



U.S. Poverty rises during the 1980s but falls in the 1990s: for whom and why?

**World Poverty and Economic
Development ECRG 3240
Fordham University, NY**

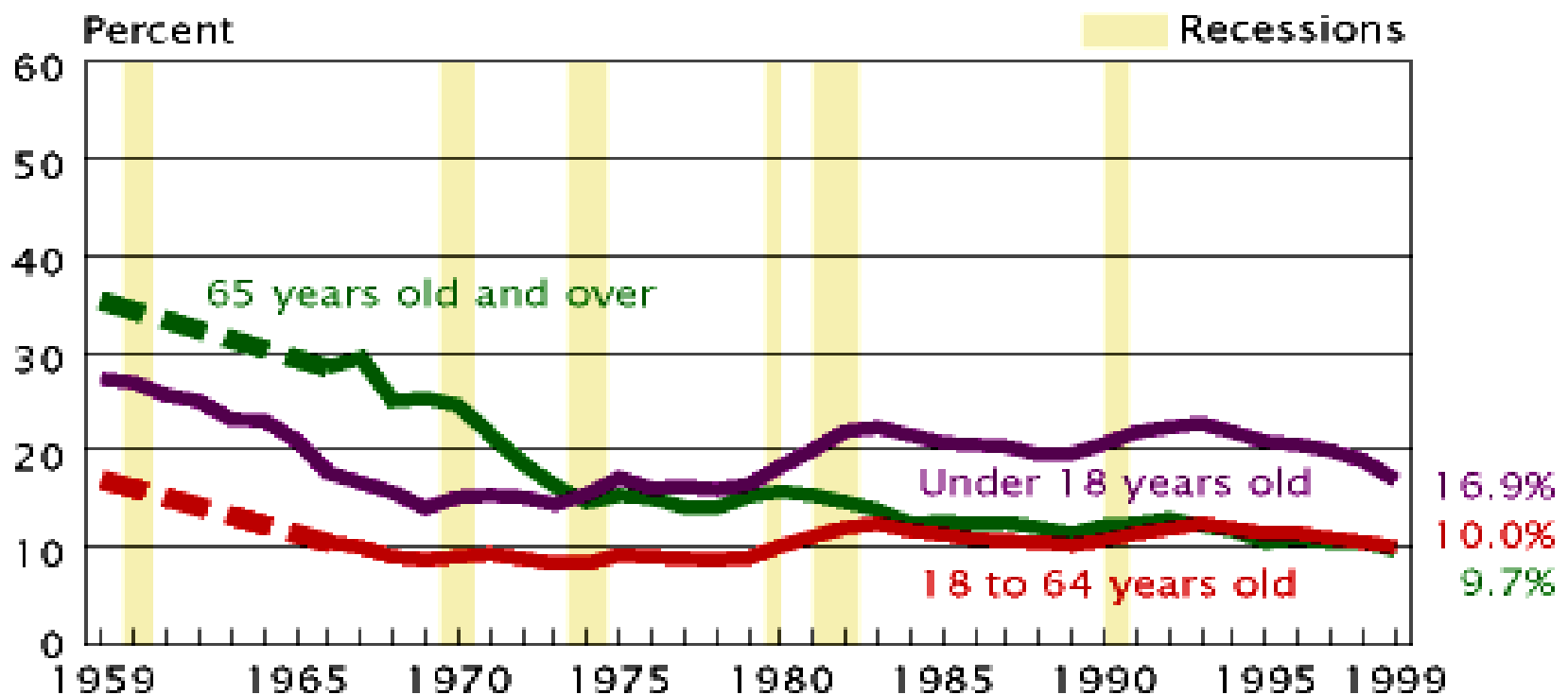
Key trends in U.S. Poverty

- **From 1945 to 1959** poverty fell rapidly from 33% to 22%, number of poor fell by 1.4 million per year
- **From 1959 to 1972** poverty fell rapidly from 22% to 11.3%, but stopped falling in the 1970s
- **From 1980 to 1993** poverty rose to about 14% as unemployment rose & men's wages fell.
- ***Poverty among children rose*** to about 25% in 1980s, while ***for the elderly poverty fell*** steadily to under 10% (9.7% in 1999).
- **From 1993 to 2000** the overall poverty rate fell back to about 12%, declining most rapidly for children, African Americans and Hispanics.

Poverty among Children Fell During the 1993-98 Economic Boom

Poverty Rates by Age: 1959 to 1999

Child poverty lowest since 1979; elderly poverty rate lowest since first measured

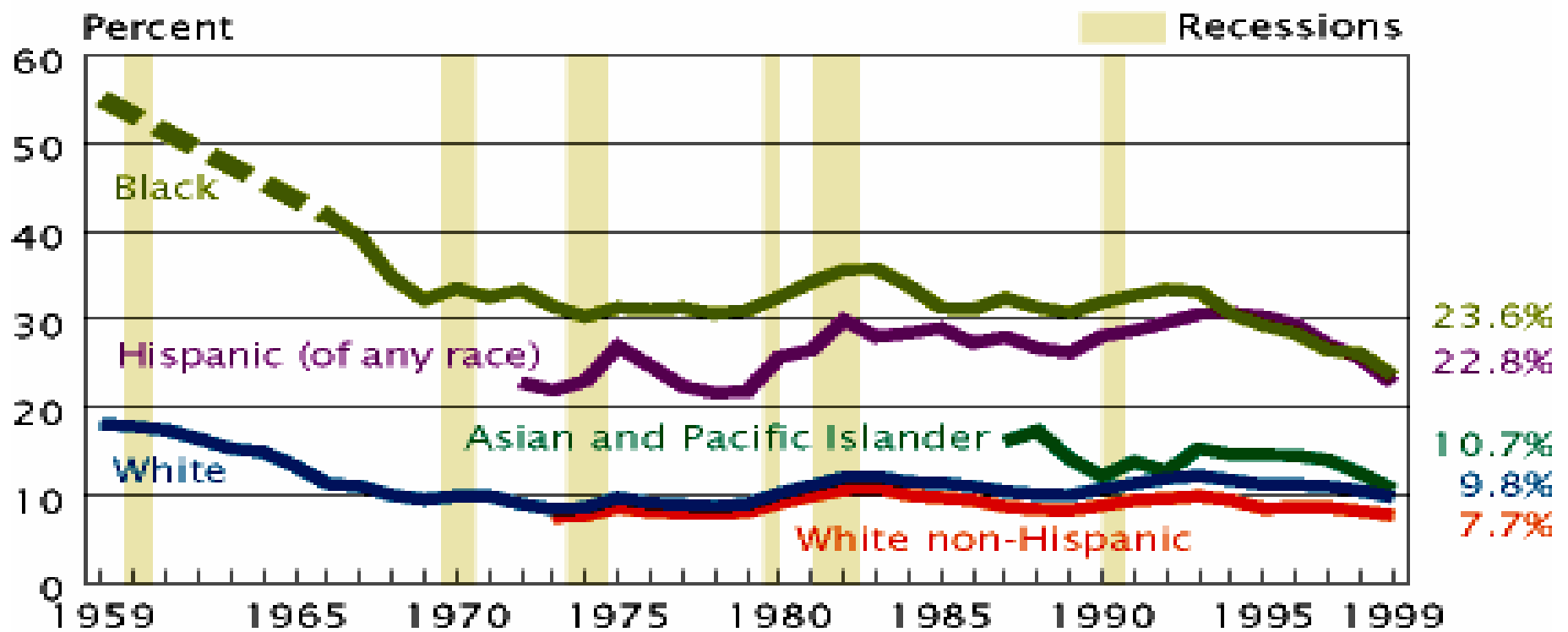


Source: U.S. Census Bureau, Current Population Survey, March 1960 to 2000.

African American and Hispanic Poverty fell in 1990s to lowest rates ever recorded...

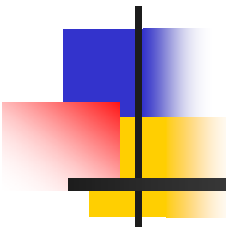
Poverty Rates by Race and Hispanic Origin: 1959 to 1999

Poverty rates declined for all groups; lows set or equaled for all groups except Whites



Note: Statistically significant decrease for all groups from 1998 to 1999.
Source: U.S. Census Bureau, Current Population Survey, March 1960 to 2000.

Poverty Among young children rose rapidly from 1980 to 1983: why?

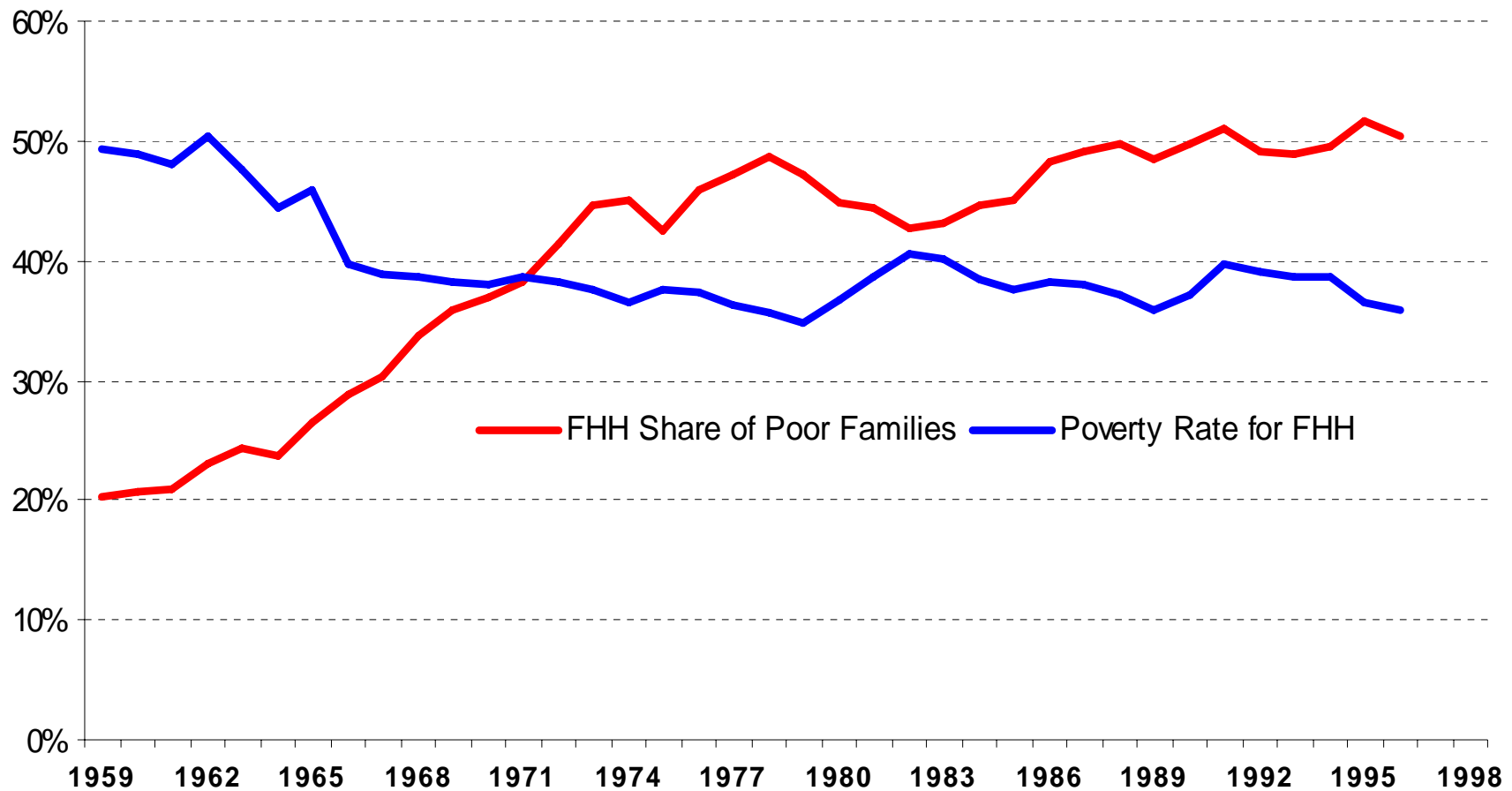


- Children are not responsible for their own poverty **"There is no such thing as undeserving 5 year old."** Charles Murray *Losing Ground* (1984)

- But children do tend to live with working age adults who are expected to work and thus are not easy for government to help– unemployment rose sharply 1980-83

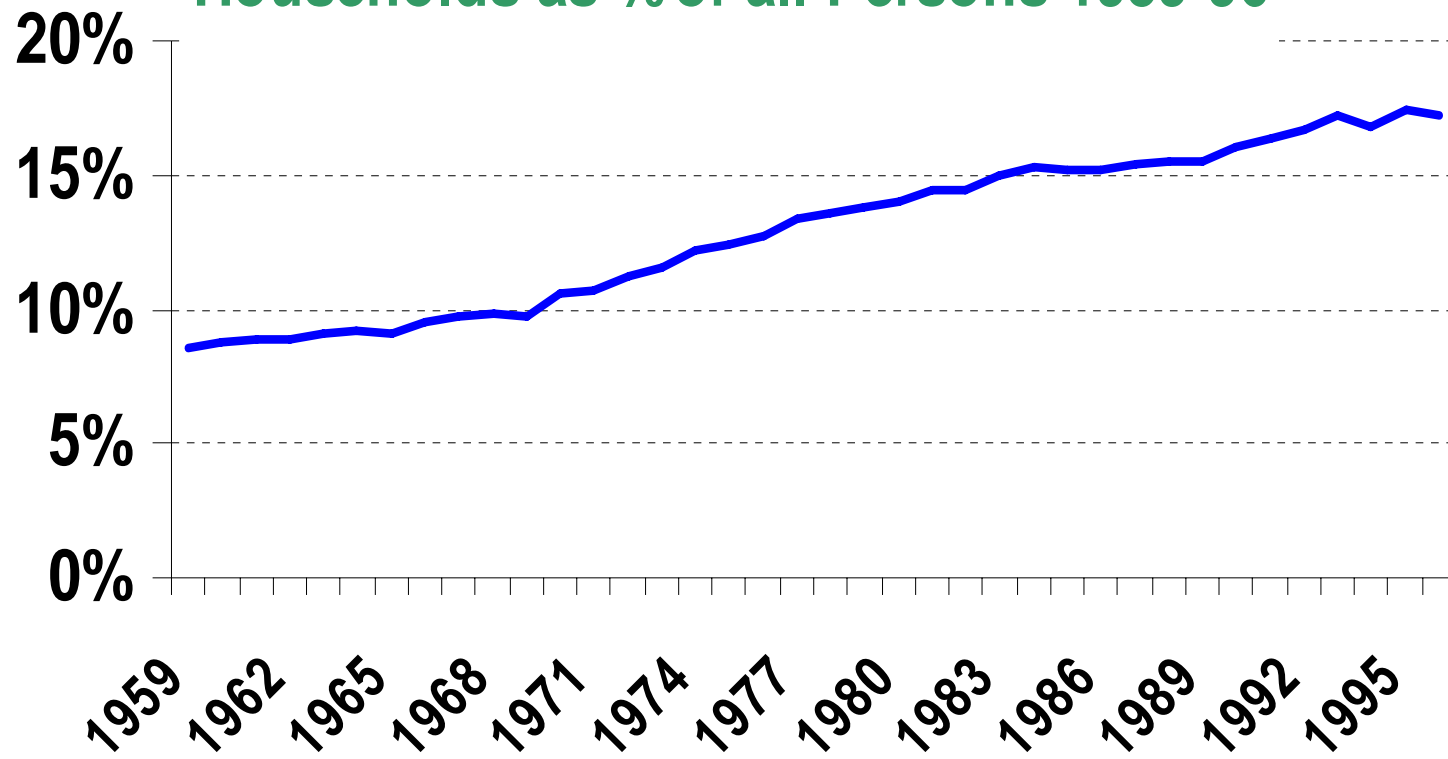
- Ellwood's work-security and family structure helping conundrums... make public assistance more complex and private job and wage growth more important...

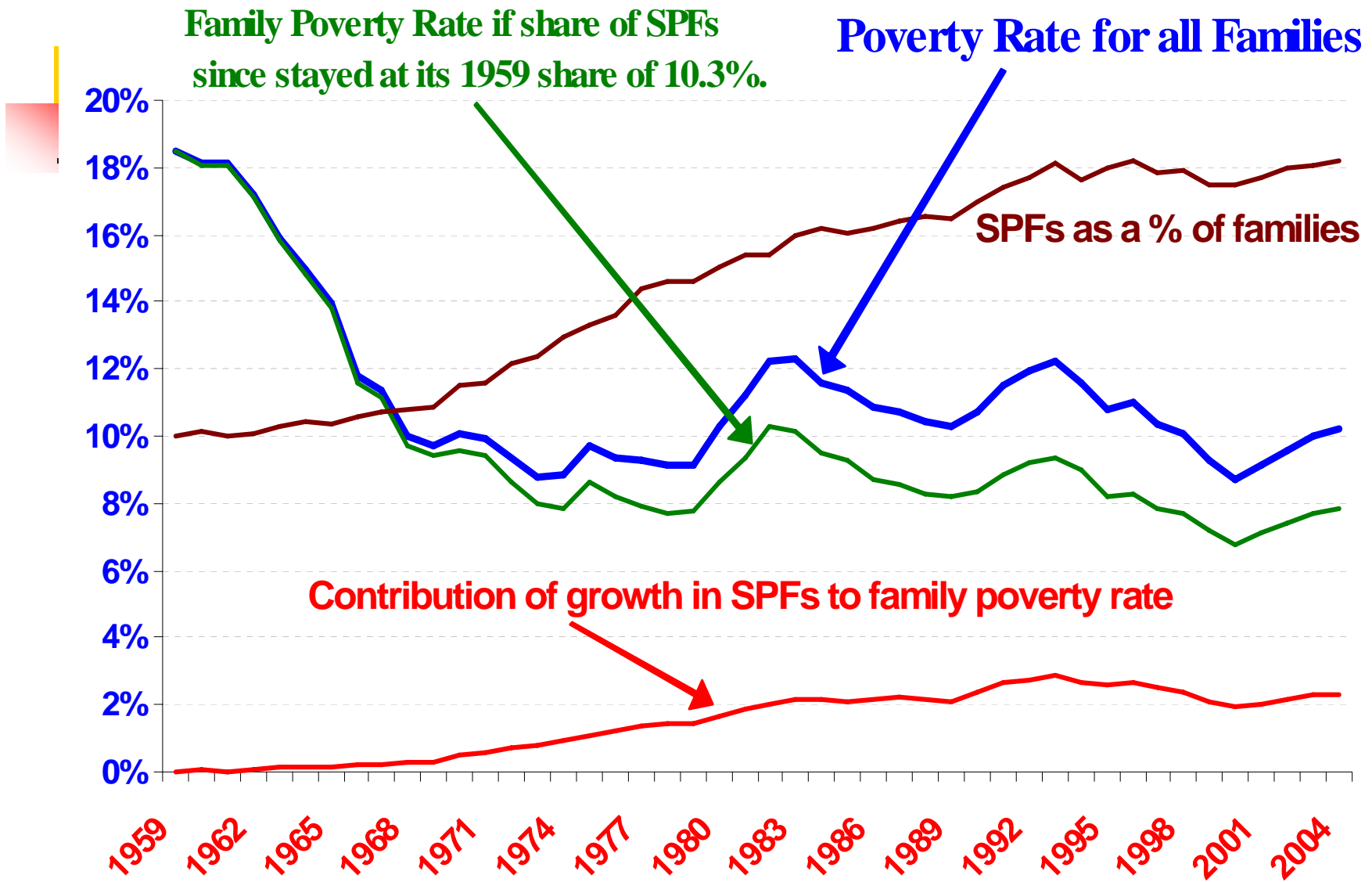
Female Headed Households rose as a share of poor households in the 1960s



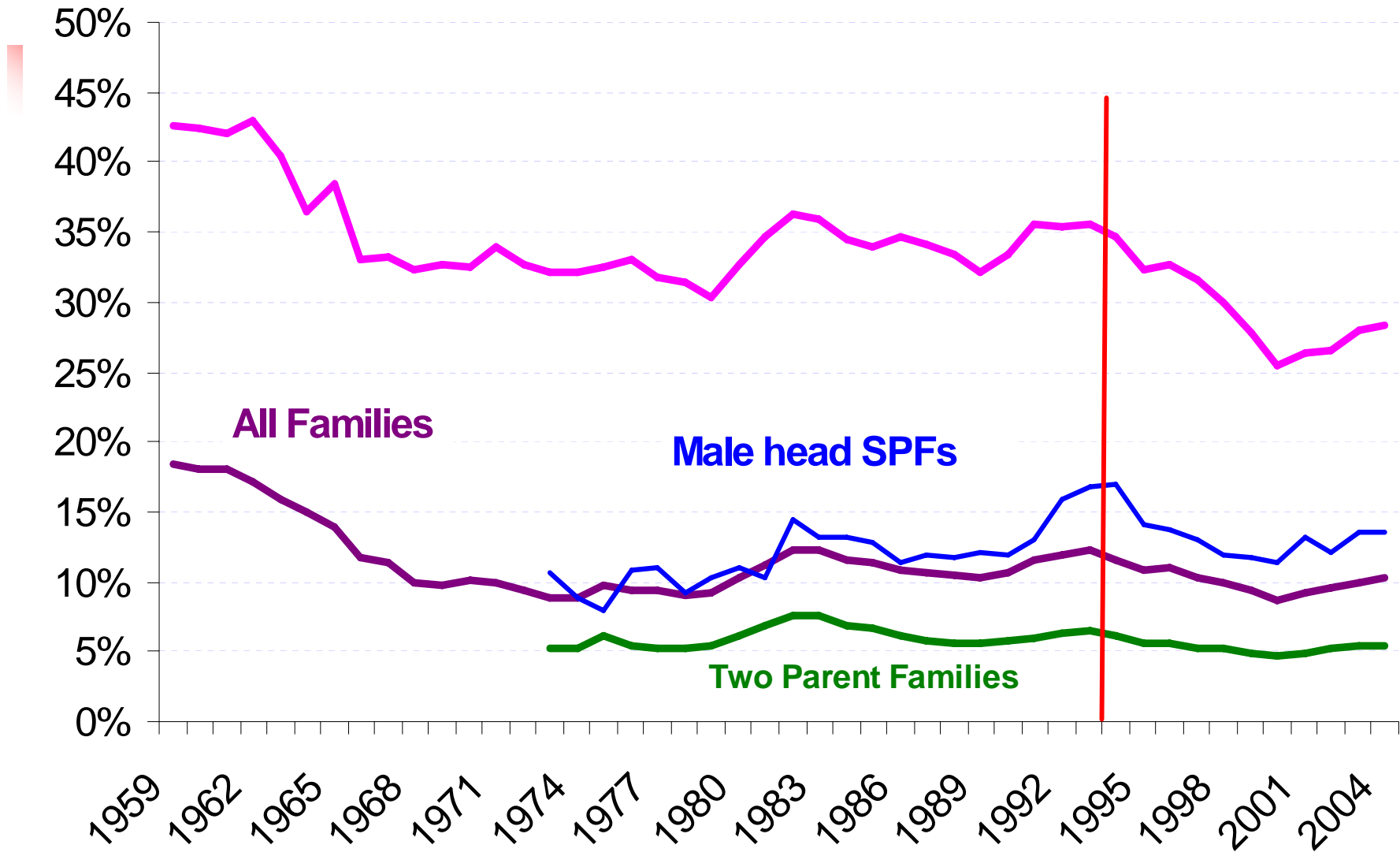
But share of persons living in FHH rose steadily, then leveled off after 1995

Persons Living in Female Headed Households as % of all Persons 1959-96

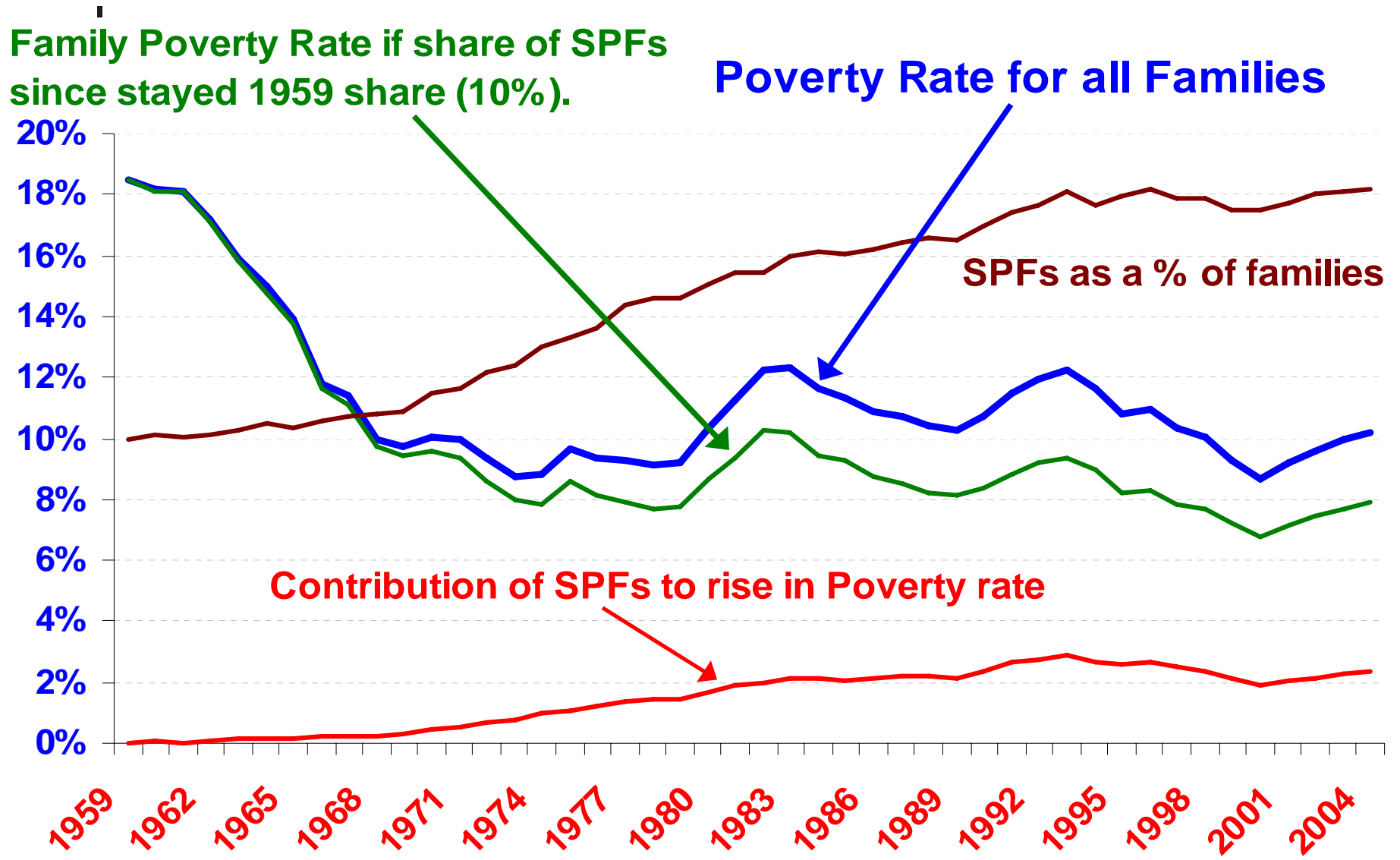




1996 welfare reform ends welfare as we knew it...

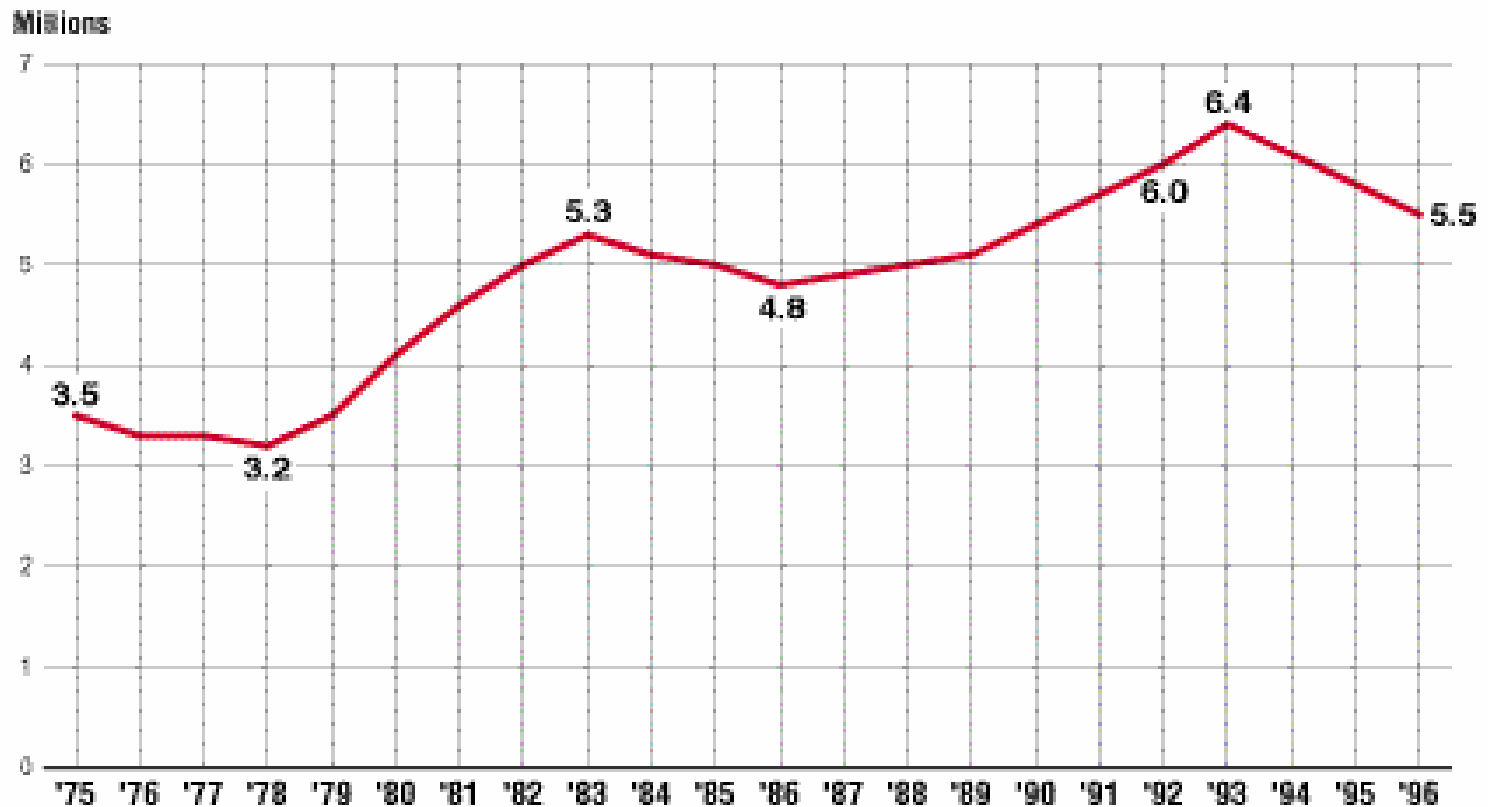


Single parent families for better or worse...



The Number of Poor Children increased dramatically in 1980s

Figure 1: Number of poor children under age six, 1975-1996



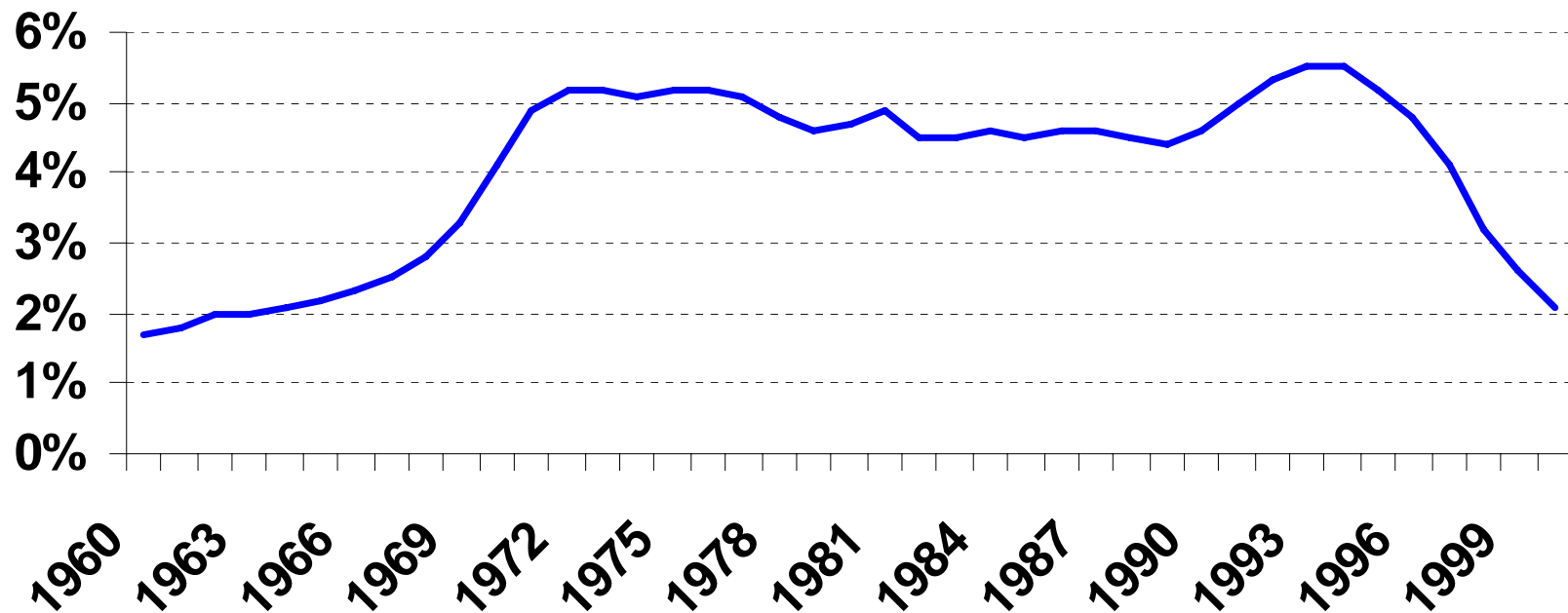
Working Poor with no Medical Insurance: a full-time Job may not be Enough

Figure 9: Poverty rates of children under age six with single mother employed full time and in two-parent families with father employed full time and mother unemployed, 1975-1996



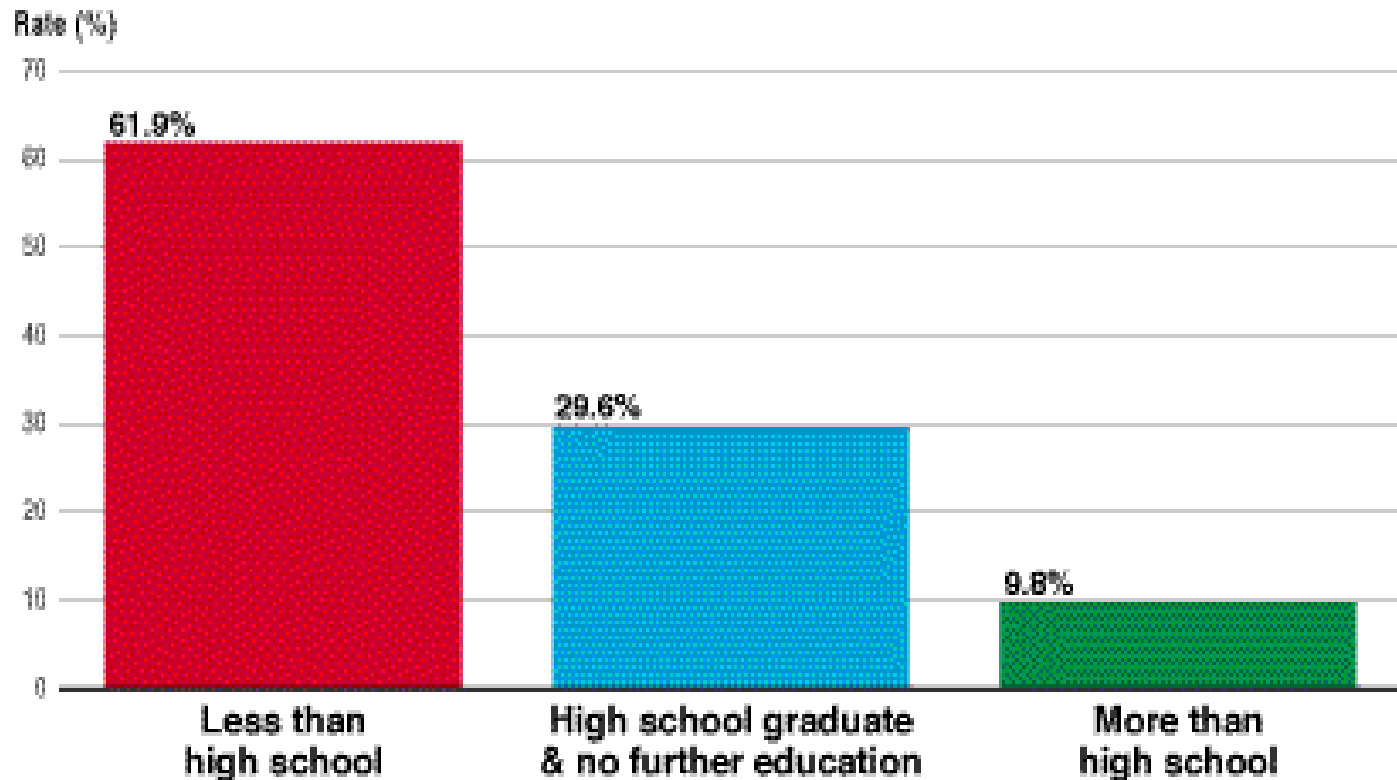
Welfare Caseloads decline dramatically after 1996 due to welfare reform and a tight labor market...

U.S. Welfare Recipients % of Population



Education is a Good Predictor of Poverty among Children Under 6...

Figure 7: Poverty rates of children under age six by educational level of the more educated parent, 1996

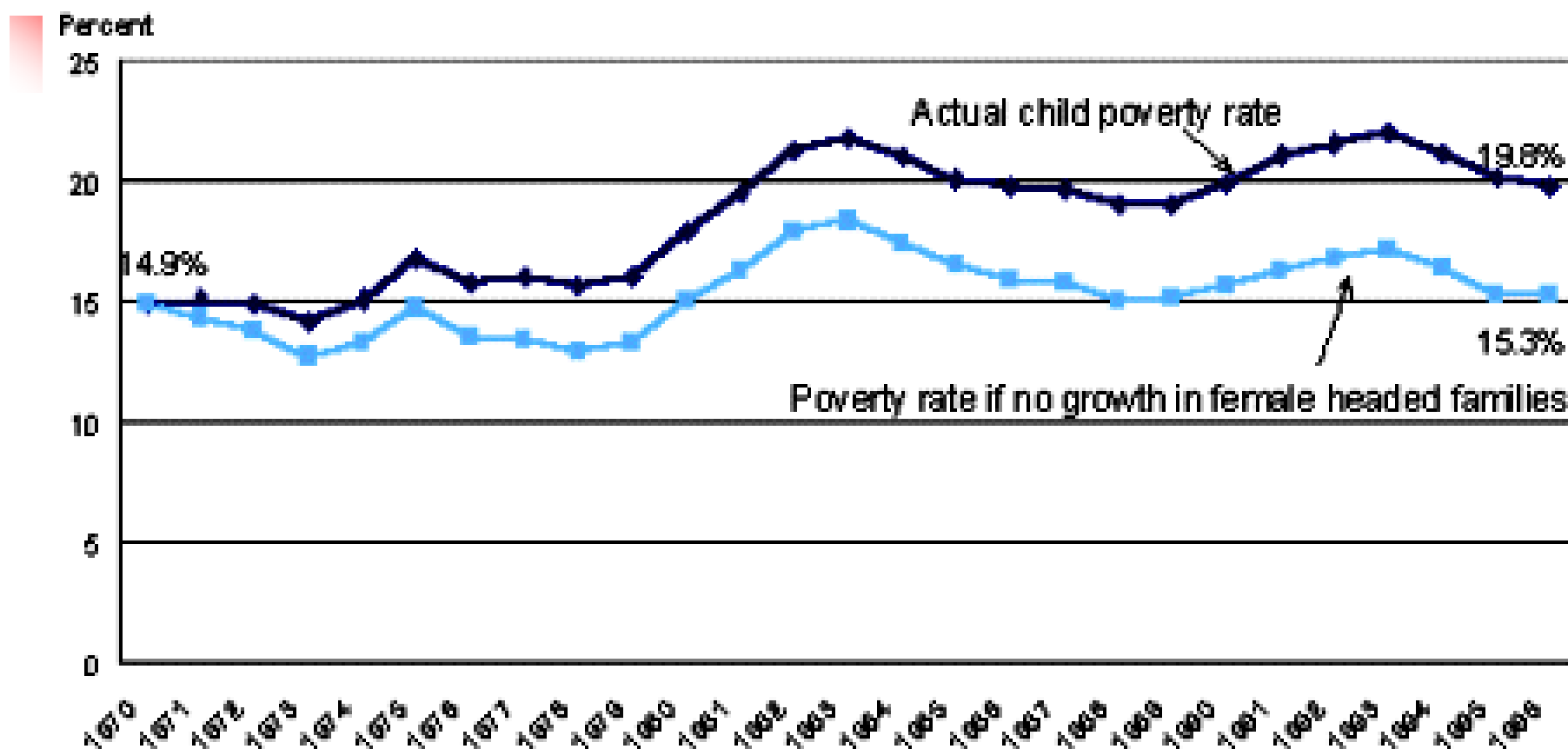


Family Structure is also a factor...

Table 1: Number and percentage of poor children, and poverty rates of children under age six by age of mother at birth and by family structure, 1996

Family structure and maternal age at birth	Poor children under age six		Poverty rate %
	Number	%	
Children born to teenage mothers	888,745	16.2	47.1
Children born to adult mothers	4,602,943	83.8	21.1
Living with two parents	1,887,779	34.4	11.5
Living with father only	340,534	6.2	31.6
Living with mother only	3,082,262	56.1	54.8
Living with neither parent	181,113	3.3	33.1

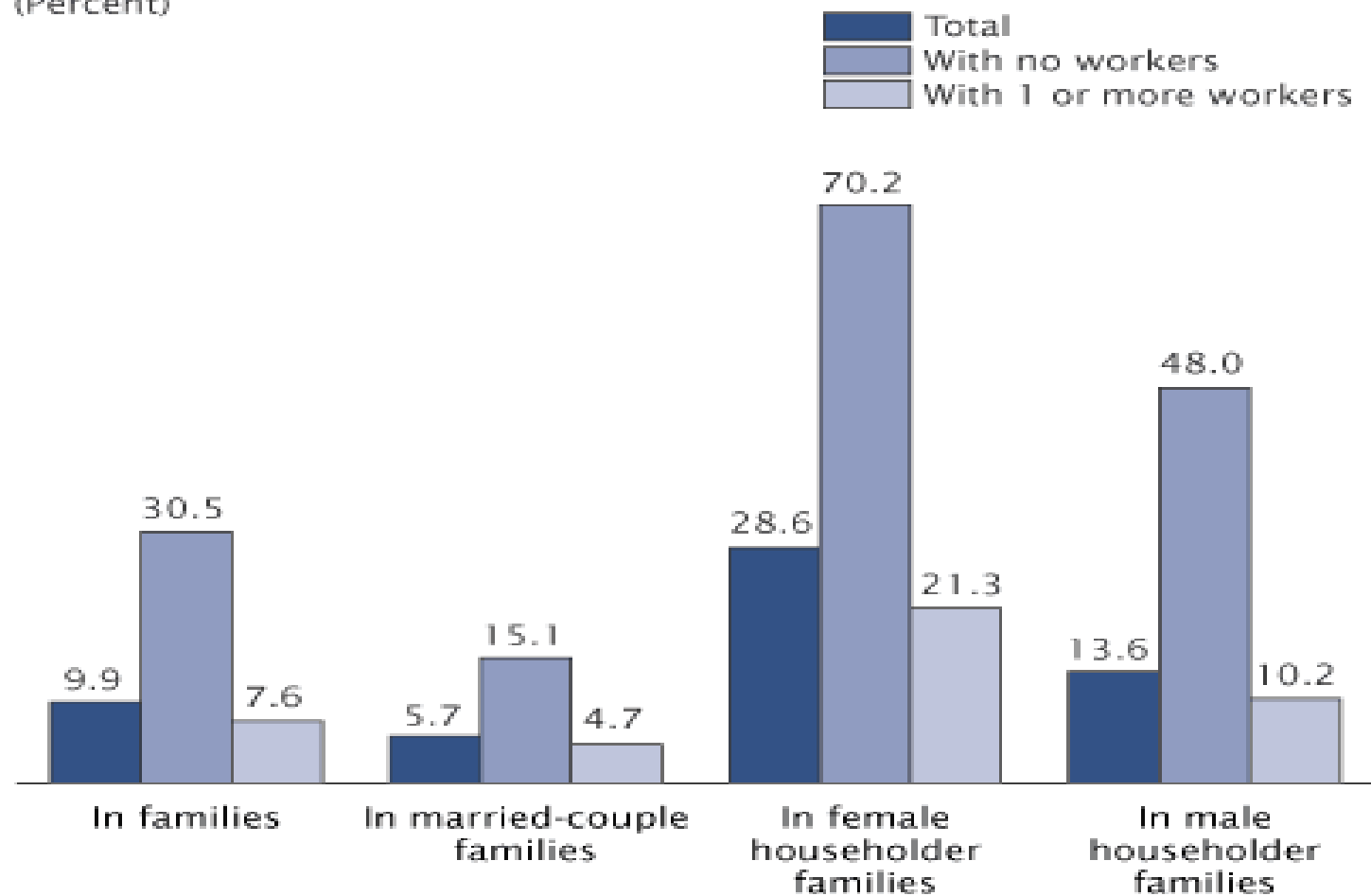
Figure 2: Most of the Increase in Child Poverty Can Be Explained by the Growth of Female Headed Families



Source: All data from Table 10: Related Children in Female Householder Families, 1959-1996 except poverty rate for related children under 18, which is from table 3: Poverty Status of persons, by age, 1959-1996, U.S. Census Bureau.

Figure 4.
Poverty Rates of People in Families by Family Type and Presence of Workers: 2001

(Percent)

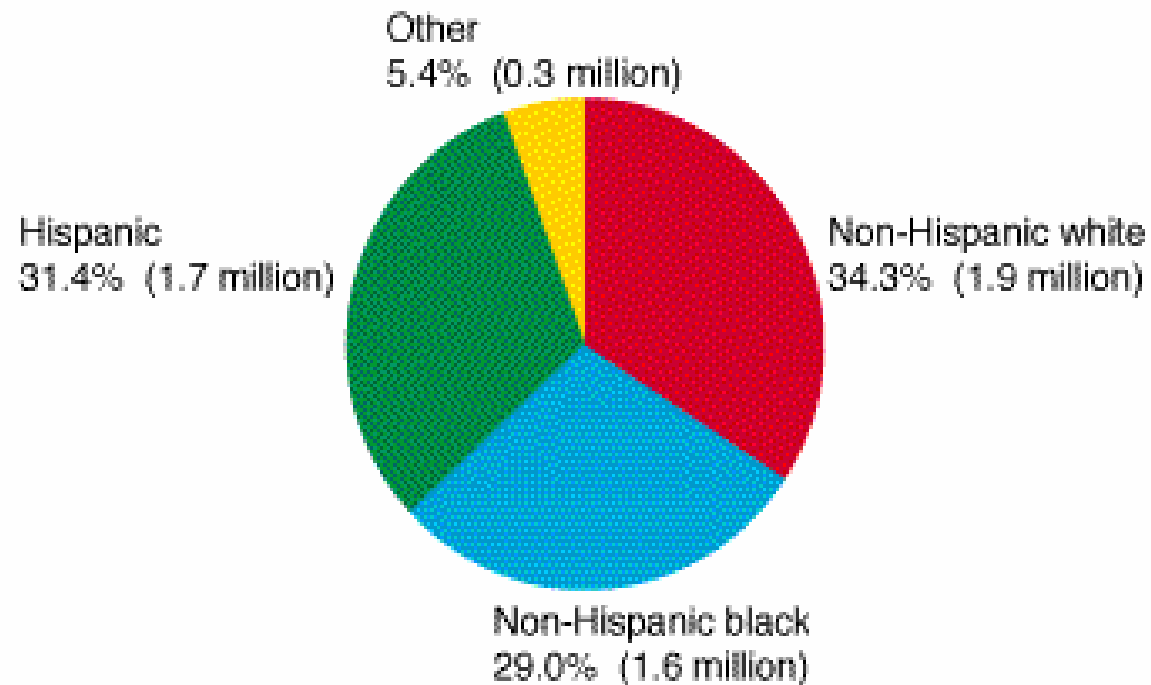


Source: U.S. Census Bureau, Current Population Survey, 2002 Annual Demographic Supplement.

But Race is not..

Figure 4: Number and percentage distribution of poor children under age six by race/ethnicity, 1996

Poor children under age six: 5.5 million





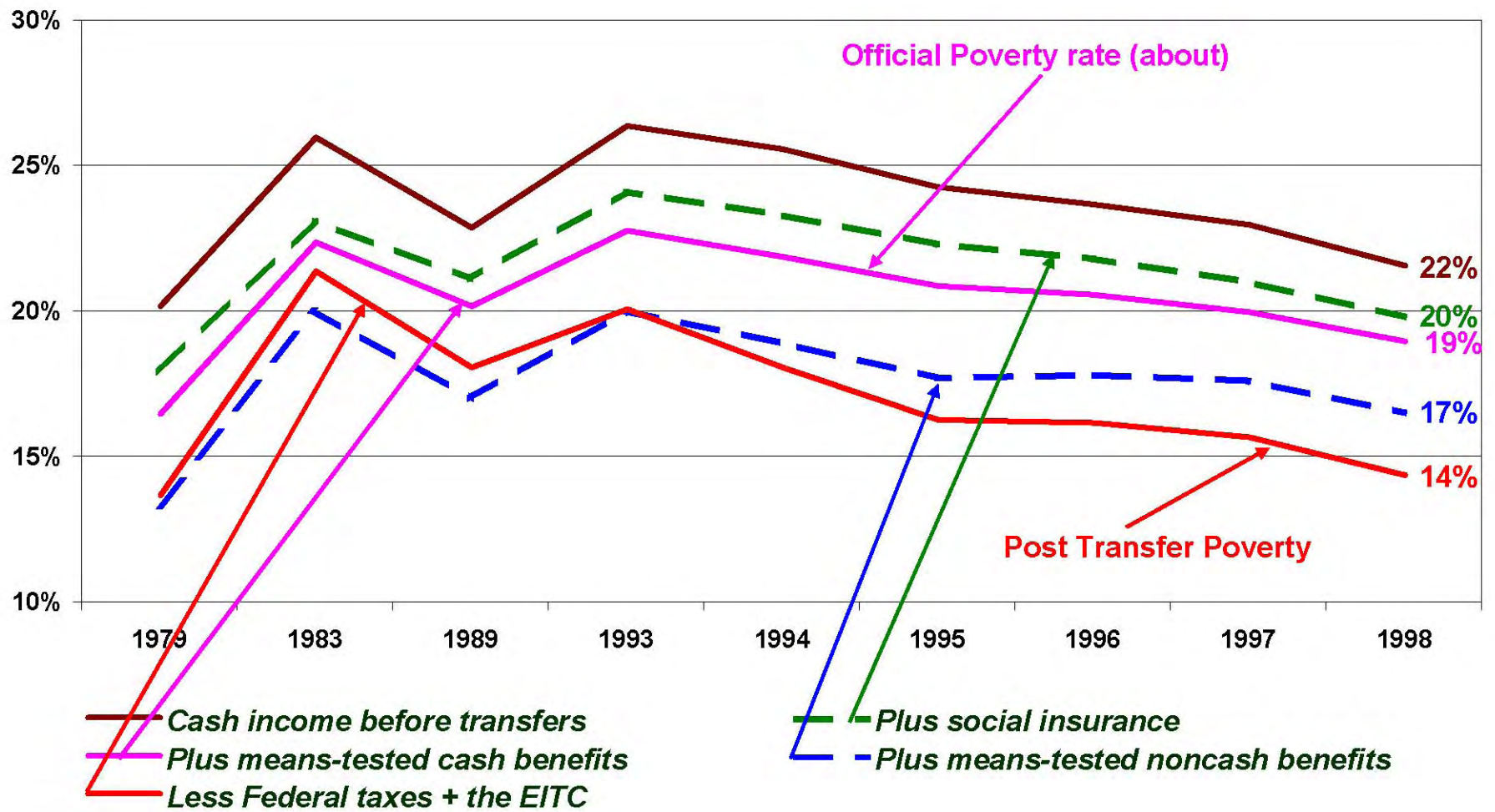
Families with Children do get In-Kind Transfers and Tax Credits

To get an "alternative" poverty rate: take the official Census Bureau poverty line and add these in-in-kind, "near-cash" benefits:

- Food stamps, Housing subsidies & School lunches
- then add Earned Income Tax Credit (EITC) tax refunds
- and subtract federal, state, and payroll taxes.

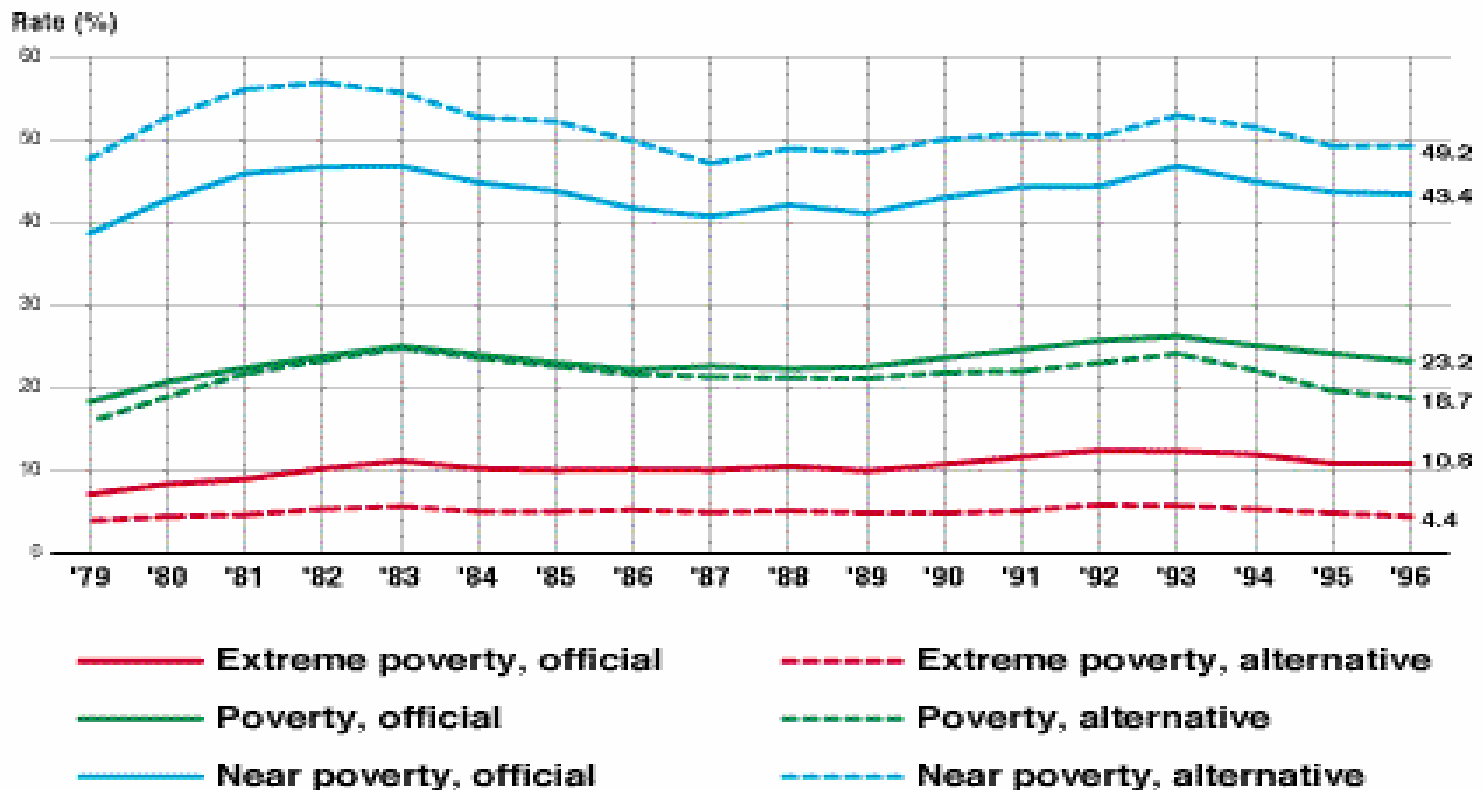
Source: <http://cpmcnet.columbia.edu/dept/nccp/>

Poverty Rates--after Government Transfers Children Under 18



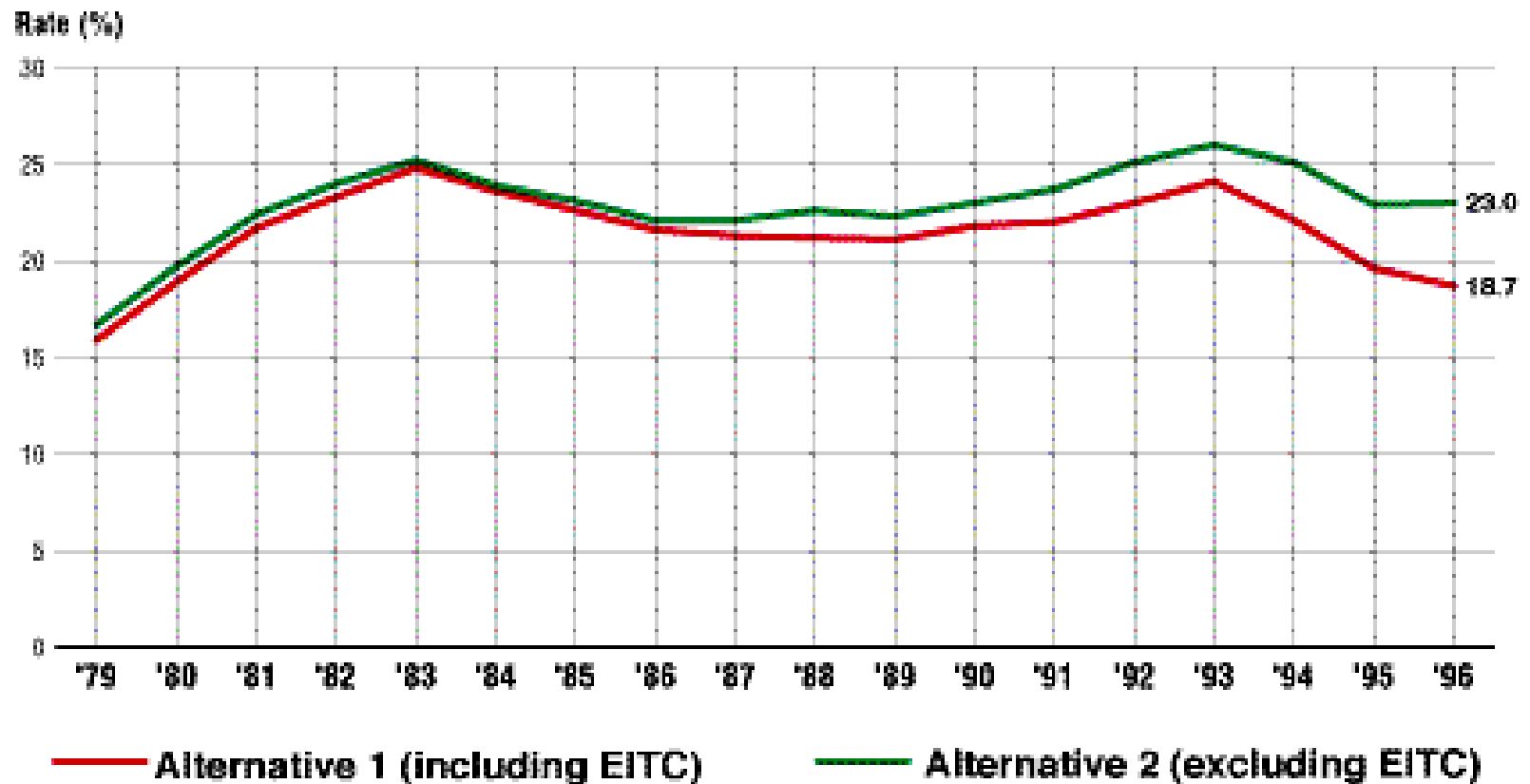
In-kind Transfers and the EITC help, especially at the very bottom...

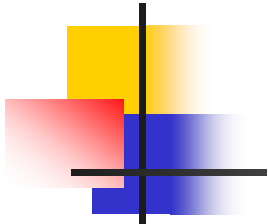
Figure 10: Extreme poverty, poverty, and near poverty rates for children under age six by official and alternative measures, 1979-1996



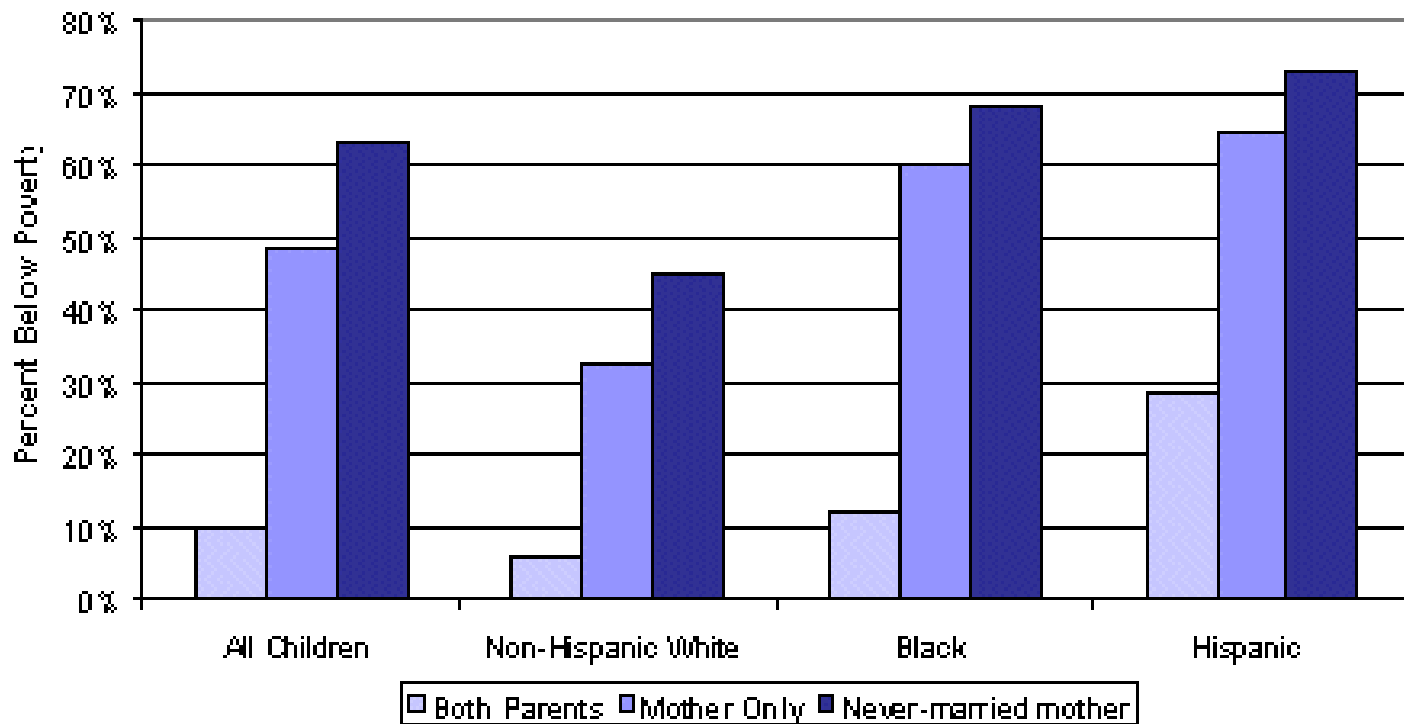
The EITC alone reduces under 6 poverty by 4% or about 10 million children

Figure 11: A comparison of poverty rates for children under age six using alternative measures of poverty with and without the EITC, 1979-1996



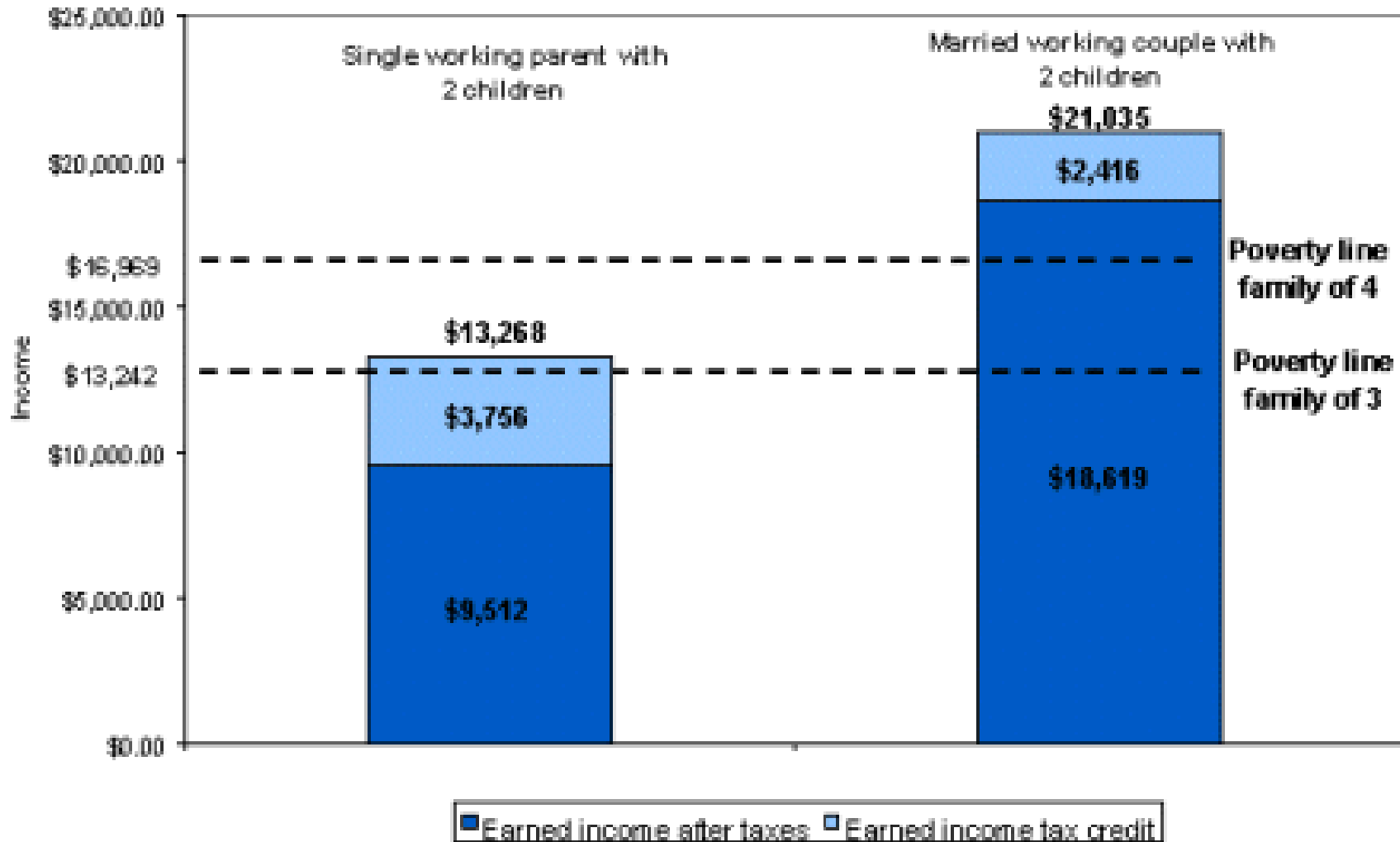


**Figure 1:
Child Poverty Rates by Living Arrangement of Child, 1996**



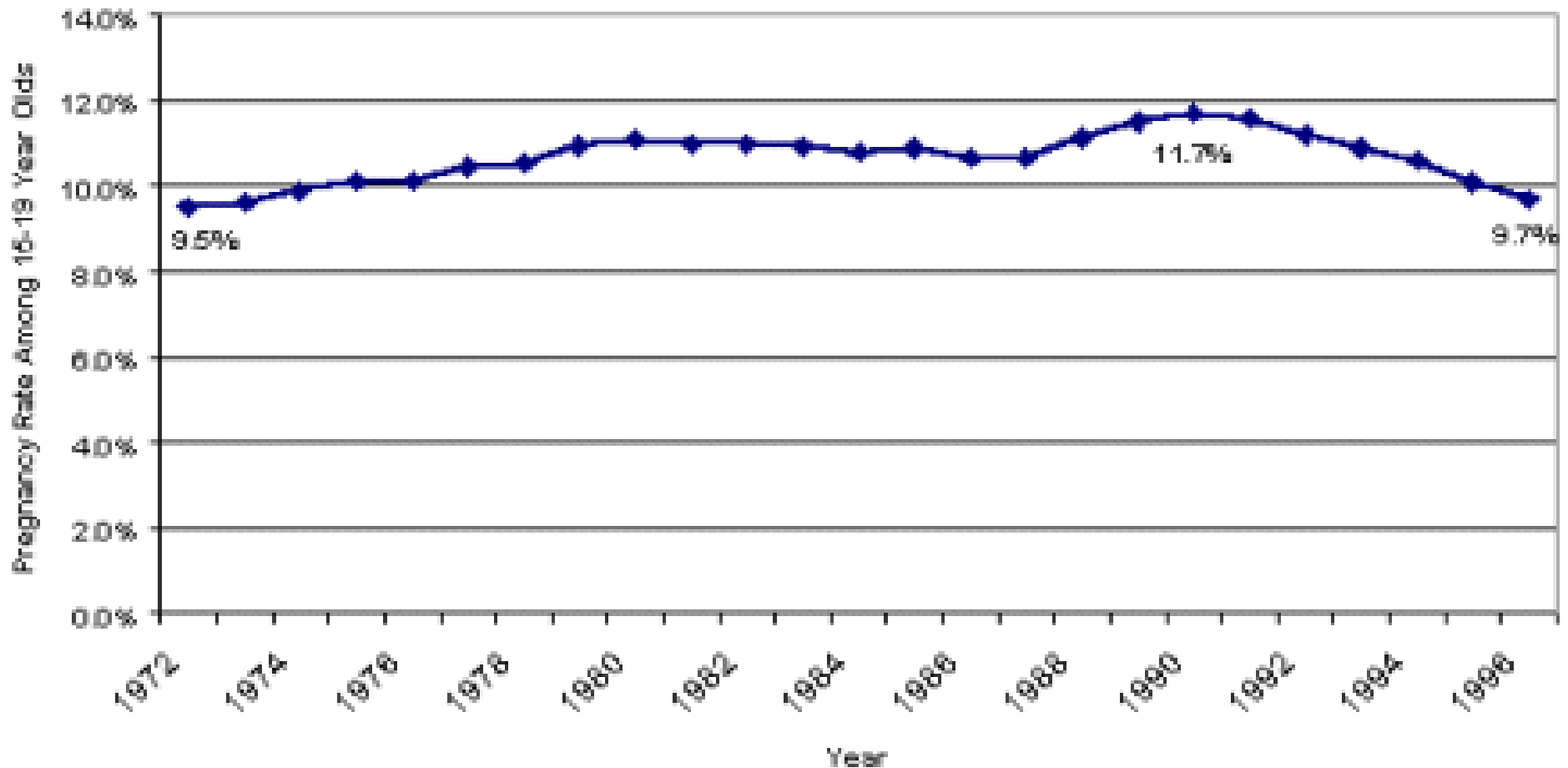
Source: 1996 *Marital Status and Living Arrangements*. Current Population Series, US
Census Bureau

Figure 3: Marriage as an Antipoverty Strategy



Source: Povertyline, House of Representatives (1998), p. 899; EITC, Internal Revenue Service (1998), p. 22. Assumes minimum wage of \$5.15/hr.

Figure 4: Teen Pregnancy Rate 1972-1996



Henshaw, S.K., "U.S. Teenage Pregnancy Statistics," New York: Alan Guttmacher Institute, October, 1998. "Teenage Pregnancy: Overall Trends and State-by-State Information," New York: Alan Guttmacher Institute, April, 1999.

Teen birth rate rises then falls

