



Young child poverty in the United States: Analyzing trends in poverty and the role of anti-poverty programs using the Supplemental Poverty Measure



Jessica Pac^{a,*}, Jaehyun Nam^a, Jane Waldfogel^a, Chris Wimer^b

^a Columbia University School of Social Work, 1255 Amsterdam Ave., New York, NY 10027, United States

^b Columbia School of Social Work, 1255 Amsterdam Ave., New York, NY 10027, United States

ARTICLE INFO

Article history:

Received 2 November 2016

Received in revised form 25 January 2017

Accepted 26 January 2017

Available online 28 January 2017

ABSTRACT

Between 1968 and 2013, the poverty rate of young children age 0 to 5 years fell by nearly one third, in large part because of the role played by anti-poverty programs. However, young children in the U.S. still face a much higher rate of poverty than do older children in the U.S. They also continue to have a much higher poverty rate than do young children in other developed countries around the world. In this paper, we provide a detailed analysis of trends in poverty and the role of anti-poverty programs in addressing poverty among young children, using an improved measure of poverty, the Supplemental Poverty Measure. We examine changes over time and the current status, both for young children overall and for key subgroups (by child age, and by child race/ethnicity). Our findings can be summarized in three key points. First, poverty among all young children age 0–5 years has fallen since the beginning of our time series; but absent the safety net, today's poverty rate among young children would be identical to or higher than it was in 1968. Second, the safety net plays an increasing role in reducing the poverty of young children, especially among Black non-Hispanic children, whose poverty rate would otherwise be 20.8 percentage points higher in 2013. Third, the composition of support has changed from virtually all cash transfers in 1968, to about one third each of cash, credit and in-kind transfers today.

© 2017 Elsevier Ltd. All rights reserved.

1. Introduction

The child poverty rate in the United States is among the highest of developed nations in the world (Smeeding, Thévenot, Cooper, Stewart, OECD and Walker, 2016). In 2015, one in five children in the United States lived at or below the official poverty line (Proctor, Semega, & Kollar, 2016). With the more comprehensive Supplementary Poverty Measure (SPM), child poverty rates are lower, but children still have the highest poverty rates as compared to working-aged and elderly adults (Renwick & Fox, 2016). Moreover, young children's SPM poverty rate is considerably higher than that of older children (20.9%, compared to 18.0% among 6–11 year olds and 16.0% among 12–17 year olds (Wimer, Nam, Waldfogel, & Fox, 2016) a pattern that is especially disconcerting given young children's particular vulnerability to the effects of poverty (see e.g., Brooks-Gunn & Duncan, 1997; Duncan, Morris, & Rodrigues, 2011). While children of all ages may be affected directly and indirectly by poverty, young children are particularly at risk, because they are wholly dependent on their parents and caretakers for adequate subsistence and care. Moreover, early

childhood (the period from birth through age five) is generally recognized as a “sensitive period”, during which children's neurological development and subsequent cognitive and non-cognitive abilities are shaped by the accumulation of childhood experiences (Almond & Currie, 2011; Noble et al., 2015; Shonkoff et al., 2012).

Early childhood experiences in turn set the stage for later advantage or disadvantage. Economist James Heckman and others have documented that nearly half of income inequality in adulthood is due to factors that were set into place by age 18 (Cunha & Heckman, 2007; Heckman, 2006a, 2008b), and that the environment experienced in early childhood is a unique determinant of the skill formation critical to reducing the risk of poverty and improving human capital and health outcomes later in life (Heckman, 2006a, 2006b, 2008a). Several recent studies have shown that children's skills and ability measured at ages 6 to 8 predict nearly 12% of the variation in adult years of education (McLeod & Kaiser, 2000), and up to 20% of the variation in adult wages (Cunha, Heckman, & Schennach, 2010; Currie & Thomas, 1999). A well-established body of interdisciplinary research has documented a number of consequences of early childhood poverty; these differ greatly in effect by the timing, intensity, duration, and type of scarcity (Brooks-Gunn & Duncan, 1997; Duncan, Yeung, Brooks-Gunn, & Smith, 1998; Hair, Hanson, Wolfe, & Pollak, 2015). Among these, the most salient short-term effects of income

* Corresponding author.

E-mail addresses: jep2189@columbia.edu (J. Pac), jn2462@columbia.edu (J. Nam), j.waldfogel@columbia.edu (J. Waldfogel), cw2727@columbia.edu (C. Wimer).

poverty include cognitive delays, lower educational attainment, and negative health effects. A number of studies have shown that children exposed to poverty at a young age have lower levels of academic achievement and lower test scores on standardized tests (Hair et al., 2015; Milligan & Stabile, 2011; Ratcliffe & McKernan, 2012; Smith, Brooks-Gunn, & Klebanov, 1997). Family income in early childhood also shows a strong relationship with children's health status, which increases in magnitude and significance over time, likely as a result of the cumulative effects of negative health shocks (Aizer & Currie, 2014; Almond & Currie, 2011; Currie, 1993). Being born into an impoverished family has been associated with structural differences in the brain (Noble et al., 2015), and an increased exposure to environmental pollutants and toxins associated with disadvantage such as low birth weight, stunting, and decreased cognitive ability (Aizer & Currie, 2014; Currie & Walker, 2011; Schwartz, 1994; Schwartz, Angle, & Pitcher, 1986). As many of the deleterious effects of poverty are evident in children who experienced even just one year of poverty (Chaudry & Wimer, 2016), the early childhood period represents an important window for intervention.

Anti-poverty efforts that raise the incomes of families with young children are likely to yield large returns, because investments targeted at young children appear to be particularly productive, and more so for the less-advantaged (Cunha & Heckman, 2007; Hair et al., 2015; Heckman, 2006a, 2008a). In addition, numerous studies have shown that the earlier the anti-poverty intervention, the more sizable the positive effect to the well-being and human capital potential across the life course of a child (Brooks-Gunn & Duncan, 1997; Cunha & Heckman, 2007; Cunha et al., 2010; Dahl & Lochner, 2012; Duncan et al., 1998; Heckman, 2008a). Although the need for anti-poverty intervention in early childhood is clear, policymakers must decide the best “package” of anti-poverty interventions; i.e. that which has the most effective impact at the lowest relative cost.

Conventional economic theory suggests that policymakers should have a strong preference for supplying cash transfers (including tax credits that are consumed as cash) rather than in-kind transfers, as these offer the consumer the chance to spend the benefit in the way that best serves the needs of their family. However, the US government has long preferred in-kind transfers for their behavior-constraining features, as they are structured to ensure that a benefit is allocated fairly – especially for children – and consumed optimally (Currie & Gahvari, 2007). For instance, nutritional programs such as SNAP and WIC give assurance that children are nourished, housing programs ensure basic housing, and Medicaid ensures a baseline level of access to healthcare. Although a number of causal studies have shown that in-kind transfer programs positively affect child well-being, in-kind benefits are not a substitute for cash. This point is vividly illustrated in the influential work of Edin and Shaefer (2015), who show that the need for cash is unique, and cannot be satisfied by food stamps (SNAP) or other in-kind benefits for families with unstable employment; without cash, the needs of the most destitute of families remain unmet. Yet, low-income families face a considerable disadvantage in accessing regular cash benefits, because in-kind and tax credit benefits are not fungible in the case of the former and come but once a year in the case of the latter.

1.1. The present paper

To date, there is relatively little evidence about the rates and trends in the risk of poverty among children age 0–5 in the United States or the role of the safety net in addressing such risk, and none to date that uses a comprehensive measure of poverty such as we use here. In this paper, we provide estimates of the historical trends in early childhood poverty as measured by the SPM

disaggregated by age and race/ethnicity, followed by an analysis of the current and historical “package of benefits” available to families with young children. The paper thus provides critical evidence on the economic position of young children over time, and the resources that their families have at their disposal to meet their needs.

Unlike the official measure of poverty, the SPM uses a more comprehensive definition of resources, counting government transfers, cash and in-kind benefits, and tax credits toward the family budget. The SPM subtracts from this resource measure non-discretionary expenses, such as medical and child care expenditures, and income taxes. The family's total resources are then compared to a poverty threshold that is adjusted to account for family size and resource sharing. As we detail in the data and methods section below, the SPM represents a distinct advantage over the official poverty measure.

We first partition young children in our sample by age into two distinct developmental periods: infancy/toddlerhood (0–2 years) and preschool age (3–5 years). The gradient of dependency that tapers off once children enter grade school shifts at around three years of age, when children achieve a number of developmental milestones. For instance, by the third year, children acquire a great deal of physical autonomy and begin to master the language skills needed to express their points of view (Waldfoegel, 2006); both of these skills are essential to forming peer-relationships and for school preparation. Not only does this partition demarcate a shift in children's physical, emotional, and cognitive development, but the family budget undergoes a substantial shift as well. At around the third year, parental spending transitions from one-time and persistent child-specific expenses – such as car seats and strollers, and the costs associated with diapering, feeding, etc. – to a period with expenses that are more regularly integrated into the family budget. While some large costs, such as diapering supplies and specialized gear, may decrease as a child transitions from one phase to the next, other costs increase over time, with the exception of the cost of childcare, which typically declines until the child reaches grade school (Lino, 2014). Infant and toddler childcare tends to be very expensive, because of the high staff-to-child ratios required. However, many infants and toddlers are cared for by a parent or relative, while preschoolers are more likely to go to daycare or preschool (Waldfoegel, 2006). It is therefore not clear whether the risk of poverty is likely to be higher for infants/toddlers than it is for preschoolers or vice versa.

Second, we stratify our sample by race/ethnicity. Historically, racial/ethnic minorities have experienced higher rates of poverty than the white, non-Hispanic population as measured under the official poverty measure. Similar patterns have been observed under the Supplemental Poverty Measure as well (Haveman, Blank, Moffitt, Smeeding, & Wallace, 2014; Nolan et al., 2016b; Short, 2015). While safety net programs are not structured to benefit one race/ethnic group over another, the anti-poverty effects of these programs may differ by race/ethnicity. While several papers have found larger positive effects of safety net programs for minority children compared to non-Hispanic white children (see e.g. Hoynes, Schanzenbach, & Almond, 2016), the findings of other studies suggest that children of racial/ethnic minorities experienced larger negative effects of welfare reform as well, in the form of more frequent sanctioning, gaps in insurance coverage, and access to healthcare (Bitler, Gelbach, & Hoynes, 2005; Schram, Soss, Fording, & Houser, 2009; Wu, 2008). Although it is outside the scope of the present paper to explore the mechanisms behind this disparity, our stratification by a children's race/ethnicity allows us to acknowledge and explore this known source of heterogeneity in our poverty rate estimations.

The paper proceeds as follows. After describing our data and methodology for constructing the SPM measure of poverty, we

Download English Version:

<https://daneshyari.com/en/article/4936536>

Download Persian Version:

<https://daneshyari.com/article/4936536>

[Daneshyari.com](https://daneshyari.com)