HOW MUCH DID CHILD POVERTY FALL BETWEEN 1993 AND 2019? HOW DOES THAT COMPARE TO WHAT HAPPENED BETWEEN 2019-2021?

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INTRODUCTION

In a recent story in the *New York Times*, Jason DeParle wrote about a new report by the research center Child Trends, which concludes that between 1993 and 2019, child poverty in America fell by nearly 60%. By all available measures, child poverty did decline over this period. Yet based on a close look at the data, it's not clear that the decline is as large as the Child Trends analysis suggests, or, what we should learn from it.

Poverty measurement is largely a function of accounting – most approaches set a certain income threshold that we think is required for households to avoid material hardship, and then account for all the resources coming into a home. If the resources clear that threshold, that household is not in poverty.

Based on where one sets thresholds and how one accounts for resources, the number of people deemed impoverished can vary dramatically. For example, according to the official poverty measure, which sets a threshold based on living standards in the 1960s and only counts cash income as resources, 15.3% of children – more than 11 million children – were poor in 2021. According to the supplemental poverty measure (SPM), which sets a threshold based on modern household budgets and includes tax-credits and in-kind safety-net benefits in the resource column, just 5.2% of children – or roughly 3.8 million children – were poor in 2021. Depending on which methodology you use, that's a difference of more than 7 million children – not exactly a rounding error.

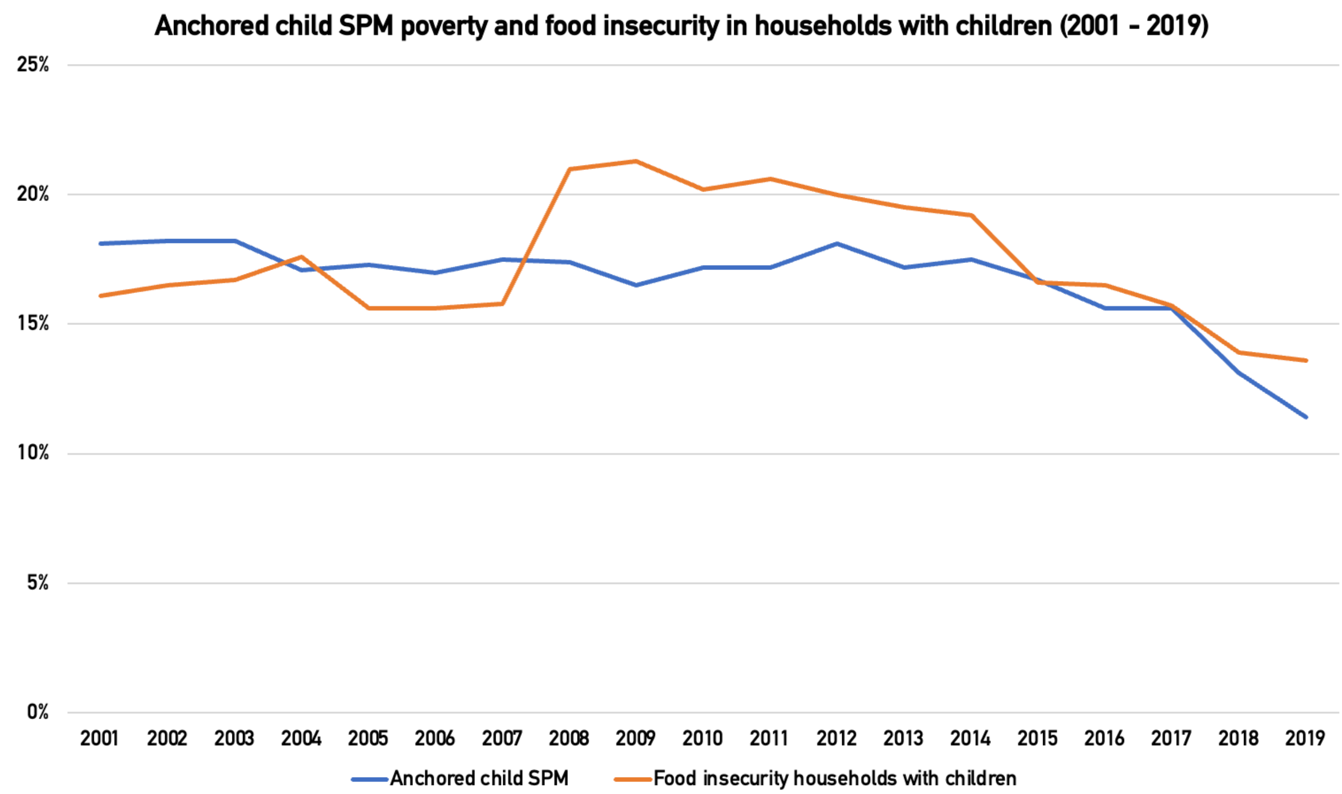
The Child Trends analysis, which reports large declines in child poverty between 1993 and 2019, uses the SPM, but "anchors" the income threshold in 2012 living standards, only adjusting for inflation in prior and future years, rather than adjusting the threshold itself to account for changes in living costs. This is not the Census Bureau's SPM, but rather a variation of it that some scholars prefer. The choice to "anchor" makes a big difference. This methodology put roughly 3 million more children in poverty in 1993 than would have been found under the Census SPM methodology, and moves nearly 800,000 children *out* of poverty compared to the Census SPM measure in 2019. Thus, over the study period, roughly 3.8 million children are lifted out of poverty simply by redrawing the poverty lines in 1993 and 2019.[1]

Accurately measuring progress against child poverty matters if we are to understand the state of child well-being in America, and what "works" in fighting child poverty. But if one's findings are based largely on the assumptions made in building a measure, how can we have confidence in them?

TAKING MULTIPLE MEASURES INTO ACCOUNT

Scholars have debated poverty measurement to such an extent that regardless of your view on poverty in America, you can probably find a poverty measure to support it. Given the variety of poverty measures for which compelling arguments can be made, Edin and Shaefer have argued it is important not to put too much stock in any one measure, but to benchmark any poverty measure against a number of other indicators of well-being. That is, rather than judge poverty measures solely by their internal logic, we can validate them against other metrics that signal economic hardship.[2] Edin and Shaefer's multiple measures approach has the added benefit of guarding against the worry that methodological changes in surveys—such as changes in the imputation of benefits or questions regarding household income, alterations that some have argued partially explain the declines in Census SPM child poverty estimates[3]— might drive changes in poverty rates over time that are not grounded in improvements in the economic well-being of families.

One such benchmarking metric is the U.S. Department of Agriculture's (USDA) food insecurity measure, which estimates the share of households with children that can't reliably afford the food needed for a healthy and active life during the year. We believe that any poverty measure – if it is accurately assessing well-being – should track pretty closely with food insecurity. However, during the Great Recession, when food insecurity spiked, the anchored SPM didn't budge. What does



it mean for child poverty to stay steady if more children are living in households struggling to put food on the table?

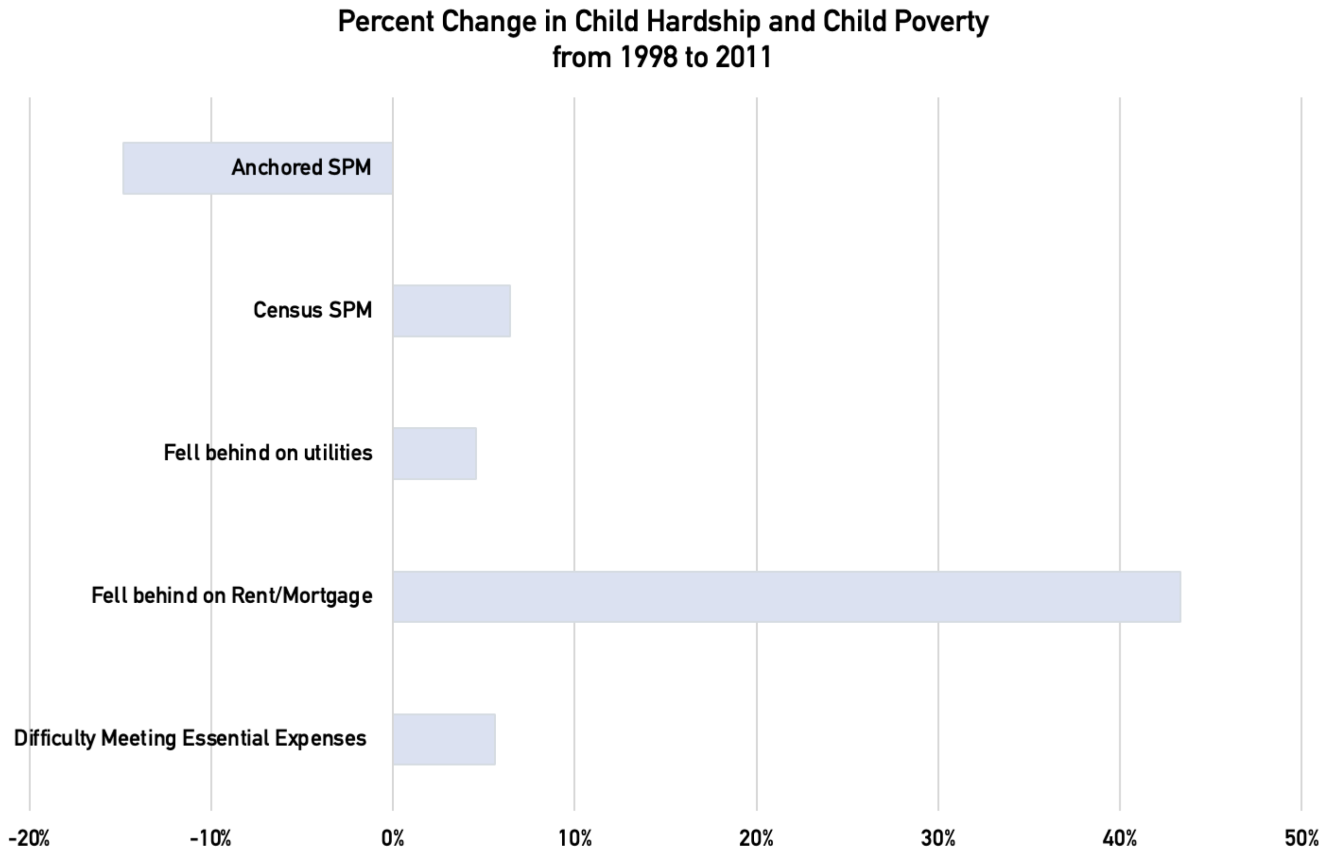
Perhaps food insecurity isn't a reasonable metric to benchmark trends in poverty against. Yet other hardship measures from this same period tell a similar story. The Survey of Income and Program Participation (SIPP) asks households a range of questions related to material well-being, such as whether or not they had trouble paying rent or utilities in a given year. Between 1998 and 2011 (years for which we have SIPP data), the anchored SPM *fell* by nearly 15%, solid progress to be sure. Over that same span, however, the proportion of children in households who reported trouble paying their rent or mortgage *grew* by 43.3%; the share reporting they fell behind on utilities and essential expenses increased by 4.6% and 5.6% respectively. This data would suggest that households with children were clearly worse off during this period. Can child poverty fall at the same time when more families are unable to pay their core expenses?

Indeed, it's this period from the late 1990s through the Great Recession in which the anchored SPM seems to come unmoored from a number of other indicators of material hardship. An apparent strength of the SPM is its more comprehensive accounting of resources – it includes not only income from work, but refundable tax credits and in-kind government benefits. However, a potential weakness of the SPM is that it treats these in-kind benefits the same as cash, such that food assistance and school meals are treated like money in the pockets of families – a feature that becomes all the more important after 2000, as the nation's cash safety net gradually deteriorated. Indeed, Edin and Shaefer have studied the impact changes to the safety net have had on the nation's very poorest families with children, finding—along with many other scholars—that the most vulnerable families with children were hurt by the loss of a cash safety net precipitated by welfare reform in the late 1990s. Many of these families who are now cut off from cash aid are able to access food assistance and other non-cash benefits – benefits that would be counted as household resources in the SPM – yet because they need money to pay their bills, are forced to sell their blood plasma, sell their food benefits on the black market, and live in unsafe conditions.[4]

Among the many observers who have written about these consequences includes Jason DeParle, who wrote an article in the Sunday *New York Times* in 2012 describing what happened to poor families not served by Arizona's TANF program (the nation's cash welfare program post-1996 reform), which had cut its rolls since the start of the Great Recession. DeParle wrote that single mothers left behind by TANF spoke

> "with surprising openness about the desperate, and sometimes illegal, ways they make ends meet. They have sold food stamps, sold blood, skipped meals, shoplifted, doubled up with friends, scavenged trash bins for bottles and cans and returned to relationships with violent partners—all with children in tow."

Many other studies using a variety of data and metrics find that the most disadvantaged families were hurt by welfare



reform. For instance, child homelessness (including on the street in shelter or unstably doubled up with family and friends) in our nation's public schools has spiked since the late 2000s (when virtually all schools were reporting), and scholars, including one of us, have shown that a state (or community's) decline in cash welfare is followed by a rise in school homelessness.[5] The decline of the cash safety net has also been linked to rising food hardship, and increasing cases of child neglect and physical abuse.[6]

While multiple measures of well-being fail to align with certain poverty measures from 2000 through the years following the Great Recession, poverty does decline between 1993 and 2000 as measured by both the SPM and OPM. Less clear, however, is what we can learn from this decline. A number of commentators have credited the decline to the strict work requirements and time limits placed on cash aid as part of the 1996 welfare reform law. But there were many factors at play over this period aside from welfare reform, including a major expansion of the Earned Income Tax Credit in 1993, and an historic economic expansion. It is of course possible that work requirements helped push more women with children into the labor force and that this also contributed to declining child poverty, but it's hard to disentangle these effects from the other features of this time period.

At the same time, we now have ample evidence of the harm resulting from the imposition of work requirements on our social safety net programs. In the states that implemented Medicaid work requirements during the Trump administration, we saw huge declines in Medicaid coverage, yet no increase in employment rates.[7] After Arkansas implemented work requirements on Medicaid, nearly 17,000 adults lost Medicaid coverage despite the fact that 95% of those targeted by the policy already met the work requirements, but simply struggled with a burdensome administrative process to show compliance under the new law.[8] Research on the re-imposition of SNAP work requirements for able-bodied adults without children in the years after the Great Recession likewise found a large decline in SNAP participation, but limited impact on employment.[9] And if work requirements were an important factor in the decline of child poverty in the 1990s, these same work requirements were also in part responsible for the decline in the number of poor families receiving cash assistance through the 2000s, and the rise of families experiencing extreme poverty as defined by very low levels of cash income.

COMPARING THE PAST TWO YEARS TO THE PREVIOUS THREE DECADES

In sum, it's hard to say what, exactly, we can learn from the decline in child poverty from 1993 to 2019. Child poverty, by a range of measures, fell during periods of economic expansion, though it is clear these periods of growth weren't enough to hold hardship at bay during a major recession. The poverty declines may have been amplified by expansions to the EITC and the shift towards a work-based safety net, while material hardship may have been amplified during recessions as the cash-based safety net withered. And even in 2019, when unemployment fell to 3.7%, the child poverty rate only fell to 12.5%, perhaps showing the limits of poverty reduction possible under the pre-pandemic safety net, even when buttressed by a strong economy.

Contrast this with the unambiguous lessons we've learned *since* 2019. However much child poverty fell between 1993 and 2019, it fell another nearly 60% in just the last two years, to an historic low of just 5.2%. Though the economic recovery from the pandemic-induced recession was swift, much of this period was marked by widespread joblessness and economic uncertainty, so success can't be solely chalked up to a hot economy. Rather, in 2020 and 2021, the federal government reinvented the traditional safety net, pushing cash into U.S. households in the form of stimulus checks, expanded unemployment insurance, and an expanded Child Tax Credit. While traditional safety net programs are in-kind and narrowly targeted to the poorest households, these programs were cash-based, unrestricted, and nearly universal.

And in response, poverty fell to historic lows. Using the multiple measures approach, we also see that food insecurity among households with children – though still well above the child poverty rate – fell to the lowest recorded level in 2021. And a number of other measures we have been tracking throughout the pandemic suggests that the average U.S. household, and low-income household in particular, was in the best financial position they have been in for a long time, maybe ever.[10] Said differently, in contrast to some of the other periods in the Child Trends series, over the last two years, multiple measures run in exactly the same direction, and the lessons are clear.

Despite an historic public health crisis, households were made better off by a transformed, cash-based safety net, that supported individual households, and the entire U.S. economy, through a swift recovery. Cash aid did not keep people from returning to work; on the contrary, robust income supports contributed to strong job gains.[11] Over the past two years we saw how strong government supports can combine with a strong economy to bring millions of additional households out of poverty - the challenge, now, is whether we can learn from these lessons.

Endnotes

1 The Census only began releasing SPM estimates in 2011, but researchers at the Columbia University Center on Poverty and Social Policy have generated estimates dating back to 1967, which can be found here: https://www.povertycenter.columbia.edu/historical-spm-data

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4 See Kathryn Edin and H. Luke Shaefer (2015). *$2.00 a Day: Living on Almost Nothing in America*. New York: Houghton Mifflin Harcourt.

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