at least one stably employed parent decreased from 4 percent to 1 percent—a decline of 69 percent. Children with stably employed parents are less likely to live in deep poverty than children without stably employed parents, and this disparity grew over time.<sup>26</sup>

**Figure 4.4.** Child Deep Poverty (<50% Supplemental Poverty Measure, or SPM) by Parental Employment Stability, as Measured by the SPM, 1980-2019



**Notes:** We provide data back to 1980 to provide context for the decline in child poverty that occurred from 1993 to 2019. We define stable employment as all available residential parents working a combined total of at least 25 weeks in the past year, regardless of how many hours were worked.

**Sources:** Child Trends' analysis of the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds and the CPS ASEC (Flood et al., 2021; Wimer et al., 2021). Recession data are from the National Bureau of Economic Research (National Bureau of Economic Research, 2021).

<sup>25</sup> Deep poverty is defined as having an income less than 50 percent of the SPM poverty threshold. In 2019, this is less than approximately \$14,440 for a two-adult, two-child household that rents (U.S. Census Bureau, 2020a).

<sup>&</sup>lt;sup>26</sup> We do not present a ratio of poverty by parental employment stability because the poverty rate for children with stably employed parents is very low.

# Section 3: Contribution of the social safety net to the decline in child poverty, by subgroup

We now transition to our second research question: To what extent does the social safety net protect children from poverty in each subgroup? In this section, we examine the contribution of the social safety net to protecting children from poverty for the same four subgroups of children discussed previously.

For each subgroup, we first examine child poverty rates with and without the social safety net. As in the previous analysis, we provide multiple measures to illustrate what we found. Dashed lines in the figures show the pre-tax-and-transfer (PTT) poverty rate for each group, or what the poverty rate would have been without the social safety net. Solid lines show rates based on the Supplemental Poverty Measure (SPM), which factors in the resources provided by the social safety net. The area between the dashed and solid lines—the percentage point difference—is the absolute contribution of the social safety net toward child poverty reduction for a subgroup. We then provide a relative measure of the social safety net's contribution to each subgroup, illustrated in a second figure, by presenting the percent decline in child poverty due to the social safety net. This second figure supports more direct comparisons between subgroups examined.

#### **Parental nativity**

The role of the social safety net in reducing child poverty grew dramatically over time for children in both immigrant families and non-immigrant families. As illustrated in Figure 4.5, the social safety net reduced poverty by 0.5 percentage points for children in immigrant families and by 3.1 percentage points for children in non-immigrant families in 1993. By 2019, that contribution grew to a reduction of 9.9 percentage points for children in immigrant families for children in non-immigrant families. For kids in immigrant families, the social safety net lowered poverty by a relatively small amount until about 2003, when its role began to grow. The growth of the social safety net accelerated during the Great Recession for children in immigrant families. SPM poverty rates continued to decrease this group through the Great Recession, whereas they slightly increased for children in non-immigrant families. During this time, the social safety net played a larger absolute role for kids in immigrant families than for kids in non-immigrant families. After the Great Recession, the percentage point reduction in poverty due to the social safety net shrank for both groups.



Figure 4.5. Child Poverty by Parental Nativity, With and Without the Social Safety Net, 1993-2019

**Notes:** The social safety net is made up of many disparate programs (Thomson et al., 2022). Anti-poverty programs captured here include the Supplemental Nutrition Assistance Program (SNAP), Social Security (SS), housing assistance, unemployment insurance, Supplemental Security Income (SSI), Temporary Assistance to Needy Families (TANF) and Aid to Families with Dependent Children (AFDC), the National School Lunch Program (NSLP), Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and Low-income Home Energy Assistance Program (LIHEAP) subsidies. The full tax system is also captured here, including federal and state taxes owed, federal tax credits (including the refundable tax credits), payroll taxes (FICA), and stimulus payments in 2008 and 2009.

If any of a child's residential parents were born outside of the United States, we consider them to be living in an immigrant family. If all residential parents were born in the United States, inclusive of U.S. territories, we consider the child to live in a non-immigrant family. The Current Population Survey did not ask about birthplace until 1994, so data are not presented before 1993 (the 1994 survey asks about income in 1993).

**Sources**: Child Trends' analysis of the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds and the CPS ASEC (Flood et al., 2021; Wimer et al., 2021). Recession data are from the National Bureau of Economic Research (National Bureau of Economic Research, 2021).

The social safety net played a consistently larger relative role in reducing child poverty for children in non-immigrant families than for children in immigrant families from 1993 to 2019, exacerbating child poverty disparities by immigration status. Figure 4.6 below illustrates the degree to which the social safety net reduced child poverty rates for children in immigrant families (in green) and children in non-immigrant families (in dark blue). Similar to Figure 4.5, this figure illustrates the growth in the role of the social safety net over time for each group: In 1993, the social safety net reduced child poverty by 1 percent for children in immigrant families. This grew to 39 percent and 47 percent, respectively, by 2019. The social safety net was consistently associated with a larger percent decrease in child poverty for children in non-immigrant families than for children in immigrant families.<sup>27</sup>

Because the social safety net disproportionately benefited children in non-immigrant families, it exacerbated pre-existing disparities in child poverty by parental nativity. Before the social safety net, kids in immigrant families were 1.5 times as likely to live in poverty as kids in non-immigrant families in 2019. After accounting for the social safety net, kids in immigrant families were 1.7 times as likely to live in poverty.

<sup>&</sup>lt;sup>27</sup> Ideally, we would examine the role of the social safety net in earlier years as well, to serve as a longer reference period before additional immigrant eligibility restrictions were put in place in 1996 with PRWORA and the Illegal Immigration Reform and Immigrant Responsibility Act of 1996. However, the Current Population Survey did not ask about birthplace before 1994, so we are not able to extend this analysis earlier (Broder et al., 2022).



**Figure 4.6.** Percent Decrease in Child Poverty Attributable to the Social Safety Net, by Parental Nativity, 1993-2019

**Notes:** The social safety net is made up of many disparate programs (Thomson et al., 2022). Anti-poverty programs captured here the Supplemental Nutrition Assistance Program (SNAP), Social Security (SS), housing assistance, unemployment insurance, Supplemental Security Income (SSI), Temporary Assistance to Needy Families (TANF) and Aid to Families with Dependent Children (AFDC), the National School Lunch Program (NSLP), Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and Low-income Home Energy Assistance Program (LIHEAP) subsidies. The full tax system is also captured here, including federal and state taxes owed, federal tax credits (including the refundable tax credits), payroll taxes (FICA), and stimulus payments in 2008 and 2009.

If any of a child's residential parents were born outside of the United States, we consider them to be living in an immigrant family. If all residential parents were born in the United States, inclusive of U.S. territories, we consider the child to live in a non-immigrant family. The Current Population Survey did not ask about birthplace until 1994, so data are not presented before 1993 (the 1994 survey asks about income in 1993).

**Sources**: Child Trends' analysis of the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds and the CPS ASEC\_(Flood et al., 2021; Wimer et al., 2021). Recession data are from the National Bureau of Economic Research\_(National Bureau of Economic Research, 2021).

Importantly, our results likely overestimate the role of the social safety net for children in immigrant families, relative to children in non-immigrant families, due to the limitations with the simulation of the EITC explained in Chapter 3. EITC values in the Historical SPM Dataset are simulated based on family income, and on family structure and composition, and do not account for family ineligibility on the basis of household members' immigration status (Jones & Ziliak, 2019). That is, the Historical SPM Dataset captures the potential, rather than the actual, reach of the EITC (Wheaton & Stevens, 2016). Based on these values, our analysis suggests that the EITC may have the potential to decrease gaps in poverty between children with immigrant and non-immigrant parents, as immigrant families are more likely to have two parents and thus two incomes (Chaudry & Fortuny, 2010). However, as the estimate of the total role of the social safety net in protecting children from poverty includes the potential role of the EITC, this subgroup analysis likely overstates the support provided to children in immigrant families. As a result, this analysis likely also underestimates the extent to which the social safety net exacerbates disparities between child poverty rates in households based on parental nativity status. The overestimation of the EITC's anti-poverty role using simulation methods has also been noted in recent work by Maggie Jones and James Ziliak (Jones & Ziliak, 2019).

#### **Race and ethnicity**

The size of the social safety net's role in protecting children from poverty grew over time for children of all races and ethnicities. The growth in the size of the social safety net's role was particularly large for Black and Hispanic children, especially during the Great Recession. In Figure 4.7, this growth is illustrated by the expanded space between the solid and dashed lines around the Great Recession for Black and Hispanic children, before shrinking again post-recession. In absolute terms, in 2019, the social safety net lowered poverty by more percentage points for Black and Hispanic children than for White or Asian/Hawaiian/Pacific Islander children: The social safety net lowered poverty by 18.3 percentage points for Hispanic children, and about 5 percentage points for White and Asian/Hawaiian/Pacific Islander children.

**Figure 4.7.** Child Poverty, by Race and Ethnicity With and Without the Social Safety Net, as Measured by the Supplemental Poverty Measure (SPM), 1993-2019



Asian/Hawaiian/Pacific Islander

#### Black



Hispanic



**Notes:** The social safety net is made up of many disparate programs (Thomson et al., 2022). Anti-poverty programs captured here the Supplemental Nutrition Assistance Program (SNAP), Social Security (SS), housing assistance, unemployment insurance, Supplemental Security Income (SSI), Temporary Assistance to Needy Families (TANF) and Aid to Families with Dependent Children (AFDC), the National School Lunch Program (NSLP), Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and Low-income Home Energy Assistance Program (LIHEAP) subsidies. The full tax system is also captured here, including federal and state taxes owed, federal tax credits (including the refundable tax credits), payroll taxes (FICA), and stimulus payments in 2008 and 2009.

The Current Population Survey changed its race and ethnicity questions in 2003, limiting the groups that can be examined over time (Bowler et al., n.d.). We present data starting in 1993 in order to include the Asian/Hawaiian/Pacific Islander group. We were not able to include American Indian or Alaska Native (AIAN) children in our analyses due to sample size limitations. As we have multiple subgroups to compare, we have chosen to use a disparity framing in this section and opted to use White children as the comparison group. While this is a common practice in subgroup analysis, we recognize that it centers the experiences of White children and frames their experiences as "normal" or "typical" (D. T. Williams, 2019). It is not ideal for any child to experience poverty, and the ideal comparison would be against a poverty rate of 0. However, because White children, as a group, are less likely to experience the structural barriers to the social safety net described above, we are using them as our reference group.

**Sources**: Child Trends' analysis of the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds and the CPS ASEC (Flood et al., 2021; Wimer et al., 2021). Recession data are from the National Bureau of Economic Research (National Bureau of Economic Research, 2021).

The relative decrease in poverty due to the social safety net has been consistently larger for Black and White children, and smaller for Hispanic and Asian/Hawaiian/Pacific Islander children—exacerbating disparities in poverty rates between White children and Hispanic or Asian/Hawaiian/Pacific Islander children. In 2019, the social safety decreased poverty by about 51 percent for Black children, 44 percent for White children, 39 percent for Hispanic children, and 33 percent for Asian/Hawaiian/Pacific Islander children (see Figure 4.8).<sup>28</sup> The social safety net was more supportive of Black children than White children in 2019, and slightly reduced disparities in poverty between Black and White children that year, but this was a historical blip. In most years—and even recently—the social safety net has played near-equal roles in reducing poverty for Black and White children (Charles et al., 2022).

Without the social safety net, Asian/Hawaiian/Pacific Islander children were 1.2 times as likely as White children to be in poverty. Accounting for the role of social safety net, though, this disparity grew so that

<sup>&</sup>lt;sup>28</sup> This is a case where the absolute measures and relative measures of declines in child poverty seem in conflict. Given the higher child poverty rates for Hispanic children, the social safety net plays a larger absolute role, but a smaller relative role, in reducing child poverty for these groups.

Asian/Hawaiian/Pacific Islander children were 1.4 times as likely to be in poverty as White children in 2019. Without the social safety net, Hispanic children were 2.6 times as likely as White children to be in poverty; with the social safety net, though, this difference grew slightly to 2.9 times as likely.

Again, these estimates may underestimate disparities for groups with high proportions of immigrant families (particularly Asian and Hispanic children) due to the EITC-related data limitations mentioned earlier.





**Notes:** It is possible that the social safety net increases child poverty rates (and thus has a negative percent reduction in child poverty) when families owe more in taxes than they receive in benefits from anti-poverty programs.

The social safety net is made up of many disparate programs (Thomson et al., 2022). Anti-poverty programs captured here the Supplemental Nutrition Assistance Program (SNAP), Social Security (SS), housing assistance, unemployment insurance, Supplemental Security Income (SSI), Temporary Assistance to Needy Families (TANF) and Aid to Families with Dependent Children (AFDC), the National School Lunch Program (NSLP), Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and Low-income Home Energy Assistance Program (LIHEAP) subsidies. The full tax system is also captured here, including federal and state taxes owed, federal tax credits (including the refundable tax credits), payroll taxes (FICA), and stimulus payments in 2008 and 2009.

The Current Population Survey changed its race and ethnicity questions in 2003, limiting the groups that can be examined over time (Bowler et al., n.d.). We present data starting in 1993 in order to include the Asian/Hawaiian/Pacific Islander group. We were not able to include American Indian or Alaska Native (AIAN) children in our analyses due to sample size limitations. As we have multiple subgroups to compare, we have chosen to use a disparity framing in this section and opted to use White children as the comparison group. While this is a common practice in subgroup analysis, we recognize that it centers the experiences of White children and frames their experiences as "normal" or "typical" (D. T. Williams, 2019). It is not ideal for any child to experience poverty, and the ideal comparison would be against a poverty rate of 0. However, because White children, as a group, are less likely to experience the structural barriers to the social safety net described above, we are using them as our reference group.

**Sources:** Child Trends' analysis of the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds and the CPS ASEC (Flood et al., 2021; Wimer et al., 2021). Recession data are from the National Bureau of Economic Research (National Bureau of Economic Research, 2021).

#### **Family structure**

The social safety net's role in protecting children from poverty grew for both children living with two parents and children living with no or one parent. In 2019, the social safety net decreased poverty by 19.1 percentage points for children living in families with a single parent or no parents, and by 5.0 percentage points for children living with two parents. Consistently, though, the social safety net has played a larger absolute role in protecting children living in families with one or no parents from poverty than for children in two-parent families. In other words, the social safety net has consistently lowered poverty by more percentage points for children in no- or one-parent families than for children living with two parents (see Figure 4.9).



Figure 4.9. Child Poverty, by Family Structure With and Without the Social Safety Net, 1980-2019

**Notes:** The social safety net is made up of many disparate programs (Thomson et al., 2022). Anti-poverty programs captured here include the Supplemental Nutrition Assistance Program (SNAP), Social Security, housing assistance, unemployment insurance, Supplemental Security Income (SSI), Temporary Assistance to Needy Families (TANF) and Aid to Families with Dependent Children (AFDC), the National School Lunch Program (NSLP), Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and Low-income Home Energy Assistance Program (LIHEAP) subsidies. The full tax system is also captured here, including federal and state taxes owed, federal tax credits (including the refundable tax credits), payroll taxes (FICA), and stimulus payments in 2008 and 2009.

We provide data back to 1980 to provide context for the decline in child poverty that occurred from 1993 to 2019. We include biological parents as well as stepparents, adoptive parents, and cohabiting partners in determining whether a child lives in a two-parent household.

**Sources**: Child Trends' analysis of the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds and the CPS ASEC (Flood et al., 2021; Wimer et al., 2021). Recession data are from the National Bureau of Economic Research (National Bureau of Economic Research, 2021).

The relative contribution of the social safety net is relatively comparable for children regardless of their family structure and may slightly reduce disparities in poverty rates by family structure. Once we consider the elevated poverty rates of children living in families with single or no parents, the social safety net's role in protecting children from poverty looks much more similar for children with single or no parents and children with two parents. Prior to 2005, the social safety net played a larger role in reducing poverty in

single-parent families than in two-parent families—meaning that it helped narrow disparities between the two groups (see Figure 4.10). In both 2002 and 2009, the relative role of the social safety net in protecting children from poverty increased steeply for children in two-parent families, corresponding to two policy interventions in the EITC that reduced the "marriage penalty." Note that the role of marriage penalties may be muted in our analysis as we group children living with two parents together, including those with cohabitating parents and married parents. Since the Great Recession, the contribution of the social safety net in reducing poverty has been relatively comparable for children in two-parent families and those in zero-or one-parent families.





**Notes:** It is possible that the social safety net increases child poverty rates (and thus has a negative percent reduction in child poverty) when families owe more in taxes than they receive in benefits from anti-poverty programs.

The social safety net is made up of many disparate programs (Thomson et al., 2022). Anti-poverty programs captured here include the Supplemental Nutrition Assistance Program (SNAP), Social Security (SS), housing assistance, unemployment insurance, Supplemental Security Income (SSI), Temporary Assistance to Needy Families (TANF) and Aid to Families with Dependent Children (AFDC), the National School Lunch Program (NSLP), Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and Low-income Home Energy Assistance Program (LIHEAP) subsidies. The full tax system is also captured here, including federal and state taxes owed, federal tax credits (including the refundable tax credits), payroll taxes (FICA), and stimulus payments in 2008 and 2009.

We provide data back to 1980 to provide context for the decline in child poverty that occurred between 1993 and 2019. We include biological parents as well as stepparents, adoptive parents, and cohabiting partners in determining whether a child lives in a two-parent household.

**Sources**: Child Trends' analysis of the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds and the CPS ASEC (Flood et al., 2021; Wimer et al., 2021). Recession data are from the National Bureau of Economic Research (National Bureau of Economic Research, 2021).

Without the social safety net, children in zero- or one-parent families were 3.5 times as likely to live in poverty as children in two-parent families in 2019. After accounting for the social safety net, though, this disparity is slightly diminished so that children living in families with zero or one parent were 3.3 times as likely to live in poverty.

#### Parental employment stability

The social safety net's role in protecting children from poverty grew for both children with and without stably employed parents. In 1993, the social safety net was associated with a 15.3 percentage point decrease in poverty for parents without stably employed parents, which rose to a 22.7 percentage point decrease in 2019. For children with stably employed parents, the social safety net accounted for a 0.3 percentage point decrease in poverty in 1993, which rose to 7.3 percentage points by 2019.

The relative decrease in poverty due to the social safety net is, as of 2019, larger for children with stably employed parents than for children without stably employed parents. This represents a dramatic shift from the role of the social safety net in earlier years, when the relative decrease in poverty was larger for children without stably employed parents. In 1993, the social safety accounted for an 18 percent decrease in child poverty for children without stably employed parents, and a 2 percent decrease for children with stably employed parents. However, by 2019, the social safety net accounted for 51 percent of the decrease in poverty for children with stably employed parents, and only 31 percent of the decrease for children without stably employed parents.

Given the high risk of *deep* poverty for children without stably employed parents, we also look at changes in the social safety net's role in reducing deep poverty rates for children with and without stably employed parents.

The story shifts for deep poverty: In absolute terms, the social safety net consistently played a larger role in protecting children without a stably employed parent from deep poverty than it did for children with at least one stably employed parent; however, its role in protecting children from deep poverty has decreased over time. In 1993, the social safety net decreased deep poverty rates by 2.8 percentage points for children with stably employed parents and by 56.5 percentage points for children without stably employed parents and by 56.5 percentage points for children without stably employed parents by 40.3 percentage points (reducing deep poverty rates for children with stably employed parents by 40.3 percentage points (reducing deep poverty from 61% to 21%). In comparison, the social safety net reduced deep poverty by 3.0 percentage points for children with stably employed parent(s) in 2019.

Over time, deep poverty rates without the social safety net declined for children without stably employed parents from 1993 to 2019 (shown in magenta in Figure 4.11), partially thanks to the economic and demographic factors described in Chapter 2. At the same time, after accounting for the social safety net, deep poverty rates for this group remained pretty stable. This indicates that the absolute role of the social safety net shrank over time for kids without stably employed parents.





**Notes:** The social safety net is made up of many disparate programs (Thomson et al., 2022). Anti-poverty programs captured here include the Supplemental Nutrition Assistance Program (SNAP), Social Security (SS), housing assistance, unemployment insurance, Supplemental Security Income (SSI), Temporary Assistance to Needy Families (TANF) and Aid to Families with Dependent Children (AFDC), the National School Lunch Program (NSLP), Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and Low-income Home Energy Assistance Program (LIHEAP) subsidies. The full tax system is also captured here, including federal and state taxes owed, federal tax credits (including the refundable tax credits), payroll taxes (FICA), and stimulus payments in 2008 and 2009.

We provide data back to 1980 to provide context for the decline in child poverty that occurred between 1993 and 2019. We define stable employment as all available residential parents working a combined total of at least 25 weeks in the past year, regardless of how many hours were worked.

**Sources:** Child Trends' analysis of the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds and the CPS ASEC (Flood et al., 2021; Wimer et al., 2021). Recession data are from the National Bureau of Economic Research (National Bureau of Economic Research, 2021).

In relative terms, the social safety net played a larger role in reducing deep poverty for children without stably employed parents before welfare reform, but now plays a comparatively larger role in reducing deep poverty for children with stably employed parents; as a result, we see the exacerbation of disparities. Accounting for the much higher poverty rates among kids without stably employed parents adds another layer to this story (see Figure 4.12). Prior to and including 1993, the social safety net reduced poverty by about 70 percent for children without stably employed parents, compared to 40 to 50 percent for children with stably employed parents.

Between 1996 and the Great Recession, though, the story was very different. The role of the social safety net for children without stably employed parents decreased, while its role for children with stably employed parent dramatically increased—such that the role of the social safety net was roughly equal for both subgroups of children. Since the Great Recession, the social safety net has proportionally reduced poverty more for children with at least one stably employed parent than for children without a stably employed parent.



**Figure 4.12.** Percent Decrease in Child Deep Poverty Attributable to the Social Safety Net, by Parental Employment Stability, 1993-2019

**Notes:** The social safety net is made up of many disparate programs (Thomson et al., 2022). Anti-poverty programs captured here include the Supplemental Nutrition Assistance Program (SNAP), Social Security (SS), housing assistance, unemployment insurance, Supplemental Security Income (SSI), Temporary Assistance to Needy Families (TANF) and Aid to Families with Dependent Children (AFDC), the National School Lunch Program (NSLP), Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and Low-income Home Energy Assistance Program (LIHEAP) subsidies. The full tax system is also captured here, including federal and state taxes owed, federal tax credits (including the refundable tax credits), payroll taxes (FICA), and stimulus payments in 2008 and 2009.

We provide data back to 1980 to provide context for the decline in child poverty that occurred between 1993 and 2019. We define stable employment as all available residential parents working a combined total of at least 25 weeks in the past year, regardless of how many hours were worked.

**Sources**: Child Trends' analysis of the historical Supplemental Poverty Measure data from the Columbia Center on Poverty and Social Policy, anchored to 2012 thresholds and the CPS ASEC (Flood et al., 2021; Wimer et al., 2021). Recession data are from the National Bureau of Economic Research (National Bureau of Economic Research, 2021).

By 2019, the social safety net had exacerbated disparities in deep poverty between children based on their parents' employment status. The social safety net was more beneficial for children with lower poverty rates. Because children living without stably employed parents were more likely to be in deep poverty, and because the social safety net was less effective for these families, the safety net exacerbated disparities by parental employment stability.

#### Section 5: Summary and discussion

In this chapter, we examined whether various subgroups of children experienced similar declines in child poverty over the past quarter century, and the extent to which these subgroups benefitted from the social safety net. The first question points to the potential for large-scale change in the experience of child poverty in the United States. The second question shines a light on a system that has the potential to maintain—or ameliorate—disparities in child poverty.

**Child poverty rates declined – and declined at similar rates – for nearly every subgroup examined.** This is, in many ways, a success story. As the nation increased its investment in anti-poverty programs, reductions in child poverty were experienced similarly across groups of children with different backgrounds. The

exception to this pattern is seen among children without stably employed parents: The likelihood of poverty, and particularly deep poverty, for a child whose parents are not stably employed did not dramatically decline from 1993 to 2019. Worse, the likelihood of deep poverty for this group of children remained unchanged.

Yet this is also a story about inequity. Disparities in child poverty persisted throughout this time period, and children in immigrant families, Black children, Hispanic children, children living in families with single or no parents, and children without a stably employed parent remain far more likely to live in poverty (and in deep poverty, in the case of parental employment) than their peers.

It's important to keep in mind, however, that demographics are not destiny. While some groups of children are at an elevated risk of living in poverty due to a range of social, political, and economic factors, no child is destined to live in poverty.

Taking a step back, we found that the role of the social safety net in decreasing child poverty grew dramatically for nearly all subgroups from 1993 to 2019. This is also a success story: As spending on the social safety net increased, all subgroups examined were able to draw an increasing benefit over time, resulting in decreased exposure to poverty for children. Again, there was one exception to this pattern: The role of the social safety net in reducing deep poverty rates among children without stably employed parents did not grow.

Inequity, again, is a consistent thread in the narrative. In 2019, the social safety net excerbated existing inequities in child poverty by parental nativity, for some racial/ethnic groups, and by parental employment stability. These disparities mirror policy decisions that tie benefits to a child's family characteristics, rather than their level of need.

Children in immigrant families face growing obstacles that impede their access to the current social safety net, relative to their peers in non-immigrant families. This is likely due to policies that specifically block these children—including U.S-citizen children—from receiving the full benefits of the social safety net based on the citizenship status of their family members. For example, the EITC—the largest program protecting children from poverty—requires all family members to have a Social Security number. Our analysis very likely underestimates the role of these exclusionary eligibility criteria, as we used parental nativity as a proxy for family immigration status. If we looked at parents' citizenship or immigration status, disparities would likely be more pronounced. For example, previous estimates have placed child poverty rates as high as 33 percent for non-citizen children in households with unauthorized immigrant household members (National Academies of Sciences, 2019). In addition to explicit exclusionary criteria, immigrant families may face additional hurdles to accessing the social safety net, including administrative burdens such as language barriers, as well as hesitancy to participate in programs due to chilling effects of anti-immigrant sentiment. Given the barriers that immigrant families face, the social safety net is not as influential in lifting children in immigrant families in child poverty.

**The social safety net exacerbates inequities in child poverty by race and ethnicity.** While immigration exclusion policies may appear on their face to be race-neutral, they are, in fact, not\_(Acevedo-Garcia, Joshi, Ruskin, Walters, & Sofer, 2021). Indeed, previous research found that the largest contributor to the Hispanic-White and Asian-White gaps in poverty was immigration (R. S. Baker et al., 2022). Asian and Hispanic children are most likely to feel the effects of immigrant exclusion policies, as 87 percent of Asian and 54 percent of Hispanic children had an immigrant parent in 2019 (Urban Institute, n.d.-a). It follows, then, that the social safety net, as a whole, has consistently played a greater role in protecting Black and White children from poverty, compared to Hispanic and Asian children. This finding is especially problematic as the country becomes more racially and ethnically diverse. Notably, Hispanic children are the racial/ethnic group with the largest number of children in poverty (Kids Count Data Center, 2022a). As explained in Chapter 2, increases in the share of Hispanic children and children in immigrant families were associated with increases in child poverty rates. This does not need to be the case, however. Immigrant

exclusion criteria help to explain why this is currently true, and, crucially, help explain what can be done about the issue.

The social safety net may slightly reduce disparities in child poverty between children in two-parent families and children in one- or no-parent families. This was a surprising finding, given our earlier analyses indicating that the EITC was the most significant program for child poverty reduction. Because the EITC is designed to provide greater benefit for households with greater incomes, children in two-parent households (with two wage earners) are best able to draw the full benefits of the EITC.

The social safety net's role in protecting children without stably employed parents from deep poverty did not expand. In contrast with every other group examined, the social safety net did not expand to support children whose parents are not stably employed from deep poverty. Rather, children whose parents do not or cannot work—a situation over which a child has no control—are largely left behind in today's social safety net following the shift to work-based programs in the early- to mid-1990s. Conditioning benefits on work presumes that all parents can work and can find a job. However, social forces often shape who is able to work a regular, full-time job. Access to the labor market may be challenging for parents with disabilities; immigrant parents without work authorization; Black, AIAN, and Hispanic parents facing discrimination in the labor market; and single parents who need accessible, affordable child care in order to work, to name a few examples.

Some readers may reflect on our findings of similar declines in child poverty rates, but differential roles of the social safety net across subgroups, and ask themselves: How is it possible that child poverty rates declined at similar rates across groups, when children benefitted from the social safety net to different degrees? Exploratory analyses presented in Chapter 2 suggest that children in immigrant families and some racial/ethnic groups may have benefitted more from some economic and demographic shifts during this time period, potentially compensating for lower levels of support from the social safety net. For example, increases in the minimum wage may have especially benefitted Hispanic children, Black children, and children in immigrant families.

Our analytical approach prioritized breadth, opting to look at many different subgroups of children over a deep dive into any single group—or at the intersections between groups of children. Fortunately, existing research points to important intersectional nuances of our findings. For example, men born outside of the United States have higher labor force participation rates than men born in the United States, which should theoretically grant immigrant families access to a work-based social safety net (U.S. Bureau of Labor Statistics, 2022b). But, welfare reform restricted immigrants' access to the social safety net based on their immigration status, even if they were otherwise qualified.

Similarly, our study focused on the direct role of social safety net benefits in increasing a family's resources. We did not examine any indirect role that the social safety net may have had on child poverty rates through behavioral changes that may affect the economic and demographic factors examined in Chapter 2, among others. Evidence from welfare-to-work experiments from the early 1990s and more recent research consistently indicate that work requirements can boost short-term employment and earnings, but do not have their intended effect of getting people stable jobs that sustainably lift them out of poverty with their incomes (Gibson et al., 2017; Gray et al., 2021; Wu et al., 2008). Similarly, there is little evidence that expansions to the social safety net disincentivize people from seeking out employment (Moffitt, 2013). But prior research has found that the growth of the EITC, which is conditional on earnings, has indeed led to increased employment, particularly among single mothers (Hoynes et al., 2017).

In sum, declines in child poverty have been remarkably consistent across demographic groups to date (with the exception of children without stably employed parents), but these trends leave disparities in place. Continuing the historic decline in child poverty will require steps to address the root causes of absolute differences in child poverty across subgroups. There are multiple paths forward, including making the social safety net more equitable.

## Chapter 5—Summary of Findings

Our purpose in launching this study was to broaden public understanding of the historic decline in child poverty, and, in so doing, to invigorate policy discourse on child poverty and renew a national commitment to reduce child poverty even more. As of 2019, 11 percent of our nation's children remained in poverty. This study relied on data and trends from the past to help public officials and their constituents look forward to what is possible.

What's in this chapter: In Section 1, we present a comprehensive picture of what led to the decline in child poverty from 1993 to 2019 by summarizing our findings from Chapters 2, 3, and 4. We also summarize the implications for different subgroups of children. Section 2 reviews our study limitations; in Section 3, we provide our thoughts on additional research that could further inform child poverty reduction efforts.

#### Section 1: What led to the historic decline in child poverty?

#### The contribution of economic factors (Chapter 2)

We estimate that economic factors accounted for about 33 percent of the decline in child poverty from 1993 to 2019, with unemployment rates, single mothers' labor force participation, and state-level minimum wages contributing most to the decline during this period. Median wages and gross domestic product (GDP) per capita were not associated with declines in child poverty, indicating that the benefits of economic growth did not extend to children at the lower end of the income distribution.

Below, we review the relative contribution of these five economic factors: unemployment rates, state-level minimum wages, single mother labor force participation rates, median wages, and GDP per capita.

**Decreasing unemployment rates played an important role in reducing child poverty.** Our analysis showed that unemployment was strongly associated with both child poverty and deep poverty. From 1993 to 2019, unemployment fell by about 3.3 percentage points, following economic cycles. This decline in unemployment accounted for 18 percent of the decline in child poverty and 22 percent of the decline in child deep poverty.

Increases in single mothers' labor force participation in the 1990s also played an important role in the decline in child poverty. Single mother labor force participation rates increased from 67 percent in 1993 to 79 percent in 1999. Our analysis found that increases in single mother labor force participation rates were associated with decreases in child poverty and child deep poverty and may explain about 9 percent of the decline in child poverty and 10 percent of the decline in child deep poverty. Each 1 percentage point increase in single mothers' labor force participation was associated with a 0.8 percent decrease in both child poverty rates and child deep poverty rates.

**Increases in state-level minimum wages also played an important role in reducing child poverty.** Increases in real, inflation-adjusted minimum wages at the state level were strongly associated with decreases in poverty and deep poverty. State minimum wages are likely one of the factors that supported decreases in child poverty from 1993 to 2019: Increases in state minimum wages account for 7 percent of the decline in poverty and 9 percent of the decline in deep poverty. Each dollar increase in state minimum wages was associated with a 3 percent decline in child poverty rates.

**Rising median wages were not associated with child poverty during the study period.** While real median wages rose by 13 percent during the study period, we found no association between median wages and shifts in child poverty or deep poverty. This finding is indicative of rising income inequality, wherein households with higher incomes benefit disproportionately from rising increases in wages (Horowitz et al., 2020).

Similarly, increases in GDP per capita were not associated with shifts in child poverty during the study period. While real GDP per capita grew by more than one third from 1993 to 2019, we found no association between GDP per capita and shifts in child poverty or child deep poverty. As with median wages, this finding illustrates inequities within an economy where families with lower incomes do not share in the benefits of economic growth (Horowitz et al., 2020).

#### The contribution of demographic factors (Chapter 2)

Combined, the demographic factors we examined did not contribute to the decline in child poverty from 1993 to 2019, but did account for 43 percent of the decline in child deep poverty. We examined teen birth rates; the share of children in two-parent families; education levels within the adult population; the proportion of children who are Asian/Hawaiian/Pacific Islander, Black, and Hispanic; and the share of children living in immigrant families. Some of these factors were associated with declines in child poverty rates, while others operated in the opposite direction—counteracting the first group of factors. Below, we review each factor in turn.

**Declining teen birth rates were associated with sizable declines in child deep poverty but not in child poverty.** While recognizing that the relationship between teen birth rates and child poverty is reciprocal—that is, teen birth rates are a symptom of child deep poverty as well as a potential contributor to it—the 72 percent decrease in teen birth rates from 1993 to 2019 was associated with 52 percent of the decline in deep poverty from 1993 to 2019 (Hoffman, 2015).

**Increases in the share of children in immigrant families were associated with increases in child poverty and child deep poverty.** Changes in the share of children in immigrant families, which grew from 17 percent in 1993 to 28 percent in 2019, were associated with increases in both child poverty and child deep poverty. A 1 percentage point increase in the share of children in immigrant families was associated with a 0.1 percentage point increase in both child poverty and deep poverty. This finding is alarming, but consistent with many immigrant families' experiences with discrimination in the labor market and restricted access to many social safety net programs—two factors that safeguard children from poverty (Borjas & Cassidy, 2019; O'Shea & Ramón, 2018).

**Increases in the share of Asian/Hawaiian/Pacific Islander children had no association with child poverty during the study period.** While the share of Asian/Hawaiian/Pacific Islander children within the United States grew by 83 percent from 1993 to 2019, we found no association between increases in the share of Asian/Hawaiian/Pacific Islander children and changes in either child poverty or deep poverty.

Decreases in the share of Black children were associated with decreases in child poverty, but not with decreases in child deep poverty. The share of Black children in the United States shrank by 13 percent from 1993 to 2019, and we found that a 1 percentage point decrease in the share of Black children was associated with a 0.2 percentage point decrease in child poverty rates. This finding is alarming and, again, consistent with other research on the labor market inequity experienced by Black workers, including hiring discrimination and wage inequality (Browne & Misra, 2003; Patten, 2016; Wilson & Darity, 2022). That is, our finding illustrates how decreases in the proportion of children whose parents face barriers to the labor market result in declines in child poverty.

**Increases in the share of Hispanic children in the United States were associated with increases in child poverty, but not with any change in child deep poverty.** From 1993 to 2019, the share of Hispanic children in the United States increased by 87 percent. Meanwhile, a 1 percentage point increase in the share of Hispanic children was associated with a 0.1 percentage point increase in child poverty. As with the finding for Black children, we found this association distressing but consistent with research on inequities facing Hispanic families—including both employment discrimination and exclusions from social safety net programs based on immigration status (Acevedo-Garcia, Joshi, Ruskin, Walters, & Sofer, 2021; Cajner et al., 2017).

Changes in the share of children in two-parent families were associated with little of the decline in child poverty from 1993 to 2019 but may have strong potential to influence child poverty. The proportion of children living with married and cohabitating parents was strongly associated with changes in child poverty and child deep poverty. However, because this factor was fairly stable over the study period—increasing by only 4 percent from 1993 to 2019—it was not a large contributor to the decline in child poverty. We urge readers to interpret this finding with caution. Our study did not account for the multitude of reasons why children live in single-parent and no-parent families (e.g., death of a parent, domestic violence). Further, we did not examine the diversity of family structures (e.g., extended family, presence of grandparents, etc.) in which children live, nor the underlying sources of additional support that come with living with two parents.

**Increasing education levels among adults were not associated with child poverty during the study period.** While the share of adults (ages 25 and older) with high school degrees increased 12 percent from 1993 to 2019, we found no relationship between high-school completion among adults and child poverty. As previous research has found a strong association between higher levels of educational attainment and higher earnings, it could be that high school degrees have become less valuable in the labor market over time compared to more advanced degrees (Carnevale et al., 2009; Piña et al., n.d.).

#### The contribution of the social safety net (Chapter 3)

The relevance of the social safety net to child poverty grew dramatically from 1993 to 2019, driven mostly by the expansion of the Earned Income Tax Credit (EITC). In 1993, the social safety net was responsible for reducing child poverty by 9 percent; in 2019, the social safety net reduced child poverty by 44 percent, safeguarding 6.5 million children from poverty. Our analysis of the social safety net includes an overview of 10 programs, both together and individually: the EITC, the Supplemental Nutrition Assistance Program (SNAP), Social Security, housing assistance, unemployment insurance, Supplemental Security Income (SSI), Aid to Families with Dependent Children (AFDC) and Temporary Assistance for Needy Families (TANF), and an assortment of smaller federal programs.<sup>29</sup>

Below, we first present the findings for individual safety net programs, then speak to the social safety net as a whole.

The EITC, Social Security, and SNAP were the three most powerful programs safeguarding children from poverty in 2019. The EITC, the largest refundable tax credit, protected 1.0 million children from poverty in 1993. In 2019, the EITC protected 2.4 million children and reduced poverty by as much as 22 percent. This represents a substantially increased role for the EITC, which reduced poverty by 5 percent in 1993. The role of Social Security in reducing poverty also grew from 6 percent in 1993 to 14 percent in 2019; in 2019, it protected 1.4 million children from poverty. The role of SNAP waxes and wanes dramatically with economic cycles: During economic downturns such as the Great Recession, SNAP was particularly important as more families became eligible due to lower incomes and federal officials temporarily increased benefits. By 2019, SNAP reduced poverty by 11 percent.

**Unemployment insurance played a modest role in buffering the impact of economic recession on child poverty.** Unemployment insurance's contribution to protecting children from poverty rises and falls in sync with economic cycles. During a period of economic growth in 2000, unemployment insurance reduced child poverty by 4 percent. However, during the economic recession in 2009, it reduced child poverty by 11 percent.

Housing assistance played a modest, but growing, role in protecting children from poverty from 1993 to 2019. In 1993, housing assistance decreased child poverty by 1 percent. By 2019, housing assistance decreased child poverty by 9 percent. While the proportion of eligible children in families that received

<sup>&</sup>lt;sup>29</sup> While data limitations inhibited our examination of the individual contributions of the Child Tax Credit, and other tax-based supports other than the EITC, our analysis of the social safety net as a whole includes tax-based assistance.

housing assistance has declined, the cash value of benefits has, on average, increased—likely due to increased housing costs.

TANF (AFDC) was severely diminished as a tool to address child poverty and, particularly, to address child *deep* poverty. In 1993, AFDC was one of the most important programs for addressing poverty (along with Social Security). However, it was *by far* the most important program for addressing child *deep* poverty. At that time, AFDC reduced child *deep* poverty by 38 percent, preventing more children—3.1 million—from being in deep poverty than any other single program has since. By 2019, the program, which is now known as TANF, had been severely diminished and reduced deep poverty by only 4 percent. This shift in AFDC/TANF's relevance to child *deep* poverty likely followed the introduction of state work requirements in the early 1990s, and, later, new federal rules under the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA; National Academies of Sciences, 2019; Personal Responsibility and Work Opportunity for many immigrants, and allowed states to use block grant funds for non-direct cash transfers.

The role of smaller federal programs in reducing child poverty also increased slightly from 1993 to 2019. We examined SSI and found that it reduced child poverty by about 3 percent in 1993 and 7 percent in 2019. The National School Lunch Program (NSLP) lowered child poverty rates by 3 percent in 1993 and 7 percent in 2019. The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) reduced child poverty by less than 1 percent in 1993 and 2 percent in 2019. We also analyzed the Low-income Home Energy Assistance Program (LIHEAP), which lowered child poverty by less than 1 percent in both 1993 and 2019.

The social safety net now lifts more children out of poverty, but the economic well-being achieved for these children is about the same in 2019 as it was in 1993. While the social safety net has become a more powerful tool in safeguarding a greater proportion of children from poverty, the children lifted over the poverty threshold by the social safety net reached a similar level of economic well-being in 2019 as in 1993. For children lifted out of poverty, their income-to-needs ratio after receiving safety net benefits remained stable from 1993 (with a ratio of 1.28) to 2019 (with a ratio of 1.29). Further, the children lifted out of poverty by the safety net in 2019 may have had moderately greater resources to begin with, relative to the children lifted out of poverty by the safety net in 1993; before receiving safety net benefits, children in 1993 had an income-to-needs ratio of 0.54, compared to 0.65 in 2019.

#### The unique story of child deep poverty (Chapters 2 & 3)

In 2019, 3 percent of children were in deep poverty—a 56 percent decline from 1993. As with the reductions in child poverty, this is heartening news. However, our analysis points to three ways in which the decline in deep poverty was markedly different from that of child poverty.

**First, both economic and demographic factors accounted for a greater portion of the decline in child deep poverty rates than the decline in child poverty rates.** Economic factors accounted for 41 percent of the decline in child deep poverty, while demographic changes accounted for 43 percent of the decline. Together, they accounted for 84 percent of the decline in deep poverty. This is a reversal of the pattern we see for child poverty: Economic factors were a substantial contributor to the decline in child poverty, while demographic factors is a countervaling force; together economic and demographic factors jointly accounted for 22 percent of the decline in child poverty, considerably less than we saw for child deep poverty. The two most notable individual factors associated with the decline in deep poverty were declines in teen birth rates, which corresponded to 52 percent of the total decline, and decreases in unemployment, which accounted for 22 percent of the decline. However, the influence of these two factors was partially offset by a demographic change that put upward pressure on rates of child deep poverty: the growing share of children in immigrant families. Taken together, these findings suggest that, given the greater relevance of economic factors to rates of deep poverty for children, increases in the proportion of children in families

that face greater obstacles to accessing stable, secure, well-paying employment would put upward pressure on child deep poverty rates (Borjas & Cassidy, 2019; Wildsmith et al., 2018).

Second, the social safety net plays an important role in protecting children from deep poverty; however, unlike for poverty, its protective role did not grow from 1993 to 2019; thus, it contributed little to the decline in deep poverty. The relative role of the social safety net in protecting children from experiencing deep poverty remained fairly steady over time. In 1993, the social safety net reduced deep poverty among children by about 62 percent; in 2019, it reduced deep poverty by 66 percent. Meanwhile, the total number of children protected from deep poverty by the social safety net shrank almost in half, as the number of children in deep poverty decreased due to changing economic and demographic conditions.

While the social safety net's role in protecting children from deep poverty did not change dramatically over time, its composition did. Most notably, welfare reform changed the historically most influential program protecting children from deep poverty: AFDC. In the early 1990s, AFDC alone reduced deep poverty by more than one third. This role quickly diminished in the mid-1990s, especially after the 1996 passage of PRWORA. By 2019, TANF (which replaced AFDC) reduced deep poverty by only 4 percent. Social Security and, to a lesser degree, the EITC filled some of this gap, playing an increasing role in protecting children from deep poverty.

And third, a combination of safety net programs, rather than any single program, is necessary to lift children from deep poverty. In 2019, more children were protected by the entirety of the social safety net (4.6 million) than the sum of all children lifted out of deep poverty by each individual program (3.4 million). This indicates that a combination of benefits across multiple programs was often needed to pull a child out of deep poverty.

#### The ongoing challenge of equity (Chapter 4)

Given longstanding disparities in child poverty, we explored whether the historic decline in child poverty was enjoyed—and enjoyed equally—by children from a diverse assortment of families. Further, we explored the extent to which the social safety net protected children with different characteristics from poverty. The highlight of this analysis was that all subgroups of children we examined saw declines in child poverty from 1993 to 2019.

While children in immigrant and non-immigrant families saw similar declines in child poverty from 1993 to 2019, poverty disparities persisted; further, the social safety net exacerbated these disparities in 2019. Both groups saw a nearly two-thirds decline in poverty during the study period: 61 percent for children in immigrant families and 62 percent for children in non-immigrant families. Both groups also benefited from a dramatic increase in the contribution of the social safety net toward reducing child poverty: from a 1 percent reduction in poverty for children in immigrant families in 1993, to 39 percent in 2019; and, for children in non-immigrant families, a shift from an 11 percent decrease to a 47 percent decrease. The social safety net consistently did more to reduce poverty for children in non-immigrant families, resulting in a social safety net that exacerbates disparities by parental nativity. Without accounting for the social safety net, children in immigrant families were 1.5 times as likely to live in poverty in 2019. After accounting for the social safety net, this disparity rises to 1.7 times. However, our results likely overestimate the role of the social safety net in reducing child poverty for children in immigrant families, and underestimate the disparities by immigration status, due to data limitations (see Chapter 4). These results correspond with the shift toward immigrant exclusion policies that took place during this time, which barred or limited access to social safety net programs for children (including U.S.-born citizen children) with non-citizen family members in their households. Without addressing immigrant exclusion policies that limit access to the social safety net for children in immigrant families (the vast majority of whom are U.S. citizens), further increases in immigration will likely continue to put upward pressure on child poverty.

Asian/Hawaiian/Pacific Islander children, Black children, Hispanic children, and White children all saw similar declines in child poverty from 1993 to 2019; however, disparities persisted and were worsened by the social safety net in 2019. All four racial and ethnic subgroups examined saw decreases in child poverty of roughly 63 to 66 percent during the study period: 66 percent for Asian/Hawaiian/Pacific Islander children, 64 percent for Black children, 64 percent for Hispanic children, and 63 percent for White children. However, this means that racial and ethnic disparities in child poverty were left unchanged. Much like what we saw with immigrant status, the contribution of the social safety net toward child poverty decline increased for all races, but this contribution varied across groups, exacerbating disparities. In 2019, the social safety net decreased poverty by 51 percent for Black children, 44 percent for White children, 39 percent for Hispanic children, and 33 percent for Asian/Hawaiian/Pacific Islander children.

Child poverty rates decreased at similar rates from 1993 to 2019 for children in two-parent families and children in one- or no-parent families; however, child poverty disparities remain wide between the two groups, and the social safety net provided only minor support in closing the gap in 2019. Child poverty rates fell by 60 percent for children in two-parent families and by 54 percent for children in one- or no-parent families during the study period. However, the wide gap between the two remained largely unchanged: In both 1993 and 2019, children living in one- or no-parent families were about three times as likely to be in poverty as children in two-parent families. The social safety net's contribution to reducing child poverty grew for both groups: In 2019, social safety net programs decreased child poverty by 41 percent for children living with two parents, and by 45 percent for children living with one or no parents. Further, the social safety net—in a departure from the pattern seen with other characteristics—supports a proportional reduction in child poverty for both groups. Still, while the social safety net provides a fairly equitable benefit to children across different family structures, this means that it does little to reduce the wide disparity in child poverty between the two groups. Without the social safety net, children in no- or one-parent families were 3.5 times as likely to live in poverty as their peers in two-parent families in 2019. Accounting for the social safety, this gap only slightly decreases to a factor of 3.3.

From 1993 to 2019, child poverty and child deep poverty declined at relatively different rates for children with and without stably employed parents, with greater declines for children with stably employed parents; similarly, the social safety net offered greater support to children with stably employed parents. We examined both poverty and deep poverty rates when looking at the influence of parental employment, as nearly one third of parents in deep poverty experience long-term unemployment (Nguyen et al., 2020). Child poverty rates declined for both groups, but faster for children with stably employed parents (by 61%) than for children with stably employed parents (by 28%). The pattern is more disturbing for deep poverty: Children with stably employed parents were 69 percent less likely to experience deep poverty in 2019 than in 1993, but children without stably employed parents experienced essentially no change in their risk of experiencing deep poverty. In 1993 and 2019, one in five children without stably employed parents lived in deep poverty.

These patterns match shifts in the social safety net. In relative terms, the social safety net played a larger role in reducing deep poverty for children without stably employed parents before welfare reform, but, since the Great Recession, the social safety net has played a comparatively larger role in reducing deep poverty for children with stably employed parents—exacerbating disparities based on parental employment stability.

#### **Section 2: Limitations**

Our most significant study limitation pertains to our use of a poverty threshold to examine changes in child poverty over time. Current thresholds for determining poverty, including the Supplemental Poverty Measure, represent an income level too low for households with children to provide for their basic needs (Boushey et al., 2001). While we eagerly acknowledge that reductions in the proportion of children living below a poverty threshold are signs of progress, we also recognize that children in families slightly above the threshold still experience significant economic hardships. Relatedly, our analyses examine poverty based on income and resource transfers but do not account for wealth. Previous research points to growing inequality in household wealth that vastly exceeds inequality in household income and exacerbates racial and ethnic disparities (Saez & Zucman, 2020; Weller & Hanks, 2018). Access to wealth affects how families navigate income poverty and weather economic downturns. A study that incorporated wealth would likely provide a more complete picture of how child poverty has changed across racial and ethnic groups, given wide and growing racial wealth gaps, for example.

Our study does not explore relationships between economic factors, demographic factors, and the social safety net. This means that our study cannot account for the possibility that the social safety net, or changes therein, might indirectly influence child poverty or child deep poverty through behavioral changes or an influence on either demographic or economic factors. Many public officials insist, for example, that shifts from out-of-work assistance to work-based assistance support greater workforce participation. We did see an increase in single mothers' labor force participation in the 1990s. Yet, evidence from early-1990s welfare-to-work experiments and more recent research consistently indicate that, while work requirements can boost short-term employment and earnings, they do not have their intended effect of getting people into stable jobs that sustainably lift them out of poverty with their incomes (Gibson et al., 2017; Gray et al., 2021; Wu et al., 2008). For example, previous research found that welfare reform accounted for only a small amount of the increase in single mothers' employment rates in the mid-1990s (Grogger, 2001). However, the EITC stands out as an exception. Prior research has found that the growth of the EITC, which is conditional on earnings, has indeed led to increased employment, and accounted for one third of the increase in single mothers' employment rates in the mid-1990s (Grogger, 2001).

We aimed to take a broad, high-level look at the social safety net; in doing so, we were able to examine many but not all of the key social safety net programs and factors associated with child poverty. The absence of the Child Tax Credit (CTC), Medicaid, and child care subsidies are particularly noteworthy: The data sets we used did not include Medicaid benefits and did not allow the CTC to be examined separately from tax data. Our national focus also precluded us from examining state and local programs, such as state EITCs. Additionally, while our findings point to an overall decline in the relevance of TANF as a tool to address child poverty, it is very important to remember that we did not review the influence of Tribal TANF programs (U.S. Administration for Children & Families Office of Family Assistance, 2022a).

Readers should avoid making direct comparisons between our findings regarding demographic and economic factors in Chapter 2 and our findings regarding the social safety net in Chapter 3, as we used different analytical methods. We likely underestimate the role of economic and demographic factors in reducing child poverty, as our analysis relies on state-level variation in changes in economic and demographic factors and holds constant conditions that affected all states equally at the same time (e.g., federal minimum wage changes). Our findings regarding the role of the social safety net likely underestimate its influence as well, due to underreporting of program participation in surveys used for this research (National Academies of Sciences, 2019). Importantly, though, our estimates of the role of the EITC may be overestimated as they do not consider immigrant exclusion criteria.

Family subgroups deserve greater attention and precision beyond what this analysis permitted. Due to small sample sizes, we were unable to provide any measures or findings for American Indian/Alaska Native children and families. Additionally, our data precluded us from examining the well-documented heterogeneity within racial and ethnic groups, in particular among Latino and Asian children. Further, while we used parental nativity to group households into immigrant vs. non-immigrant families, more insights could be gained from using citizenship or more precise and nuanced immigration statuses. (Acevedo-Garcia, Joshi, Ruskin, Walters, & Sofer, 2021). Our data also precluded us from examining child poverty by parental disability status: Specific indicators of parent disability (hearing, vision, difficulty remembering, physical difficulty, disability limiting mobility, personal care limitation, or any of the above) weren't included in the Current Population Survey until 2008 ("IPUMS CPS: DIFFANY," n.d.). From 1996 to 2008, the Current Population Survey only included general health questions and a single measure of disability specific to conditions that affect an individual's ability to work ("IPUMS CPS: DISABWRK," n.d.).

#### Section 3: Future avenues for applied research

While our findings provide the research field and public officials with strong guidance to inform their efforts to further reduce child poverty, many questions remain unanswered. Below, we provide an overview of seven areas for continued research—areas in which we're particularly interested—that would inform public understanding of child poverty and state and federal policy making.

**Capture lessons from the temporary social safety net measures implemented in response to COVID-19.** Our study did not examine the shifts in the social safety net made to protect children and families during the economic downturn that accompanied the pandemic, including stimulus payments; expansions in the CTC, unemployment insurance, housing assistance, and SNAP; and federal and state eviction moratoria. Our analysis showed that unemployment insurance and SNAP likely helped to smooth the impacts of earlier economic downturns on child poverty. More recent child poverty data suggests that COVID-19 assistance might have protected millions of children from poverty, as does preliminary analysis examining the impact of the expanded CTC in the second half of 2021 (Parolin et al., 2022; Thomson, 2021).

**Examine individual social safety net programs for the contributions and/or obstacles they present for specific subgroups of children.** Given our findings that the social safety net both reduces child poverty for all subgroups and aggravates multiple types of disparities, further analyses could identify the specific programs contributing to inequity and the specific mechanisms that widen gaps in support and opportunity.

Analyze the implications of parent citizenship and immigration status on child poverty, particularly for Asian and Hispanic children. Recent scholarship has begun exploring the linkages between citizenship and immigration status, access to the social safety net, and child poverty. For example, recent work from Dolores Acevedo-Garcia and the Institute for Child, Youth and Family Policy at Brandeis University, and from Cecilia Menjivar at the University of California, Los Angeles, analyzes how citizenship and immigration status restrict immigrant families' eligibility for social policies, reduce the benefit amounts they receive, and increase the administrative burden they face to accessing programs (Acevedo-Garcia, Joshi, Ruskin, Walters, Sofer, & Guevara, 2021; Menjívar, 2022). These studies make clear that these restrictions disproportionately affect racial and ethnic groups with a higher proportion of immigrants, most notably Hispanic children (Acevedo-Garcia et al., 2022). Our own findings strongly suggest that gaps by race and ethnicity in child poverty are in part due to inequities facing children in immigrant families. This is particularly important given that children in immigrant families represent more than 25 percent of the U.S. child population—up from about 15 percent in the mid-1990s—and more than 40 percent of all children in poverty. We hope that this overall body of research-along with future analyses of the connections between child poverty and immigration status-will inform public policy on work authorization and access to the social safety net for immigrant families.

**Examine more diverse family structures by race and ethnicity to better understand the protective factors they offer against child poverty.** Our study included only a limited examination of family structure, focused only on the presence of parents within the households. However, children live in many different family arrangements, with variations in family structure by race and ethnicity (Livingston, 2013). While our study found that two-parent households provided children with some protection against poverty, further research is needed to examine the potential assets of family structures that provide children with access to other adults—e.g., grandparents, uncles, aunts, etc.—and explore whether and how these assets might also protect children from poverty and affect their access to the social safety net.

**Research the intersection of parent disability and employment status—particularly as it relates to access to the social safety net—and the implications for both child poverty and deep poverty.** While our analysis did not examine the implications of parent disability for child poverty, our findings make clear the need to replicate our analyses with a focus on children with disabled parents. First, the social safety net exacerbates disparities in child poverty between children with and without stably employed parents; this finding is relevant for disabled workers, who encounter barriers to stable employment that may include health

challenges and a lack of accommodations (U.S. Bureau of Labor Statistics, 2020). Second, while Social Security is the most significant program safeguarding children from deep poverty, the social safety net as a whole has not made progress in reducing deep poverty. Social Security is not a child-focused program, but one of its core purposes is to address a loss in household income due to disability. The research field and policymakers need a stronger understanding of how economic factors and the social safety net serve to safeguard—or place at risk—children of disabled parents.

**Incorporate into research the perspectives of children and parents with lived experience of poverty and deep poverty.** A few times in this report, we remind readers that the poverty thresholds we use in our analyses are too low for many families. While they provide a useful goalpost to focus public attention and policy discourse, they do not necessarily reflect the well-being of children and families (Iceland & Bauman, 2007). Further, while this study highlights both the strengths and deficiencies within our labor markets and social safety net, the public needs a stronger understanding of how families experience the private and public sectors. Future research must do more to capture and lift up the voices of children and families, as well as their perspectives on where they've found help, where they've found obstacles, and what both have meant for their well-being.

#### Expand child poverty analyses to fully include American Indian/Alaska Native children and families.

Indigenous Peoples in the United States and U.S. territories—including American Indian, Alaska Native, Native Hawaiian, and other Pacific Islanders—have experienced colonization in numerous ways. Some forms of colonization included removal and assimilation practices such as forced relocations and forced boarding schools (Burt, 1986; Lajimodiere, 2015; Perdue, 2012). Colonization continues today through settler colonialism, political control, economic exploitation, racialization, and U.S. federal Indian law, both statute and case law (Samson & Gigoux, 2016). Past and present colonization result in historical trauma, which leads to numerous adverse individual, family, and community conditions, including high poverty rates (Brave Heart et al., 2011; U.S. Census Bureau's American Community Survey, n.d.). For example, counties home to American Indian/Alaska Native populations have persistent poverty at rates of 20 percent or more (Miller & Weber, 2014).

We are frustrated by the ongoing challenge of datasets that provide too small a sample of Indigenous children to support their inclusion in important research and analyses. Black children and American Indian/Alaska Native children are the two racial and ethnic groups with the highest rates of child poverty—the exclusion of either group from a study of child poverty is simply unacceptable (Kids Count Data Center, 2022a). Further, without a sufficient sample size for this population, it is difficult for researchers to fully explore how the social safety net serves children in poverty and deep poverty. For example, we found that AFDC/TANF's role in safeguarding children from poverty and deep poverty has declined substantially in recent years. However, there are numerous Tribal TANF programs across the country, and we were unable to examine whether TANF continues to play a strong role in safeguarding children in these communities.

## Chapter 6—Lessons From the Decline in Child Poverty and Policy Recommendations

The historic decline in child poverty, which occurred amid dramatic changes in our social safety net policy and substantial economic and demographic shifts, is a powerful blueprint that can guide public officials in maintaining (and, for some groups, accelerating) the progress of the last quarter century. The sheer scale of the decline should inspire new conviction that child poverty is a solvable problem, and nurture the hope that, in time, childhood poverty—when it does occur—will be rare and short-lived.

As of 2019, 11 percent of children live in poverty. A subset of that group, 3 percent of all children, lives in deep poverty. Further, children in families just above the poverty threshold experience economic hardship and are at risk of falling into poverty after simple, sudden changes: a reduction in parent work hours, a loss of work, or an unexpected expense or family emergency. Our collective work to protect children from poverty is not over. Continued progress in reducing child poverty will require building new consensus in support of investing in the nation's children. While 2021 marked a significant federal commitment to safeguarding children through an expansion of the Child Tax Credit (CTC), that funding expired at the close of the year without a plan to extend or replace it.

Work remains, but the past can guide us. Public officials should consider the following lessons from our nation's dramatic decline in child poverty and advance our five recommendations to further protect children.

#### Section 1: Six lessons from the decline in child poverty

We now share what we think are the most powerful lessons from our analyses about how to safeguard children from poverty.

# Lesson 1. A strong economy and tighter labor market contributed to the national decline in child poverty, but economic health is not sufficient to protect children from poverty.

Gross domestic product (GDP) per capita and median wages both grew from 1993 to 2019, yet our analyses suggest that neither of these were associated with the decline in child poverty. That is, as the United States achieved economic growth, the fruits of that prosperity didn't reach children experiencing poverty or deep poverty. Unemployment rates, single mother labor force participation rates, and state-level minimum wages emerged as key levers to combat poverty and, together, explained about 33 percent of the decline in child poverty.

# Lesson 2. Much of the national decline in child poverty was due to the nation's social safety net.

Beginning in 1993, the social safety net began to play a dramatically increased role in protecting children from poverty. At the start of the decline, in 1993, the entire social safety net lowered child poverty by 9 percent. In 2019, the social safety net lowered child poverty by fully 44 percent. This increase was driven largely by the growing role of the Earned Income Tax Credit (EITC) in reducing child poverty. Without the social safety net, an additional 6.5 million children would have lived in poverty in 2019. The EITC, Social Security, and the Supplemental Nutrition Assistance Program (SNAP) protected the most children from poverty in 2019.

# Lesson 3. While the social safety net's role in reducing child poverty grew considerably from 1993 to 2019, the United States has made little progress in strengthening the social safety net for children with the least economic resources.

The social safety net continues to play an important role in protecting children from deep poverty: It reduced deep poverty rates by about two thirds in both 1993 and 2019. The relative stability of its role in reducing deep poverty, however, stands in stark contrast to the growth of its role in reducing child poverty as a whole over this time. This pattern is largely due to a remarkable decline in the Aid to Families with Dependent Children (AFDC) program (now Temporary Assistance to Needy Families, or TANF), from the most powerful anti-poverty program for children in deep poverty to one of the most negligible. Following the passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996, and continuing until 2006, the role of the social safety net in reducing deep poverty declined, and deep poverty increased again, however, with the introduction of temporary measures during the Great Recession, and much of the decline in deep poverty are in greatest need of economic support and yet, for them, the social safety net has become progressively tenuous, if not threadbare.

#### Lesson 4. Barriers to accessing employment and social safety net programs harm our nation's capacity to further reduce child poverty, particularly for children in immigrant families and children without stably employed parents.

Poverty rates declined for all racial and ethnic subgroups we examined, but substantial gaps remain: Black and Hispanic children are more likely to experience poverty than White and Asian/Hawaiian/Pacific Islander children. The size of these gaps went unchanged from 1993 to 2019. Likewise, while disparities in poverty between children in immigrant families and those in non-immigrant families decreased from 16.2 percentage points in 1993 to 6.6 percentage points in 2019, children in immigrant families remain about 1.7 times as likely to be in poverty as children with only U.S.-born parents. Meanwhile, disparities in both poverty and deep poverty rates have increased over time between children with and without stably employed parents.

With the persistence of these gaps as context, we also find that the social safety net, as currently designed, is maintaining and even exacerbating disparities in poverty rates between children in immigrant and nonimmigrant families, between children with and without stably employed parents, between White and Asian/Hawaiian/Pacific Islander children, and between White and Hispanic children. As the U.S. population shifts toward a greater proportion of children of color and children living in immigrant families, our finding of an association between these demographic shifts and increases in child poverty raises important questions about who may access the labor market and social safety net programs.

# Lesson 5. Declines in teen birth rates were associated with reductions in child deep poverty, but are unlikely to be associated with substantial further declines.

Teen birth rates declined dramatically from 1993 to 2019, by 72 percent. Holding everything else constant, the decrease in teen birth rates over the quarter-century period corresponds to 52 percent of the decrease in child deep poverty (but was not associated with the decrease in child poverty). Teen birth rates are currently at historic lows, and further declines are unlikely to be associated with pronounced reductions in child deep poverty. It's important to remember that teen birth rates are a symptom of child poverty as well as a potential contributor to it, so causality is difficult to determine (Hoffman, 2015).
#### Lesson 6. Children in both single-parent families and multi-adult households would benefit from supports to maintain economic stability and stable environments.

Our analysis finds that increases in single mothers' labor force participation and the share of children living in two-parent families are associated with reductions in child poverty.<sup>30</sup> Both of these findings point to a connection between family structure and the economic conditions in which a child lives. Additional adults in a household provide both economic and logistical supports that are beneficial for children. Policies that facilitate female labor force participation, protect multi-adult households, and support single-parent families (e.g., universal family leave, accessible and affordable high-quality child care, etc.)—and policies that more generally support the economic, social, and caregiving benefits that families bring to children—may help to continue the decline in poverty.

## Section 2: Five policy recommendations to further reduce child poverty

Our nation's collective work to protect children from poverty is not over. Based on these lessons, we present the following recommendations to federal, state, and local officials to maintain the nation's progress in reducing child poverty and to reduce persistent disparities in child poverty. The first two recommendations address the social safety net, while the latter three address the economic and social constraints that place certain demographic groups at higher risk of experiencing child poverty.

### Recommendation 1. Recraft social safety net programs to prioritize child needs and determine eligibility based on child needs, rather than parent characteristics.

The social safety net protects millions of children from poverty and is thus a critical investment in the healthy development and future of all our nation's children. Our analysis shows both the incredible successes of the social safety net in safeguarding children and the places where it has left gaps: Current policies exclude children from the full benefits of the social safety net by setting eligibility criteria based on their parents' characteristics, such as work status and immigration status. In contrast, a social safety net designed to alleviate child poverty would be intentionally more inclusive by centering children's needs, and by eliminating requirements based on other parent characteristics.

The 2021 Child Tax Credit (CTC) and Advance Child Tax Credit represent examples of programs based on children's needs, in two ways (Internal Revenue Service, 2022b). First, the very premise of the 2021 expansion of the CTC was based on research that shows the importance of economic stability for child wellbeing and the value of investing in the early childhood years (a period of intensive brain development) (Cooper & Stewart, 2021; Heckman, 2000). The Advance CTC provided families with children predictable monthly payments of up to \$250 per child for children ages 6 to 17, and up to \$300 per child under age 6. Second, its eligibility requirements were based on the child's citizenship status, not that of the parent (Internal Revenue Service, 2022a).

By contrast, the EITC requires a completed tax return and a Social Security number for everyone claimed on a family's taxes (Internal Revenue Service, n.d.-f). Our analysis found that the EITC is one of the most significant and effective anti-poverty programs we've got; however, children who are U.S. citizens and have

<sup>&</sup>lt;sup>30</sup> Readers should use caution when using our findings regarding two-parent households: Our analysis does not account for the many reasons why children live in single-parent households (e.g., domestic violence), nor does it account for the presence of other caring adults (e.g., grandparents) in the household.

parents with Individual Taxpayer Identification Numbers<sup>31</sup>, rather than Social Security numbers, cannot benefit from the program (Internal Revenue Service, n.d.-d). Recrafting eligibility to direct resources to children experiencing economic hardship—and removing eligibility requirements that limit benefits based on immigration status and other characteristics—would support continued reductions in child poverty and improvements in the health and well-being of our nation's children.

# Recommendation 2. Ease administrative barriers to the social safety net for eligible families to reduce child poverty and deep poverty, and to mitigate disparities between subgroups of children.

Our research shows that access to multiple programs and supports—not just one—is often needed to lift children out of deep poverty, in particular. However, program requirements across social safety net programs vary widely with respect to income thresholds, application and documentation requirements (e.g., proof of residence), recertification processes, and other eligibility requirements and details. The result is a complex web of administrative barriers that is both difficult and time-consuming for parents to navigate (Heinrich et al., 2022; Winston et al., 2021). Application, documentation, and recertification procedures should be simplified and streamlined to make it easier for every family who qualifies for a program to access its benefits. To facilitate cross-program access, state and federal agencies should broaden categorical eligibility (that is, when eligibility for one program is sufficient to determine eligibility for another), automated enrollment processes, and outreach campaigns. When families in deep poverty qualify for four programs, we should not require them to fill out four applications, negotiate with four different agencies, and maintain certification of eligibility in each program in order to continue receiving needed benefits.

The United States has learned how to reduce administrative barriers during the COVID-19 pandemic lessons that could be applied to programs operating in broader contexts, beyond emergency situations. For example, Pandemic Electronic Benefit Transfers (P-EBT) provided children already eligible for free or reduced-price lunches with benefits under SNAP (U.S. Department of Agriculture Food and Nutrition Service, 2022). While states had to develop new policies and infrastructure to make the program work, P-EBT was largely successful in reducing food insecurity and supporting children in immigrant families (Bauer et al., 2020; Perez, 2021). Implementation of the expanded CTC taught us about innovative alternative reach and delivery systems, including online portals for families that do not file taxes, alternatives to direct deposit for families that do not use banks, and outreach campaigns (Mackey, 2022). By the most conservative estimates, more than one in five eligible families don't receive the EITC\_(Thomson et al., 2020). Continued reforms, such as automatic enrollment, would go a long way toward ensuring that tax and transfer programs reach all families they were intended to reach.

# Recommendation 3. Support stable parental employment and more robust female labor force participation with fair labor markets, higher minimum wages, and affordable, accessible child care.

The benefits of a strong U.S. economy do not currently fully extend to children in families living in poverty. Our findings highlight persistently high rates of poverty among subgroups that face systemic barriers to accessing and maintaining stable employment. We recommend removing common barriers that prevent low-income families from accessing and maintaining employment that is both dependable and that allows families to support themselves. These barriers include lack of access to affordable and high-quality child care and transportation, neighborhoods with limited resources and opportunities, discrimination, inadequate pay, a lack of workplace accommodations for disabled parents, a lack of paid sick and family

<sup>&</sup>lt;sup>31</sup> An Individual Taxpayer Identification Number (ITIN) is a tax processing number issued by the Internal Revenue Service to individuals who are required to have a U.S. taxpayer identification number but who do not have, and are not eligible to obtain, a Social Security number (SSN; Internal Revenue Service, n.d.-d; U.S. Social Security Administration, n.d.-b).

leave, discrimination against formerly incarcerated parents, and difficulties obtaining work authorization for immigrant parents.

Removing barriers to stable employment and increasing low wages may be critical strategies to reduce the persistent gaps in child poverty by race and ethnicity. Hispanic men, for example, have greater rates of labor force participation than men from other racial and ethnic groups, but Hispanic fathers often have low incomes, making it difficult for them to lift their children and families out of poverty (U.S. Bureau of Labor Statistics, 2021b; Wildsmith et al., 2018). Meanwhile, research indicates that providing access to high-quality child care, addressing workplace discrimination, and reducing wage inequality are effective strategies for enabling female workers to easily participate in the workforce (Ansel et al., 2017).

In addition to removing barriers to employment, it will be critical to ensure that work is sufficient to lift families out of poverty. Our analyses show that increases in state minimum wages were associated with reductions in child poverty. Higher minimum wages could further support families' ability to maintain stable employment and support their children. In addition, reducing the phase-in period for the EITC could maximize the benefit for working families with the lowest incomes, whose wages alone are currently too low to support their families (Crandall-Hollick et al., 2021).

# Recommendation 4. Maintain low teen birth rates by increasing public investment in evidence-based teen pregnancy prevention strategies and safeguarding adolescents' access to safe abortion.

The dramatic reduction in teen births from 1993 to 2019 was associated with the decline in child deep poverty over this time. Researchers have attributed declines in the teen birth rate to less teen sex and more contraceptive use; these factors, in turn, may have been due to media and messaging campaigns, availability of effective contraceptive methods, and pregnancy prevention programs\_(Abma & Martinez, 2017; Dews, 2014; Kirby, 2007; Livingston & Thomas, 2019; Romero et al., 2015; Santelli & Melnikas, 2010). As of mid-2022, teen birth rates remain at historic lows, meaning that further reductions in teen births may be less dramatic and result in less pronounced reductions in child deep poverty.

In 2022, a momentous Supreme Court ruling—Dobbs v. Jackson Women's Health Organization—overturned the legal precedent established by the 1973 Roe v. Wade court case, granting states broad flexibility to impose restrictions on abortion (*Dobbs v. Jackson Women's Health Organization*, 2021). Restricting adolescents' access to abortion may slow or reverse recent teen birth trends, and, by extension, have a detrimental influence on child deep poverty. In recent years, teen pregnancy rates, adolescent abortion rates, and the proportion of all abortions completed by adolescents have declined (Kortsmit et al., 2021). Still, as of 2019, adolescents ages 15 to 19 accounted for 9 percent of all abortions nationally (an estimated 53,049 abortions) (Kortsmit et al., 2021). And our analysis found that declines in teen births were associated with 52 percent of the decline in deep poverty rates for children from 1993 to 2019.

To prevent teen birth rates from rising, policymakers should work to ensure that adolescents have safe access to abortion, contraception, and evidence-based teen pregnancy prevention programs. This would likely safeguard recent reductions in child deep poverty.

# Recommendation 5. Promote the economic, social, and caregiving benefits that families bring to children and their parents, and reform policies that undermine their role in children's lives.

Drawing on our finding that the proportion of children in two-parent families is strongly associated with child poverty, we recommend that public officials promote and safeguard the benefits that families including parents, partners, and extended family—can provide to children, and particularly those assets that the presence of a second parent or caregiver typically bring. Such benefits include economic resources and logistical, emotional, and caregiving support, among others. Other policies that support families—such as paid family leave and flexible work scheduling—can provide adults with greater opportunities and resources to support the children and parents in their lives.

Furthermore, public officials should carefully reform policies and institutions that undermine the consistent presence of stable caregivers in the lives of children, and especially those that undermine the role and presence of fathers. In 2020, nearly 7 percent of children and youth had a parent serve time in jail (National Institute of Corrections, n.d.). Child welfare agencies also have a powerful influence over family stability and the presence of parents in children's lives: Previous research has found that economic insecurity can increase a family's chance of coming into contact with the child welfare system, and nearly all states' definitions of neglect include a factor linked to low incomes such as inadequate food, clothing, or shelter (S. C. Williams et al., 2022). This connection between poverty and neglect can lead to the surveillance of families with fewer resources and the separation of children from their families.

Earlier in this chapter, we noted that increases in the share of children living in two-parent families were strongly associated with child poverty. We recommend caution to readers in interpreting this finding. We specifically recommend caution in developing policy interventions that directly encourage parents to maintain or create two-parent households. Incentives to marry or otherwise maintain two-parent households could have the effect of directing resources away from children in single- or no-parent households; according to our analysis, these households need resources the most. Such incentives could also trap families who are experiencing domestic violence. A narrow focus on two-parent households may also miss opportunities. Research illustrates the role of extended family—for example, Black grandparents living with their grandchildren—in supporting children and parents (Dilworth-Anderson, 1992).

### Chapter 7–Methods

In this technical chapter, we detail our methodology. Section 1 describes the data sources we used; in Section 2, we establish how we constructed and operationalized the measures we used in this report (e.g., child poverty, economic and demographic concepts). Finally, in Section 3, we describe our analytic approaches, including the various models we ran, as well as the limitations of our approaches.

As a reminder, we use different analytic approaches to examine the influence of economic and demographic shifts (Chapter 2) and social safety net programs (Chapters 3–4) on child poverty. To look at economic and demographic influences, we follow the approach developed by Hoynes, Page, and Stevens: Capitalizing on state-level variation in the timing and degree of changes in each of the factors examined, we use state-and-year fixed effects regression models to estimate the associations between changes in each economic and demographic factor and changes in child poverty (Hoynes et al., 2006). Because changes in federal policies often affect all states at the same time, this method does not allow us to evaluate the impact of federal policies on child poverty rates. Therefore, we examine the role of the social safety net programs by following the approach used by the United States Census Bureau: We compare actual child poverty rates using the Supplemental Poverty Measure (SPM) to estimated counterfactual poverty rates if an individual federal tax and transfer program (or the entire social safety net) were removed from the calculation of SPM household resources (Fox & Burns, 2021).

#### Section 1: Data sources

Data for our analyses were drawn from two main data sources: the Annual Social and Economic Supplement (ASEC) of the Current Population Survey (CPS) (accessed through IPUMS) and Columbia University's Historical SPM Data (Flood et al., 2021; U.S. Census Bureau, 2021a; Wimer et al., 2021). Our analyses use data from 1980 to 2019; we focus our analysis on the time period from 1993 to 2019 and occasionally provide data from 1980 to 1992 as context.

The CPS is a monthly survey that provides current estimates and trends in employment, unemployment, earnings, and other characteristics of the general labor force, the population as a whole, and various population subgroups. The CPS ASEC—conducted annually, mostly in March—provides annual estimates based on a survey of more than 75,000 households and is the source of official national estimates of poverty levels and rates, and of widely used income measures (U.S. Census Bureau, 2021b). The CPS ASEC contains detailed questions covering social and economic characteristics of each person in a household as of the interview date. Income questions refer to income received during the previous calendar year.

The historical SPM dataset uses historical data from the CPS ASEC and the Consumer Expenditure Survey (CEX) to produce historical SPM estimates dating back to 1967; the SPM was developed in 2009 as another way to conceptualize poverty that considers more information than the official poverty measure (OPM; see our resource on measuring poverty for more details on how the SPM differs from the OPM). The Census Bureau began publishing the SPM in 2011; therefore, Columbia calls its estimated series a historical SPM to distinguish it from the Census Bureau's SPM.

We merged the CPS ASEC data with the historical SPM data to create our analytic dataset. In this process, we dropped cases that were not matched between the two datasets (0.91% of all cases). The dropped cases were primarily due to 1) slight differences in the poverty universe between the two data sources (the historical SPM dataset excludes individuals living in group quarters), and to 2) differences in how the 2014 sample was treated across the two data sets. We also dropped a handful of duplicate cases (< 0.004%) from the CPS ASEC data, which were only present in the 1980 to 1987 data files.

For our analyses of economic and demographic shifts, we linked the CPS ASEC and historical SPM data to various additional data sources, which we describe below along with the measures using other data sources.

#### Section 2: Measures

#### **Child poverty**

We measure poverty based on the SPM. The SPM differs from the OPM in that it includes near-cash government supports (e.g., Supplemental Nutrition Assistance Program, or SNAP, and housing assistance) and tax benefits (e.g., the Earned Income Tax Credit, or EITC)—in additional to cash income—in its calculation of a family's economic resources. The SPM also subtracts necessary expenses—such as tax burdens, out-of-pocket medical expenses, and work and child care expenses—from a family's resources. Finally, the SPM uses more up-to-date assumptions about current living needs and includes adjustments for geographic differences in the cost of living.

The SPM is a quasi-relative poverty measure that does not use fixed thresholds. This means that historical changes in poverty could be at least partly due to changes in thresholds (Wimer, Fox, et al., 2016). For this reason, we use historical SPM data anchored to 2012 thresholds, which allow us to calculate comparable population-level child poverty rates back to 1980 (Wimer, Fox, et al., 2016). This provides a cleaner estimate of the role that economic, demographic, and policy changes play in poverty trends over time. By holding the thresholds constant (but adjusting for inflation), we are able to examine the extent to which changes in poverty are due to changes in economics, demographics, and policy factors alone, and not as a result of changes in standard of living.<sup>32</sup>

We constructed two measures of child poverty using the SPM data: Specifically, we calculated the percentage of children from birth to age 17 who were in poverty and deep poverty in a given year. All children in households<sup>33</sup> with resources less than 100 percent of each respective poverty threshold were categorized as in poverty. All children with resources below 50 percent of their poverty threshold were categorized as in deep poverty. These groups are not mutually exclusive: Children classified in deep poverty are also considered to be in poverty. We repeated this calculation for all years from 1980 to 2019, at the national level and at the state-year level, and used the resulting variables in different analyses (see next section).

#### **Demographic subgroups**

We also repeated the poverty calculations for subgroups of children to provide data for the analyses in Chapters 2 and 4. To do this, we first generated flags for stable parental employment, family structure, race and ethnicity, and parental nativity, as described below. We then calculated poverty and deep poverty rates for each group.

**Stable parental employment**. Using the CPS ASEC, we generated a flag for whether each child lived with either 1) no parent who was employed more than 25 weeks in the prior year, or 2) at least one parent who was employed for at least 26 weeks in the prior year.<sup>34</sup> Residential same-sex and cohabiting parents are included in our measures. To calculate this flag, we added up the total number of weeks a child's residential parent(s) worked in the past calendar year, regardless of the intensity of their work (full-time or part-time). If one parent worked for 24 weeks and the other parent worked for 3 weeks, the child would be considered to have stably employed parents, as together they pass the 26-week threshold.

<sup>&</sup>lt;sup>32</sup> In the 1980s and 1990s, the anchored SPM rates tend to be higher than the historical SPM rates due to the assumption of a higher standard of living (based on a 2012 standard of living).

<sup>&</sup>lt;sup>33</sup> SPM is calculated at the SPM unit level, which is generally equivalent to households. For simplicity, we refer to these units as families throughout our report.

<sup>&</sup>lt;sup>34</sup> To calculate parental employment, we used IPUMS' built-in feature to link residential parent(s)' employment information to the child, specifically the "wkswork1" variable, using the "momloc" and "poploc" variables. IPUMS-CPS updated its methods for constructing family relationship linking variables in 2016, and changes served to preserve comparability over time (Minnesota Population Center, University of Minnesota, 2016).

**Family structure**. Using the CPS ASEC, we generated a flag for whether each child lives with either 1) two parents, or 2) one or no parents.<sup>35</sup> Biological parents, stepparents, and adoptive parents, as well as parents' cohabiting partners, are included in the count, as are same-sex parents. The Current Population Survey has improved its ability to capture cohabiting parents over time, with a new measure introduced in 2007 and an improvement in processing by IPUMS in 2016; thus, our ability to capture families with cohabiting parents improves over time (Kennedy & Fitch, 2012; Minnesota Population Center, University of Minnesota, 2016).

**Race and ethnicity**. The CPS changed how it asked about race and ethnicity in 2003, limiting the groups that we could examine over time (Bowler et al., n.d.). Using the CPS ASEC, we grouped children into four mutually exclusive racial and ethnic groups: non-Hispanic Asian/Hawaiian/Pacific Islander, non-Hispanic Black, Hispanic, and non-Hispanic White. Survey respondents who indicated that the child is multiracial (an option starting in 2003) or a race other than the ones listed above are excluded from analyses broken down by race and ethnicity but are included in all other analyses. In 2019, approximately 5 percent of the child population was non-Hispanic and of two or more racial groups, and 1 percent was non-Hispanic American Indian/Alaskan Native alone (Kids Count Data Center, 2021b).

**Parental nativity**. Using the CPS ASEC, we generated a flag to indicate whether each child lived 1) with any parent born outside of the United States or 2) with all U.S.-born parents. Children whose parent(s) were born in the United States, inclusive of territories, were coded as living with all U.S.-born parents and in a non-immigrant family. If any of a child's residential parents were born outside of the United States, they were considered to live in an immigrant family.

#### State-year macroeconomic, demographic, and policy conditions

We use state-year data for our fixed effects regression analyses in Chapter 2 to exploit variation in the timing and level of economic and demographic changes across states. Economic, labor market, and demographic factors are described below, along with the state-level policy conditions included in our models.

**State-year economic and labor market conditions.** Economic and labor market conditions are important contributing factors to child poverty, and we examined several: unemployment rate, real (inflation-adjusted) gross domestic product (GDP) per capita, median wage, state-level minimum wage, and single mothers' labor force participation. We operationalized the unemployment rate as a state-year's annual average unemployment for its population ages 16 and older, using data from the Bureau of Labor Statistics' (BLS) State and Metro Area Database (U.S. Bureau of Labor Statistics, n.d.-b). Real GDP per capita was constructed using GDP data from the St. Louis Federal Reserve's Federal Reserve Economic Database that we converted to 2019 dollars and divided by a state-year's population (U.S. Bureau of Economic Analysis, 2022b). It is measured in thousands of dollars. Minimum wage was constructed as either a binding federal wage or a state-year's minimum wage (the higher of the two), based on data from the U.S. Department of Labor, 2022a). The single mother labor force participation rate was calculated using the CPS ASEC as the percentage of single mothers ages 16 to 64 who are employed or are looking for work. Women who are not married (or are married but whose spouse is not present) and who live with their own child under age 18 are considered single mothers. Mothers with a cohabiting partner are considered single for this analysis.

**Median wage** was constructed from the Merged Outgoing Rotation Group (MORG) files of the CPS (National Bureau of Economic Research, n.d.). Hourly workers report their hourly wages directly, while salary workers report their weekly earnings and their usual hours of work. This information can be used to construct a consistent wage series for the time period we are studying. Hourly workers report their hourly wages directly, while salary workers report their weekly earnings and their usual hours of work. This information can be used to construct a consistent wage series for the time period we are studying. Hourly workers report their hourly wages directly, while salary workers report their weekly earnings and their usual hours of work. This

<sup>&</sup>lt;sup>35</sup> We used the "*momloc*" and "*poploc*" variables created by and available through IPUMS to count the total number of parents a child has present in their household. IPUMS-CPS updated its methods for constructing family relationship linking variables in 2016, and changes served to preserve comparability over time (Minnesota Population Center, University of Minnesota, 2016).

information can be used to construct a consistent wage series for the time period we are studying. Following Lemieux (2006), we 1) calculated wages for full-time, non-self-employed workers with non-allocated wage information; 2) trimmed extreme wage values of more than \$100 per hour or less than \$1 per hour in 1979 dollars; 3) multiplied all top-coded wages by a factor of 1.4, to better preserve the distribution of wages; and 4) converted all wages into 2019 dollars (Lemieux, 2006).

State-year demographic conditions. All demographic characteristics, except for teen birth rates, were constructed using CPS ASEC data. We operationalized share of children in two-parent families as the percentage of children (in a given state and year) from birth to age 17 who lived with two parents (compared to children who lived with one or no parents), following the definition for family structure described above. Share of population with a high school degree was operationalized as the percentage of a state-year's population ages 25 and older with at least a high school degree or the equivalent. We captured differences in the share of children living in immigrant families by constructing the percentage of a state-year's child population categorized as having at least one parent who is foreign-born (compared to children for whom all parent(s) were born in the United States). This variable is available starting in 1993 and is aligned with the definitions used in the subgroup analysis described above. The racial and ethnic composition of the child population (in a given state-year) was operationalized, in a series of variables, as the percentage of a stateyear's child population that identifies as non-Hispanic Asian/Hawaiian/Pacific Islander, non-Hispanic Black, Hispanic, non-Hispanic White, or some other non-Hispanic race/ethnicity (following the definitions described above). Teen birth rate data are derived from the National Center for Health Statistics and are operationalized as the number of births per 1,000 females ages 15 to 19 (Centers for Disease Control and Prevention, 2022). Finally, we included the child population (counts of persons birth to age 17<sup>36</sup>) in our fixed effects models to control for within-state variation in the child population over time, which may be correlated with child poverty rates.

**State-year policy factors.** States may adopt policies explicitly and/or implicitly aimed at combating poverty by distributing resources more equitably across their population. To account for within-state variation in state policies that are not captured by our state or year fixed effects and likely correlated with child poverty rates, we included three policies with state-year variation as control variables: 1) state earned income tax credit generosity, which we operationalized as the percent of the federal credit at which a state sets its own EITC using data from the National Bureau of Economic Research; 2) TANF/AFDC benefit generosity, which we operationalized as the maximum monthly benefit for a family of three in a given state-year, using data from the Urban Institute's Welfare Rules Database and converted to 2019 dollars; and 3) whether a state, in a given year, had expanded Medicaid, using data from Kaiser Family Foundation (Internal Revenue Service, n.d.-e; Kaiser Family Foundation, 2022; Shapiro, 2019; Urban Institute, n.d.-b).

<sup>&</sup>lt;sup>36</sup> Although we utilized the same construction procedure as our other data, our child population estimates differ from published estimates such as those from the National Historical Geographic Information System. All other demographic estimates were replicated using other nationally representative datasets.

#### Analytic approach

#### **Chapter 2: Fixed effects regression models**

We used fixed effects regression models to examine the extent to which changes in economic and demographic factors within states over time are associated with changes in child SPM poverty rates. For this analysis, our data included state-year observations for 1993 to 2019 on child poverty, economic and labor force conditions, demographic characteristics, and state-level policy factors.

We estimated the following equation (after performing a within transformation), which relates child-specific SPM poverty rates within a state-year to macroeconomic, demographic, and policy factors:

$$povrate_{st} = \alpha + \beta_E E_{st} + \beta_D D_{st} + \beta_P P_{st} + \gamma_s + \delta_t + \varepsilon_{st},$$

where  $povrate_{st}$  is the poverty rate for all persons under age 18 in state s in year t.

The vector  $\mathbf{E}_{st}$  controls for economic and labor market variation within a state over time and includes a state-year's unemployment rate to account for macroeconomic cycles; real GDP per capita (using a GDP deflator to convert all state-year GDPs to 2019 dollars) to account for growth in a state's economy; median wage as a measure of cash income at the 50th percentile; minimum wage as a measure of cash income at the 50th percentile; minimum wage as a measure of cash income at the lowest end of the spectrum (those most likely to be experiencing poverty); and single mother labor force participation rate to account for growth in single mothers' participation in the labor force.

The vector  $D_{st}$  controls for demographic variation within a state over time related to economic resources and access to the labor market and social safety net. This includes population-level estimates of educational attainment, race and ethnicity, children living in immigrant families, children living in one-parent or noparent families, and teen birth rates.

The vector  $P_{st}$  controls for policy variation within a state over time and is intended to account for timevarying within-state changes that may have an association with poverty. The policies include a state's EITC generosity and its TANF/AFDC benefit generosity in a given year to account for state transfers to those on the moderate to low end of the income distribution, as well as an indicator of whether the state in a certain year has expanded Medicaid to account for differences in medical expenses and health.

The year fixed effect parameter,  $\delta_t$ , purges estimates of any omitted variable bias from variables common to all states that are changing over time (for instance, that every state is benefiting from technological advances). That is, if child poverty is declining in all states over time because of some omitted variable that impacts all states, the year fixed effect will absorb this problematic correlation. The state fixed effect parameter,  $\gamma_s$ , is removed by the demeaning process, which takes each state's averages for all variables and subtracts them from the same state's observed values for all variables. This effectively removes any problematic unobserved heterogeneity that is time-invariant within a state (meaning, any fixed differences in child poverty rates across states is removed).

After estimating our model, we created counterfactual data that held our data constant at 1993 levels and allowed each poverty-decreasing variable that was statistically significant to vary (one at a time) to visually examine the relative role of these variables in reducing poverty. All other variables were held constant at their 1993 levels and predictions were produced using the estimated coefficients from the model(s) starting with only allowing a state's unemployment rate to vary, then allowing one additional variable from above to vary. We continued this process until each variable found to be statistically associated with changes in child poverty was allowed to vary and graphed the results.

**Limitations of analyses in Chapter 2.** Our child poverty model estimates will not generally coincide with their true population parameter counterparts and, as such, will not have any causal interpretation.

Generally, for population parameters to be identified, the population error term must not be correlated with one or more explanatory variables. This will be violated if we have any unobserved time-variant variable that is correlated with both child poverty rates and any explanatory variable. This violation could also occur if past policies affect current child poverty rates, or if past child poverty rates affect current policies (Imai & Kim, 2019). This kind of bias, induced by simultaneity, may affect some or all of our estimates. It is likely that several of our explanatory variables are themselves functions of the child poverty rate. One can imagine that high levels of current child poverty cause, in part, unemployment to change or the government to respond with more benefits. Additionally, it is likely that the current period's child poverty is a function of past realizations of some or all of our variables. One strategy for reducing these sources of endogeneity would be to include lagged values of some of our explanatory variables, lagged values of our dependent variable, a combination of both, or-if we were only interested in one effect-pursuing an instrument; however, all these strategies come with costs. Under any of these scenarios, one or more of our variables may be biased. Furthermore, several variables have been constructed from sample data using datasetprovided weights. To the extent these estimates are constructed with error, our estimates may also be attenuated. The model weights each state-year observation with its average child population across all its years to be more reflective of the actual distribution of child poverty, ensuring that states with lower child populations are not disproportionately affecting estimates.

#### Chapter 3: Descriptive poverty rates with and without the social safety net

In Chapter 3, we used descriptive analyses to examine how child poverty would change with changes in the social safety net. All analyses were at the national level, from 1980 to 2019.

The Historical SPM Data contain information for each child's household on the monetary value of each benefit that a family did or did not receive (Wimer et al., 2021). Some benefit amounts were captured directly from respondents (e.g., by asking them the monetary value of SNAP benefits they had received), while others were imputed based on other financial information provided (most notably, the EITC). Detailed descriptions of these imputations are available in Fox et al. (Fox et al., 2015).

With these data, we calculated child poverty rates with and without the social safety net, following the method used by Fox and Burns in the annual SPM report from the Census Bureau (Fox & Burns, 2021). We recalculated each child's family's income without benefits by subtracting the benefit from their resources. We then recalculated poverty rates for each child, comparing the adjusted resources to the household's SPM poverty threshold. We did this for each child and then aggregated to the national level and weighted the cases to be nationally representative.

We first looked at the overall role of the social safety net by estimating each child's family's pre-tax-andtransfer income—that is, their income minus the cash value of the sum of all the government benefits they receive. We repeated this process separately for each policy, examining the role of individual policies on child poverty rates. The results can be interpreted as the role that a given policy plays in reducing child poverty, without accounting for any behavioral change or any other interrelated policy. When we looked at the overall role of the social safety net, we included all government transfers and estimated the role that all policies play together. When we considered the full social safety net, we included all federal taxes including the Child Tax Credit and other tax obligations and credits—as well as the individual programs described in the text. Except for state taxes, this analysis focuses on the role of federal anti-poverty policies and does not consider the role of any state or local policies or community supports (e.g., the local food bank). Federal programs administered by states, such as TANF and SNAP, are included.

We present three complementary numbers to help readers understand how programs are associated with changes in child poverty rates: the percentage point reduction in child poverty, the percent reduction in poverty, and the number of children protected from poverty. To calculate the percentage point reduction, we subtract the SPM poverty rate from the SPM poverty rate without the program. To calculate the percent reduction in reduction in poverty, we divide this number by what the SPM poverty rate would have been without the

program. The number of children protected from poverty is the percentage point reduction multiplied by the total number of children in a year.

Limitations of analyses in Chapter 3. Our ability to capture the true role of the EITC in reducing child poverty was limited. Since 1996, Social Security numbers have been required of all family members in order to receive the EITC, making 21 percent of children in poverty ineligible to receive its benefits (Acevedo-Garcia et al., 2022; Crandall-Hollick, 2022). Our analyses do not adjust for this limitation, so we talk about the potential role of the EITC as a poverty reduction policy. Our estimates of the relative role of the EITC also are likely overstated, as the EITC values in the Historical SPM Dataset are simulated based on family income, and on family structure and composition, and do not account for the approximately 20 percent of tax filers who are eligible for, but do not claim, the EITC (Jones & Ziliak, 2019; National Conference of State Legislatures, 2022). Nor does the simulation account for workers who do not routinely file taxes because they have no tax liability, but are nonetheless eligible for, and would receive, the EITC if they were to file taxes.<sup>37</sup>

We did not adjust for underreporting of resource receipt. Underreporting is a known issue, and TRIM3–a microsimulation rule-based model—has frequently been used to adjust for underreporting after 1993 (Zedlewski & Giannarelli, 2016). However, this approach is difficult and resource-intensive, particularly for modeling multiple programs over a 40-year period (Habib, 2018). Furthermore, the current microsimulation, TRIM3, does not cover the full range of years included in this report (L. Wheaton, personal communication, April 19, 2022). New methods, such as regression-based approaches and model-based imputation, are emerging (Habib, 2018; Rothbaum et al., 2021). Public-use files with misreporting-corrected SNAP receipt and benefit amounts based on the modeling approach outlined by Rothbaum, Fox, and Shantz (2021) are forthcoming.

In sum, our simulations of the role of social safety net programs in protecting children from poverty likely overestimate the role of the EITC and underestimate the role of most other social safety net programs, particularly SNAP and TANF (Wheaton, 2008).

### Chapter 4: Descriptive poverty rates with and without the social safety net by subgroups

The main analytic approach of Chapter 4 parallels that used for Chapter 3. We again use descriptive analyses at the national level to examine how child poverty would change with and without the social safety net, but this time we conducted the analyses on subgroups of children: children with and without stably employed parents, children with two versus one or no parents, children in immigrant versus non-immigrant families, and children by race and Hispanic ethnicity. Again, we present the results in multiple ways. We examine both the absolute size of the social safety net (examining the percentage point decline in poverty for each group) and the relative role of the social safety net (examining the percent decline in poverty for each group). We emphasize the relative measure when comparing the role of the social safety net between groups as this helps account for differences in poverty levels at different time periods and between groups.

**Limitations of analyses in Chapter 4**. We were not able to conduct any tests for statistically significant differences between groups when examining the role of the safety net in preventing different subgroups of children from falling into poverty, so we instead focus our discussion on effect sizes. We could not conduct significance testing because there is an unmeasured amount of uncertainty built into the estimates of child poverty. Uncertainty is built into the estimates at multiple stages, including when the amount of benefits provided by different anti-poverty programs to households are estimated or simulated (estimations vary by

<sup>&</sup>lt;sup>37</sup> The overestimation of the anti-poverty role of the EITC using simulation methods has also been noted in recent work by Maggie Jones and James Ziliak (Jones & Ziliak, 2019). Previous research that corrects for the overestimation of the EITC, however, has also found it to be among the most important anti-poverty programs for children (National Academies of Sciences, 2019).

program and year), and when poverty rates are estimated, based on the CPS ASEC sample (Fox et al., 2015). We do not know how much uncertainty is added by the simulations. This information is not included in the Historical SPM data because standard errors cannot be constructed due to the complexity of the imputations (Fox et al., 2015).

# Appendix A—How Poverty Is Measured in the United States

Authors for this resource: Dana Thomson, Renee Ryberg, and Katherine Paschall

Children in the United States are defined as living in poverty when their family's economic resources are below a given threshold of what is minimally required<sup>38</sup> for meeting their basic needs, such as food, clothing, shelter, and utilities (U.S. Census Bureau, 2022b). Two of the most accepted measures for determining poverty thresholds for the United States are the Official Poverty Measure (OPM) and the Supplemental Poverty Measure (SPM). The measures differ in their assumptions of what is minimally required for a family to meet its needs and what resources are available to a family to meet those needs (see Table A-1).

Based on the assumption that families spend approximately one third of their income on food, the OPM uses a poverty threshold that is three times the cost of a minimum food diet in 1963 and is adjusted every year for inflation. As housing and other costs have risen and spending on food accounts for a much smaller proportion of family budgets, the SPM—first developed in 2009—uses more updated information about what people spend today for food, clothing, shelter, and utilities (U.S. Census Bureau, 2022a). While both measures adjust these costs to account for the needs of families of different types and sizes, only the SPM accounts for geographic differences in costs of living.

With respect to how each measure determines what resources are available to families to meet their needs, the OPM counts cash income (i.e., wages and salaries), interest, dividends, retirement income, and some cash benefits (e.g., Social Security and Temporary Assistance for Needy Families, or TANF). The SPM similarly counts cash income but also includes benefits from federal programs that are not considered cash—such as refundable tax credits and nutrition, housing, and energy assistance. In addition, the SPM subtracts necessary expenses, such as health care costs, child care costs, costs of commuting to work, and taxes.

Each measure serves a different policy goal. Broadly, the SPM—with its more up-to-date assumptions about current living needs and expenses and inclusion of government benefits—is a better indicator of the overall economic well-being of U.S. children. However, the income-based OPM remains important for understanding what children's economic well-being would look like without government programs like refundable tax credits and the nutrition, housing, and energy assistance mentioned above.

<sup>&</sup>lt;sup>38</sup> We think—as do many poverty experts—that the current poverty thresholds are too low to adequately capture families' economic needs. Income at our current poverty thresholds is not enough to cover essential living expenses—such as rent, food, and clothing for a typical family with two adults and two children—and is insufficient to support savings and investment in a family's future economic security (Fass, 2009; Boushey et al., 2001; Glasmeier, 2020). While we use the Census Bureau's definition of poverty in this report, we also recognize that simply moving families across the poverty threshold does not guarantee that they have adequate resources to meet their basic needs.

**Table A-1.** The Official Poverty Measure (OPM) and Supplemental Poverty Measure (SPM) Use DifferentAssumptions About Family Needs and Resources

	Official Poverty Measure (OPM)	Supplemental Poverty Measure (SPM)
How is the minimum level of resources required to meet basic needs determined?	Set at three times the cost of a minimum food diet in 1963, adjusted for inflation	Uses current consumer expenditure data to determine what people spend today for food, clothing, shelter, and utilities
How are thresholds adjusted for differing needs?	Adjusted for family size and composition	Adjusted for family type and size, and geographic differences in housing costs
What sorts of economic resources are available to families to meet their basic needs?	Pre-tax cash income (including interest dividends, retirement income, and cash benefits such as Social Security and TANF)	All cash income and benefits included in the OPM <i>plus</i> refundable tax credits and in-kind benefits (e.g., EITC, nutrition, housing, and energy assistance) <i>minus</i> necessary expenses (e.g., health care and child care costs)
What counts as a family or household unit (in terms of the ability to share resources)?	All individuals residing together who are related by birth, marriage, or adoption	All individuals residing together who are related by birth, marriage, or adoption, <b>plus</b> coresident unrelated children, foster children, and unmarried partners and their relatives
What is the threshold for a two-adult, two-child family in 2019?	\$25,926	For owners with mortgages: \$29,234 (ranges from \$23,390-\$45,789 across the country) For owners without mortgages: \$24,980 (ranges from \$20,847- \$36,688 across the country) For renters: \$28,881 (ranges from \$23,177-\$45,040 across the country)

Sources: U.S. Census Bureau (Fox, 2020; U.S. Census Bureau, 2022b).

#### The OPM vs. SPM over time

From 1967 to 1993, more than one in four children (26%), on average, lived in families with incomes below the SPM<sup>39</sup> poverty threshold. The OPM estimates of child poverty were considerably lower than SPM estimates (see Figure A-1 below). In 1967, the OPM child poverty rate was 17 percent, while the SPM child poverty rate was 28 percent, amounting to a 12 percentage point difference between the two thresholds. This gap is likely due to the fact that the SPM subtracts necessary expenses—such as out-of-pocket medical expenses and work and child care expenses—from its calculation of a family's available resources (Bridges & Gesumaria, 2015). The gap between OPM and SPM child poverty rates narrowed slowly from 1967 to 1993—likely due to the anti-poverty policies enacted in the decade following President Johnson's 1964 declaration of war on poverty\_(U.S. Census Bureau, 2014). While the gap in the percentage of children calculated as being in poverty between the two thresholds was substantial during this period, both the OPM and SPM moved in relative synchronicity with economic cycles.

Beginning in the early 1990s, however, the SPM child poverty rate began to follow a quite different pattern from that of the OPM. The OPM child poverty rate continued to rise and fall with economic cycles, but overall remained stubbornly steady: In 2020, the child poverty rate, as measured by the OPM, was 16 percent—less than 1 percentage point lower than when it was first measured in 1967. Meanwhile, the SPM child poverty rate, which had followed a similar cyclical pattern up until 1993, decoupled from the economic cycles and the OPM. Child poverty, as measured by the SPM, began to decline dramatically and, while it leveled off during economic downturns, it otherwise continued along a mostly downward trajectory through

<sup>&</sup>lt;sup>39</sup> While developed in 2009, historical SPM rates have been calculated by researchers at Columbia University's Center on Poverty & Social Policy for the period between 1967 and 2008 (Wimer et al., 2021).

2020. By 2020, the SPM child poverty rate was 9 percent, down from 28 percent in 1993, representing a 69 percent decline, or a decrease of 19 percentage points.



**Figure A-1.** Child Poverty Rates Using the Official Poverty Measure (OPM) and Supplemental Poverty Measure (SPM), 1967-2020

**Sources**: Child OPM poverty rates are based on The United States Census Bureau's Historical Poverty Table 3 (U.S. Census Bureau, 2021b). Child SPM poverty rates are based on historical SPM data from the Columbia Center on Poverty and Social Policy data, anchored to 2012 thresholds (U.S. Census Bureau, 2021b; Wimer et al., 2021). Recession data are from the National Bureau of Economic Research (National Bureau of Economic Research, 2021).

#### A note on methods

In the figure above, we present rates of child poverty in the United States from 1967 to 2020, using both the official (light blue line) and the supplemental (dark blue line) measures of poverty. While the Supplemental Poverty Measure (SPM) was not developed until 2009, researchers at Columbia University's Center on Poverty & Social Policy have estimated annual SPM thresholds and poverty rates going back in time to 1967, using data from the Current Population Survey's Annual Social and Economic Supplement (CPS ASEC; U.S. Census Bureau, 2021a; Wimer et al., 2021). Because SPM thresholds are adjusted for differences in living standards that can change over time, it is difficult to make comparisons from one year to the next. However, to facilitate over-time comparisons, the researchers at the Center on Poverty & Social Policy have also constructed SPM thresholds and poverty rates that are anchored to 2012 living standards and adjusted backward in time for inflation (Fox, 2017). We use this anchored historical measure of SPM-based poverty to present trends in child SPM poverty over the past half century.

### Appendix B—Summary of the Main Government Programs Aimed at Reducing Child Poverty in the United States

Authors on this resource: Dana Thomson, Katherine Paschall, Gabriel Piña, Emilia Sotolongo, Sydney Briggs, and Renee Ryberg

A myriad of federal programs are either designed to support, or incidentally support, the economic resources of families with low incomes. Programs include cash transfers, tax credits, and assistance with basic needs. In this section, we briefly review the histories and varying eligibility requirements of the key federal anti-poverty programs.

#### **Cash welfare**

Temporary Assistance for Needy Families, or TANF—previously Aid to Families with Dependent Children (AFDC)—is a cash assistance program for families with children who have incomes well below the poverty threshold (U.S. Department of Health and Human Services Office of the Assistant Secretary for Planning and Evaluation, n.d.). The program is implemented at the state level using a combination of federal and state funds. AFDC was established by the Social Security Act of 1935 and was designed to help support children in families in which a parent was absent from the home, deceased, or unable to work (The Social Security Act of 1935, n.d.). Benefit levels were set by individual states, with the maximum benefit going to families with no income and benefits decreasing as earnings increased.

Concerns that AFDC disincentivized employment led to welfare reform and, in 1996, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) replaced AFDC with TANF (U.S. Department of Health and Human Services Office of the Assistant Secretary for Planning and Evaluation, 1996). TANF imposed work requirements and a lifetime maximum of five years of benefits. In addition, states were granted flexibility to spend the federal funds on programs other than direct cash assistance (e.g., work, education, and training activities; child care subsidy programs; child welfare services). PRWORA also largely restricted immigrant access to TANF to "qualified" immigrants who have been in the United States for at least five years.

#### Federal refundable tax credits

Refundable tax credits include the Earned Income Tax Credit (EITC) and the refundable portion of the Child Tax Credit (CTC) (Internal Revenue Service, n.d.-a; Internal Revenue Service, n.d.-c). Eligible families who file taxes and claim these refundable credits receive cash back from the government if the credit amount is larger than taxes owed.

The EITC, which was first enacted on a temporary basis in 1975 and made permanent by the Revenue Act of 1978, is generally targeted to low- and moderate-income working families and designed specifically to encourage work and reduce dependence on cash welfare (Crandall-Hollick, 2022; Revenue Act, 1978). Credit amounts depend upon family type, number of children, and income level. Workers are eligible for the EITC with their first dollar of earned income, with the credit amount increasing (during what is called the phase-in range) as earnings rise, until it hits the maximum credit (almost \$6,000 in 2020 for two qualifying children). At higher incomes (after a "flat range" at the maximum credit), the credit begins to phase out as incomes increase until the income limit is reached; in 2020, this was \$47,440 for a single parent with two children (Internal Revenue Service, n.d.-b). All family members must have a Social Security number (SSN) to qualify, which precludes access for families that include unauthorized immigrants or those with alternative taxpayer identification numbers (Internal Revenue Service, n.d.-f, n.d.-c). The EITC was expanded in 1986,

1990, and 1993. In addition, some states have enacted their own EITCs, modeled after the federal credit but typically smaller in size, with the amount of credit also varying considerably across states.

The CTC, which was introduced in 1997, has a similar phase-in/phase-out structure as the EITC, but primarily goes to higher-income families (Hoynes & Schanzenbach, 2018). When first introduced, the CTC phased out at incomes as high as \$110,000 for a married couple filing jointly or \$75,000 for those filing as head of household or single. The original credit was \$400 per child and was non-refundable, limiting its value for many lower-income families who did not have any tax obligations. A refundable Additional Child Tax Credit (ACTC), which extended a portion of the credit to lower-income families who had no tax obligations in the form of a tax refund, was introduced in 2001 and expanded in 2009 (Crandall-Hollick, 2018). Through 2017, taxpayers were required to provide a taxpayer ID for each child claimed; however, beginning in 2017, SSNs are required for each child claimed (although other family members can provide taxpayer IDs) (Crandall-Hollick, 2018). In 2021, the American Rescue Plan made several temporary changes to the CTC, including eliminating the phase-in range, making the full credit completely refundable, increasing the maximum amount of the credit to \$3,000 for each child ages 6 to 17 and \$3,600 for each child from birth to age 5, and delivering half of the credit in monthly advanced payments (The White House, n.d.). These changes sunsetted at the end of 2021.

#### **Nutrition assistance**

The Supplemental Nutrition Assistance Program (SNAP), previously known as the Food Stamps program, provides vouchers or debit cards that can be used to purchase food from grocery stores to families with incomes at or below 130 percent of the federal poverty threshold (U.S. Department of Agriculture Food and Nutrition Service, n.d.-d). The program was first implemented from 1939 to 1943 as a key component of the New Deal series of programs and reintroduced by the Food Stamp Act of 1964\_(Food Stamp Act of 1964, 1964). The program has been federally administered with uniform national standards since 1977. In 1999 and the early 2000s, states were granted the power to broaden eligibility. However, as with AFDC/TANF, most groups of immigrants are not eligible for full SNAP benefits until they have been in the country for at least five years and are legal permanent residents. In 2009, as part of the American Recovery and Reinvestment Act, the level of SNAP benefits was temporarily increased to offset economic hardship as a result of the Great Recession; this temporary boost expired toward the end of 2013 (American Recovery and Reinvestment Act of 2009, 2009).

Other nutrition programs include the Special Supplemental Nutrition Program for Women, Infants, & Children (WIC), established in 1974, which provides children under age 5 and pregnant women in lowincome households monthly food vouchers for the purchase of specific types of nutritious food; and the National School Lunch Program (NSLP) and School Breakfast Program (SBP), begun in 1946 and 1966, respectively, which provide free or reduced-price school meals to children who live in low-income households (U.S. Department of Agriculture Food and Nutrition Service, n.d.-c, n.d.-b, n.d.-a).

#### **Housing assistance**

Housing assistance programs, first enacted under the U.S. Housing Act of 1937, provide housing vouchers or designate rental units for low-income renters to restrict their housing cost burden to no more than 30 percent of their income (McCarty et al., 2019; U.S. Housing Act of 1937, as Amended, 1937). From 1937 through the 1960s, public housing was the only form of housing assistance available (A. F. Schwartz, 2021). Public housing provides assistance in the form of low-rent housing units that are subsidized by the federal government but are owned and administered by local public housing authorities. Beginning in the 1960s, privately owned subsidized housing (sometimes called privately owned project-based housing) was added (A. F. Schwartz, 2021). It similarly provides assistance in the form of low-rent housing units that are subsidized by the federal government but, in this case, units are owned by private property owners who have long-term subsidy contracts with the Department of Housing and Urban Development (HUD). Beginning in the 1970s, the federal government also began providing housing assistance in the form of

rental vouchers that could be used to secure housing of the family's choice in the private market, up to a locally determined maximum (A. F. Schwartz, 2021). Since the 1980s, this is the only one of the three main forms of federal housing subsidy programs that has expanded substantially\_(Kingsley, 2017). In addition to housing subsidy programs, the Low-Income Home Energy Assistance Program (LIHEAP) helps eligible low-income households with their heating and cooling costs (U.S. Administration for Children & Families Office of Community Services, 2022).

#### Social Security and Supplemental Security Income

Social Security, established by the Social Security Act of 1935, is not specifically designed for low-income children or families, but nonetheless plays an important role in reducing child poverty (The Social Security Act of 1935, n.d.; USA.gov, n.d.). In addition to providing adults protection against the loss of earnings due to retirement, death, or disability, it also provides benefits to nearly 4 million children (as of May 2022) of insured workers who have died, become disabled, or retired (U.S. Social Security Administration, 2022c).

Supplemental Security Income (SSI) provides cash benefits for low-income aged and disabled individuals (U.S. Social Security Administration, n.d.-c).

#### **Unemployment insurance**

Unemployment insurance is also not specifically designed for low-income children or families, but does play a role in protecting children from poverty (U.S. Department of Labor, n.d.). Unemployment insurance provides temporary relief (in most states, up to 26 weeks) for workers who have lost their jobs through no fault of their own and, in so doing, protects children of eligible workers from loss of family income due to involuntary unemployment. In states experiencing high rates of unemployment, unemployment insurance benefits can be extended for an additional period of time.

### Other government programs that reduce economic hardship among low-income families with children

In addition, Medicaid and the Children's Health Insurance Program (CHIP) provide health insurance coverage to low-income families, thereby reducing their out-of-pocket medical expenses (Centers for Medicare & Medicaid, n.d.-a, n.d.-b). Finally, Head Start, Early Head Start, and Child Care Development Fund (CCDF) programs provide early care and education resources for low-income families (U.S. Administration for Children & Families Office of Child Care, n.d., 2016).

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