

The Changing Face of Poverty in the US: The Influence of Family Structure, Employment Patterns, and the Safety Net from 1967-2012

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Motivation

Using a new historical measure of poverty, we find that poverty rates have declined modestly over the past 50 years, both overall and for children. However, these overall trends obscure changes in the demographics of families and individuals in poverty. This paper will take an in depth look at the changing face of poverty over the past 50 years as well as the role of family structure, employment patterns and governmental taxes and transfers in explaining these trends. We will examine how risk factors for poverty have changed over the past 50 years and whether certain demographic groups (single parent families, families with a non-employed adult) are more likely to fall into poverty today than in the past.

Overview

While much has been written on historical trends in poverty and the role of government in alleviating poverty, this research has almost exclusively been based on a measure that is widely considered inadequate as it fails to adjust appropriately for the needs of different types of households and understates the role of government policies by failing to take into account several important types of government benefits (in particular, the Supplemental Nutrition Assistance Program/Food Stamps and tax credits) which are not counted in cash income (Blank and Greenberg 2008; Hutto et al. 2011; Iceland 2005; Smeeding 1977). To remedy these inadequacies, the Census Bureau released a new supplemental poverty measure (SPM) covering 2009-2012 (Short 2011).

In previous research (Fox et al. 2014), we extended the series created by Census using an SPM-like poverty measure to re-examine historical trends in poverty and the role of government anti-poverty policies historically for the period 1967-2012. We produce our SPM series using a methodology similar to that used by the Census in producing their SPM estimates, but with adjustments for differences in available historical data (see methodology details in Fox et al. 2014). The primary improvements of the new SPM measure over the official poverty measure (OPM) are that poverty thresholds are based on

consumer expenditures and adjusted by housing and mortgage status and this threshold is applied to a much improved measure of resources. Rather than comparing the threshold to only pre-tax income as is done in the OPM, the threshold is compared to a much broader set of resources, including post-tax income and near-cash transfers (such as SNAP/Food Stamps), and then subtracting work, child care, and medical out-of-pocket expenditures.

In our previous analyses, we found that historical trends in poverty have been more favorable than the OPM suggests and that government policies have played an important and growing role in reducing poverty --- a role that would not be evident if we only used the OPM to assess poverty (Fox et al., 2014). This can be seen most clearly in our SPM “counterfactual” analyses – where we show poverty rates both with and without taking key government programs into account. These counterfactual estimates provide an accounting of how much taking government taxes and transfers into account alters our estimates of poverty.

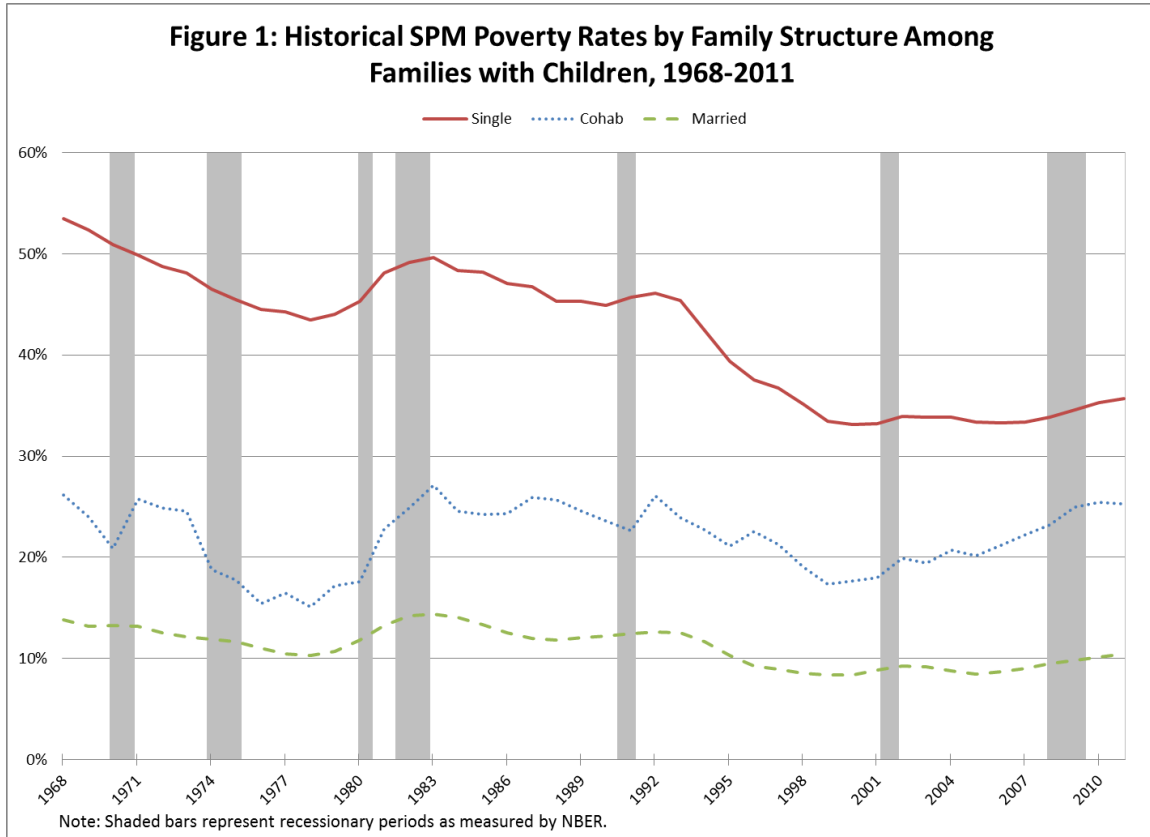
Methods

For this article, we extend our current historical SPM analysis with a focus on the changing demographic composition of who falls into poverty over time. As such, we will incorporate analyses of family structure and employment status to provide counterfactual analyses of the role of government policies in protecting certain demographic groups from falling into poverty. Finally, we will decompose the role of changing family structures, employment patterns, tax/transfer system on poverty rates using a Blinder-Oaxaca decomposition. While this analysis will primarily be descriptive, it will allow us to examine the effectiveness of the safety net in protecting vulnerable populations from poverty and to see how policies have adapted to changing risk factors over time.

Preliminary Results

In our preliminary results we find that while the overall historical supplemental poverty rate (SPM) declined from 17.9% to 16.0% between 1968-2011 (using 3 year moving averages), the rate for working age families with children has changed very little, declining from 17.2% to 16.9%. Among families with children, the poverty rate among single-parent families has decreased substantially from 53.5

to 35.7, while cohabiting families are fairly constant at 26.1 to 25.3 and married families declined from 13.8 to 10.5 (see Figure 1). This paper will further explore the demographics of role of family structure, employment patterns and governmental taxes and transfers in explaining these trends.



References

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