

Children in Poverty

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Poverty in the United States

- Below federal poverty line (FPL)
 - 15% of the population (46.5 million)
- Episodically poor
 - Below FPL for two or more months during 36 month period
 - 31.6% of the population (over 90 million)
- Broader definition
 - Up to 250% of FPL
 - Limited economic security, precarious situation
 - Almost 50% of the population



2014 Federal Guidelines (FPL)

Persons in family/household	Poverty guideline
1	\$11,670
2	15,730
3	19,790
4	23,850
5	27,910
6	31,970
7	36,030
8	40,090

Federal Poverty Line

- Developed in 1963 by Mollie Orshansky of the SSA
 - In 1955, families spent 1/3 of after-tax income on food
 - Poverty threshold = cost of “economy food plan”x3
 - Income measure = Gross before-tax cash income
- August 1969: the U.S. Bureau of the Budget designated the poverty thresholds as the federal government’s official statistical definition of poverty.
- Problems
 - No cost of living difference
 - Uses income before tax/transfers

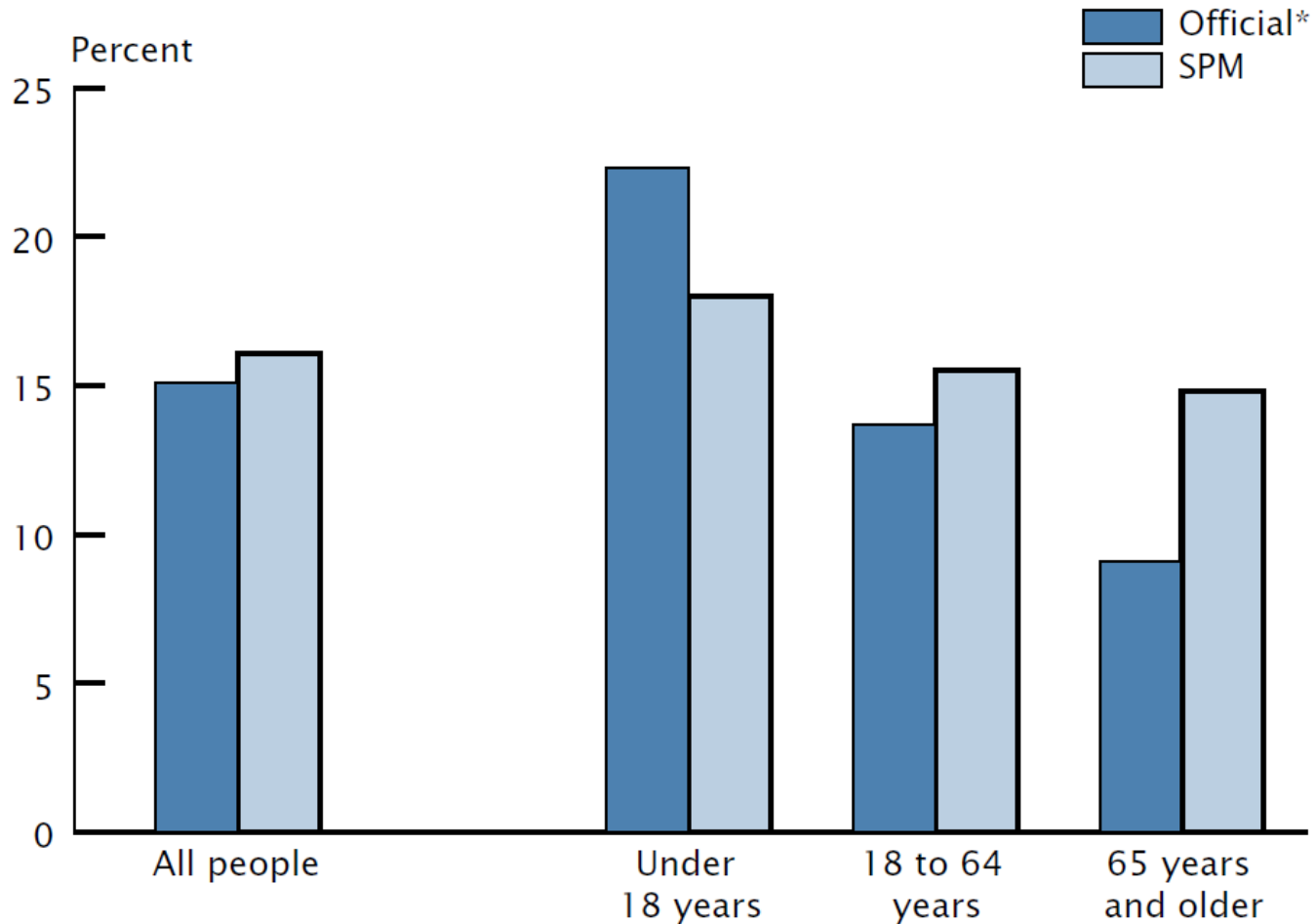


Supplemental Poverty Measure

Poverty Measure Concepts: Official and Supplemental		
	Official Poverty Measure	Supplemental Poverty Measure
Measurement Units	Families and unrelated individuals	All related individuals who live at the same address, including any coresident unrelated children who are cared for by the family (such as foster children) and any cohabitators and their relatives
Poverty Threshold	Three times the cost of a minimum food diet in 1963	The 33rd percentile of expenditures on food, clothing, shelter, and utilities (FCSU) of consumer units with exactly two children multiplied by 1.2
Threshold Adjustments	Vary by family size, composition, and age of householder	Geographic adjustments for differences in housing costs by tenure and a three-parameter equivalence scale for family size and composition
Updating Thresholds	Consumer Price Index: all items	Five-year moving average of expenditures on FCSU
Resource Measure	Gross before-tax cash income	Sum of cash income, plus noncash benefits that families can use to meet their FCSU needs, minus taxes (or plus tax credits), minus work expenses, minus out-of-pocket medical expenses and child support paid to another household

Figure 1.

Poverty Rates Using Two Measures for Total Population by Age Group: 2012

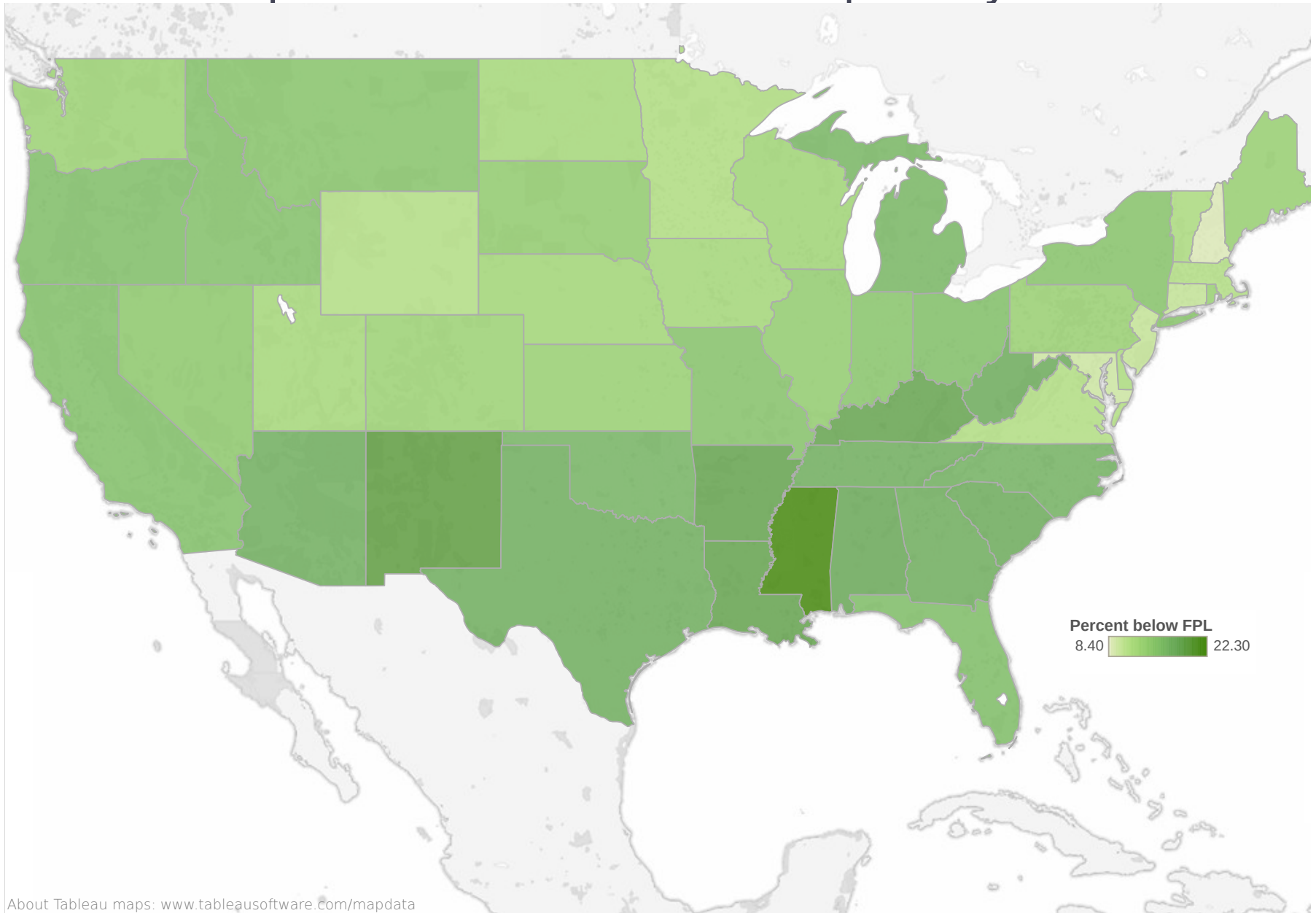


*Includes unrelated individuals under the age of 15.

Source: U.S. Census Bureau, Current Population Survey, 2013 Annual Social and Economic Supplement.

DATA

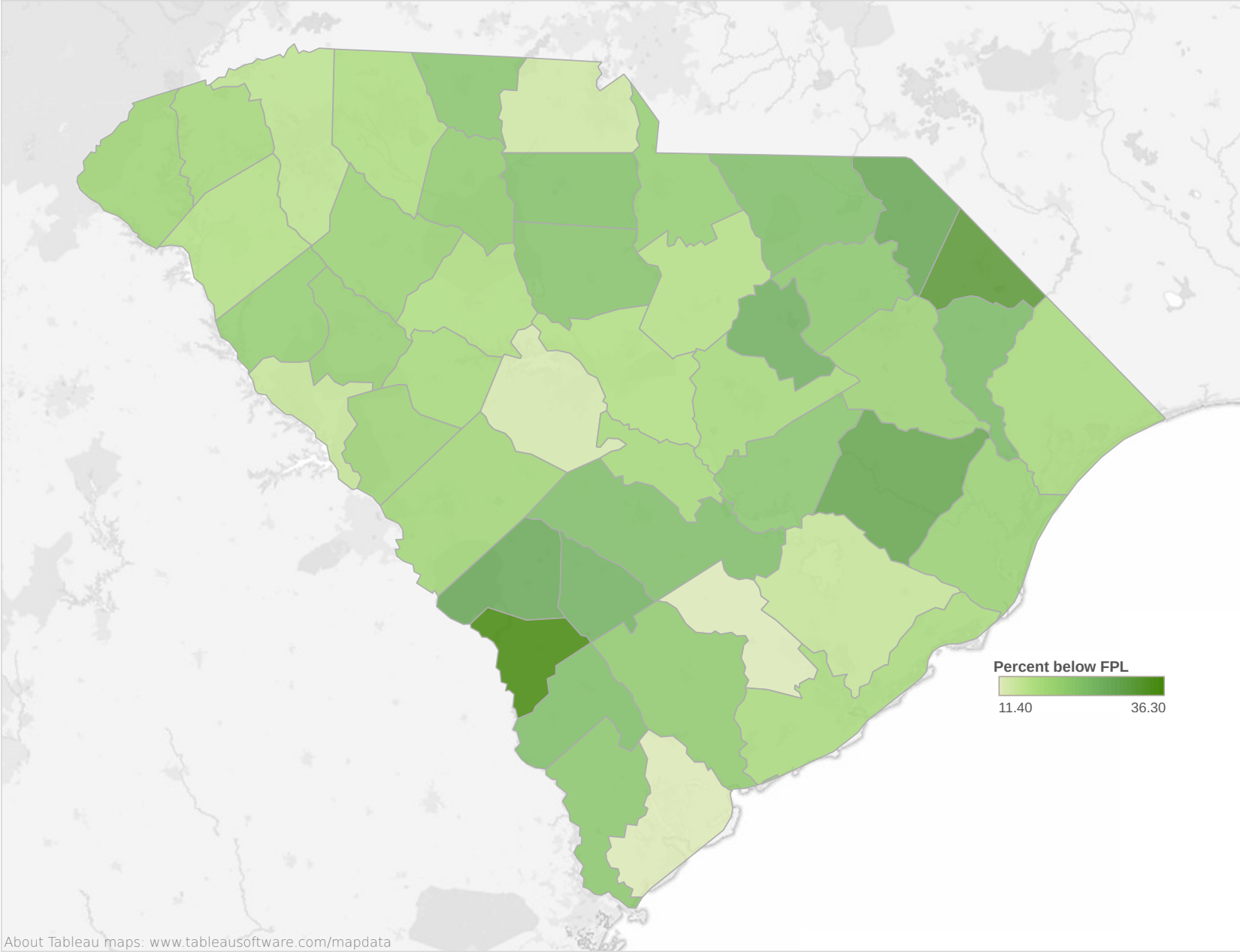
Population below the federal poverty line



About Tableau maps: www.tableausoftware.com/mapdata

Source: United States Census Bureau / American FactFinder. "S1701 : Poverty Status in the past 12 months." 2008-2012 American Community Survey. U.S. Census Bureau's American Community Survey Office, 2013.

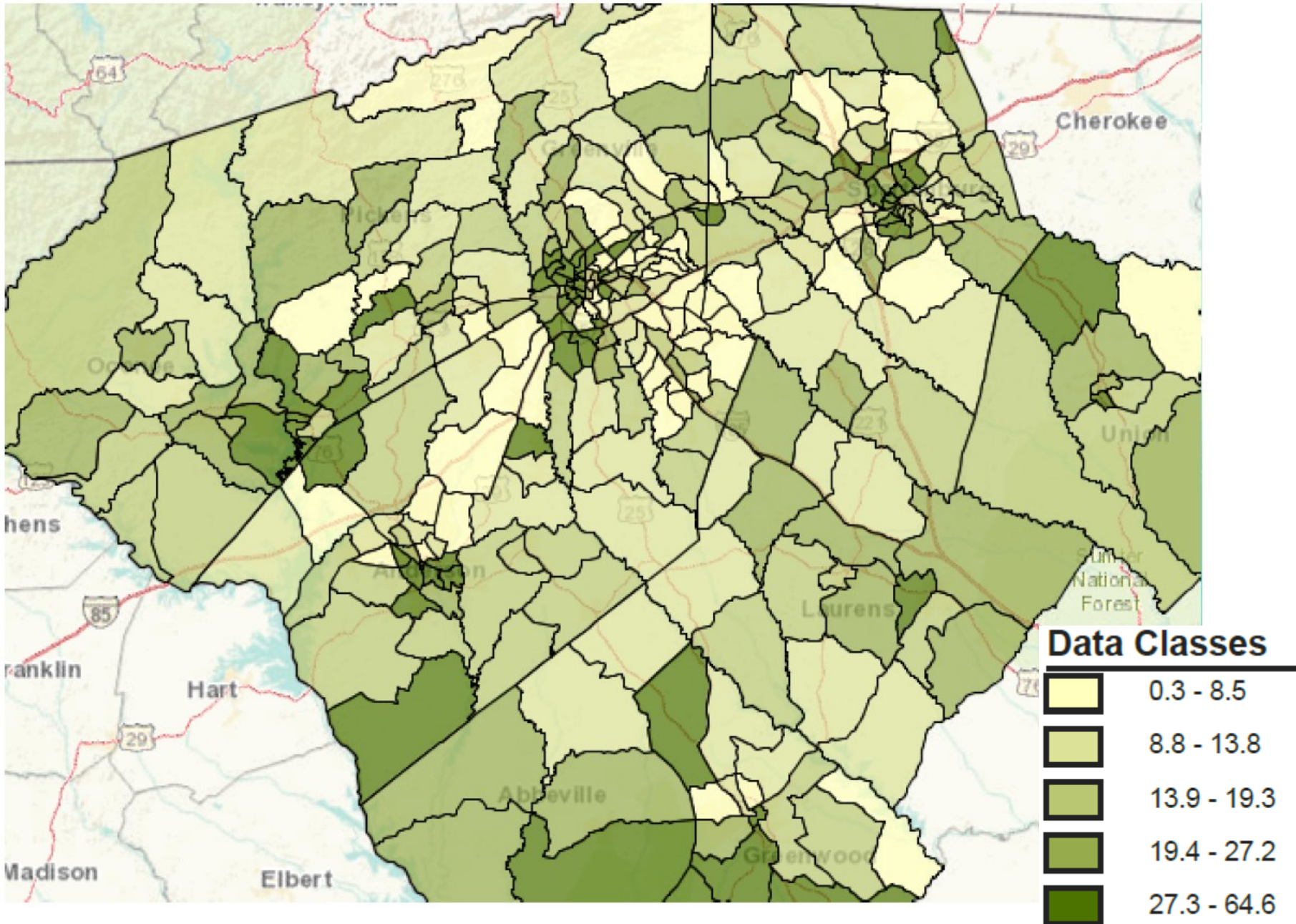
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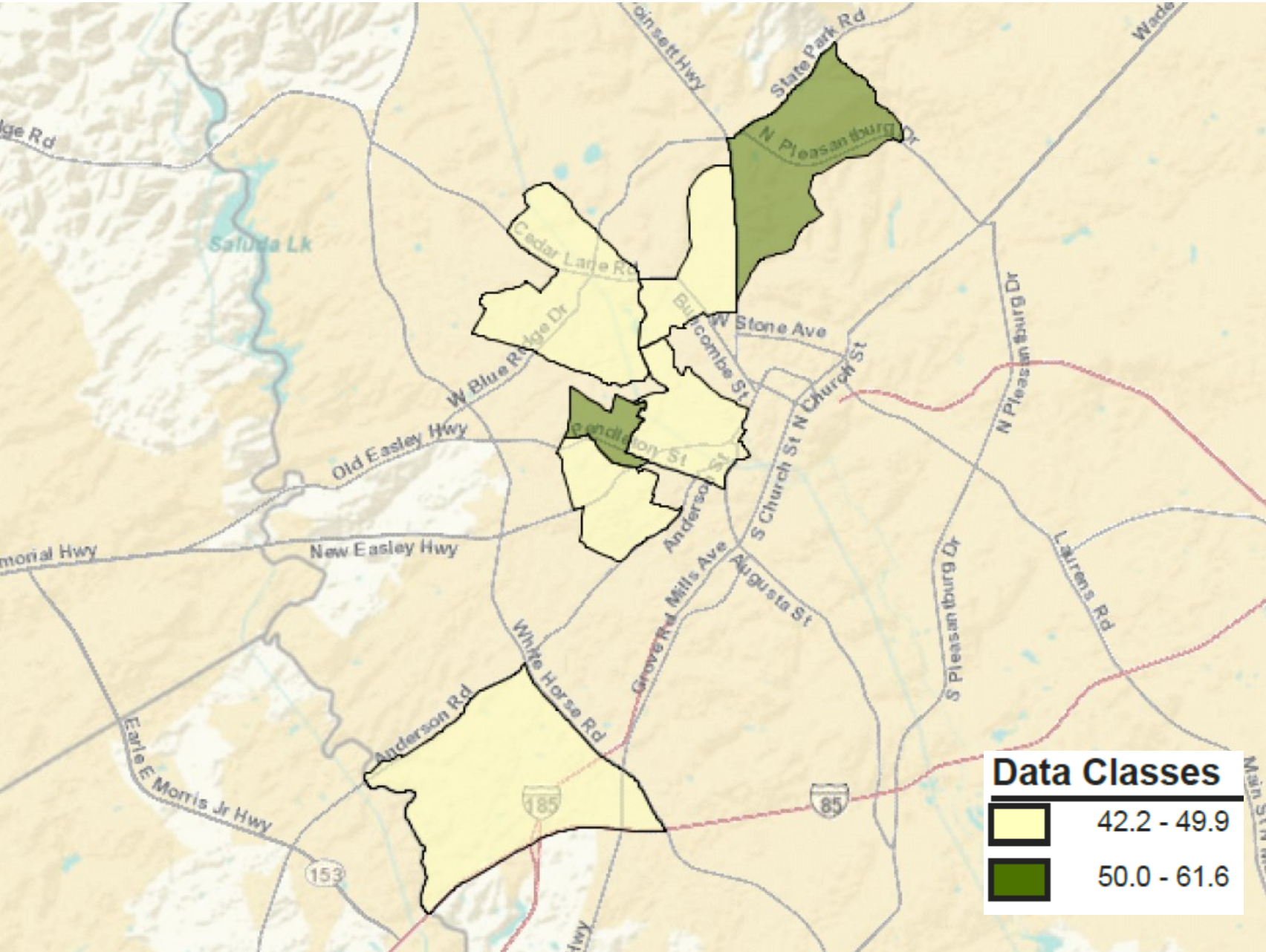
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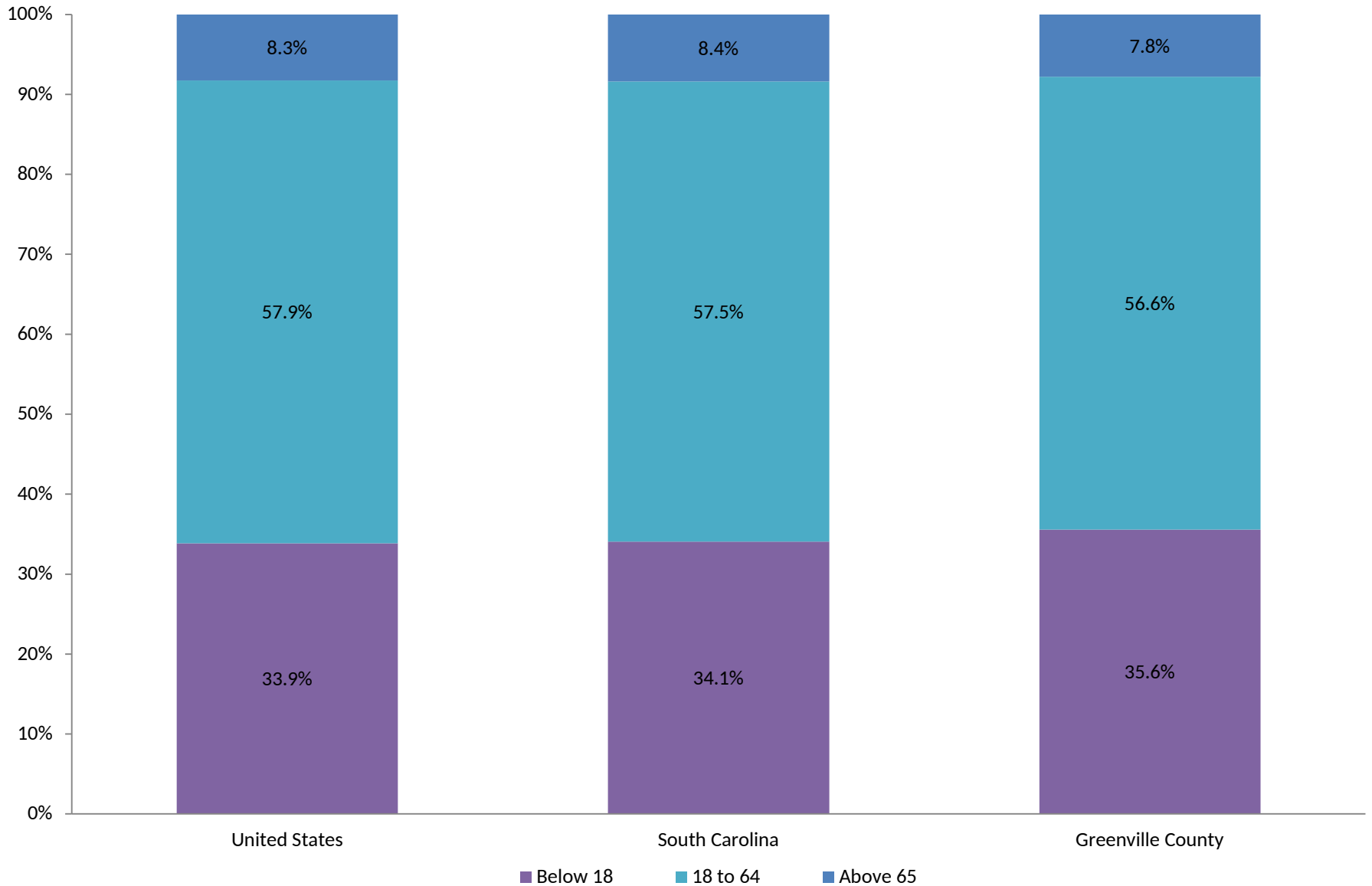
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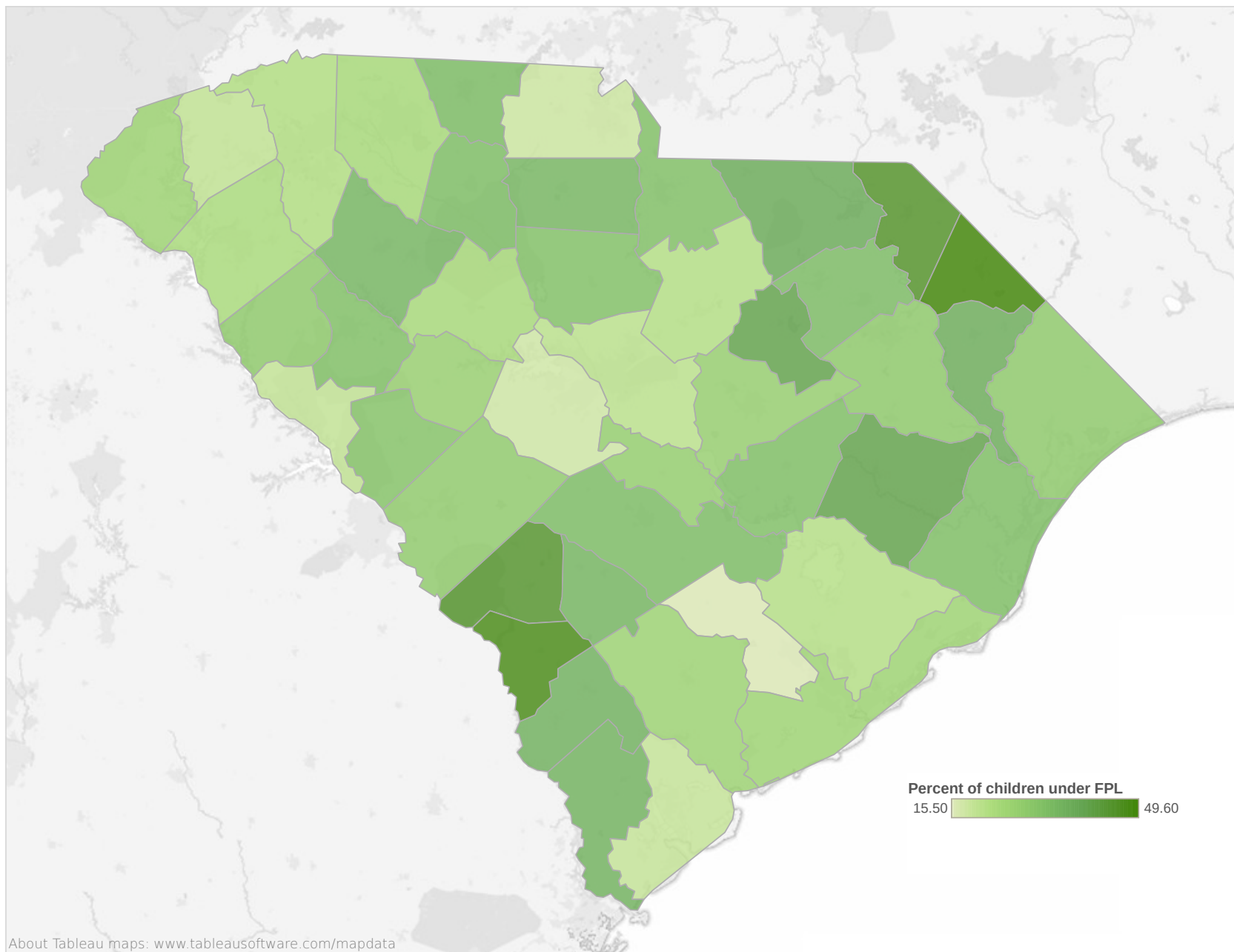
Greenville county - Census tracts with >40% below FPL



Population below the poverty line - breakdown by age



Percent of children below the federal poverty line



Percent of children below the federal poverty line

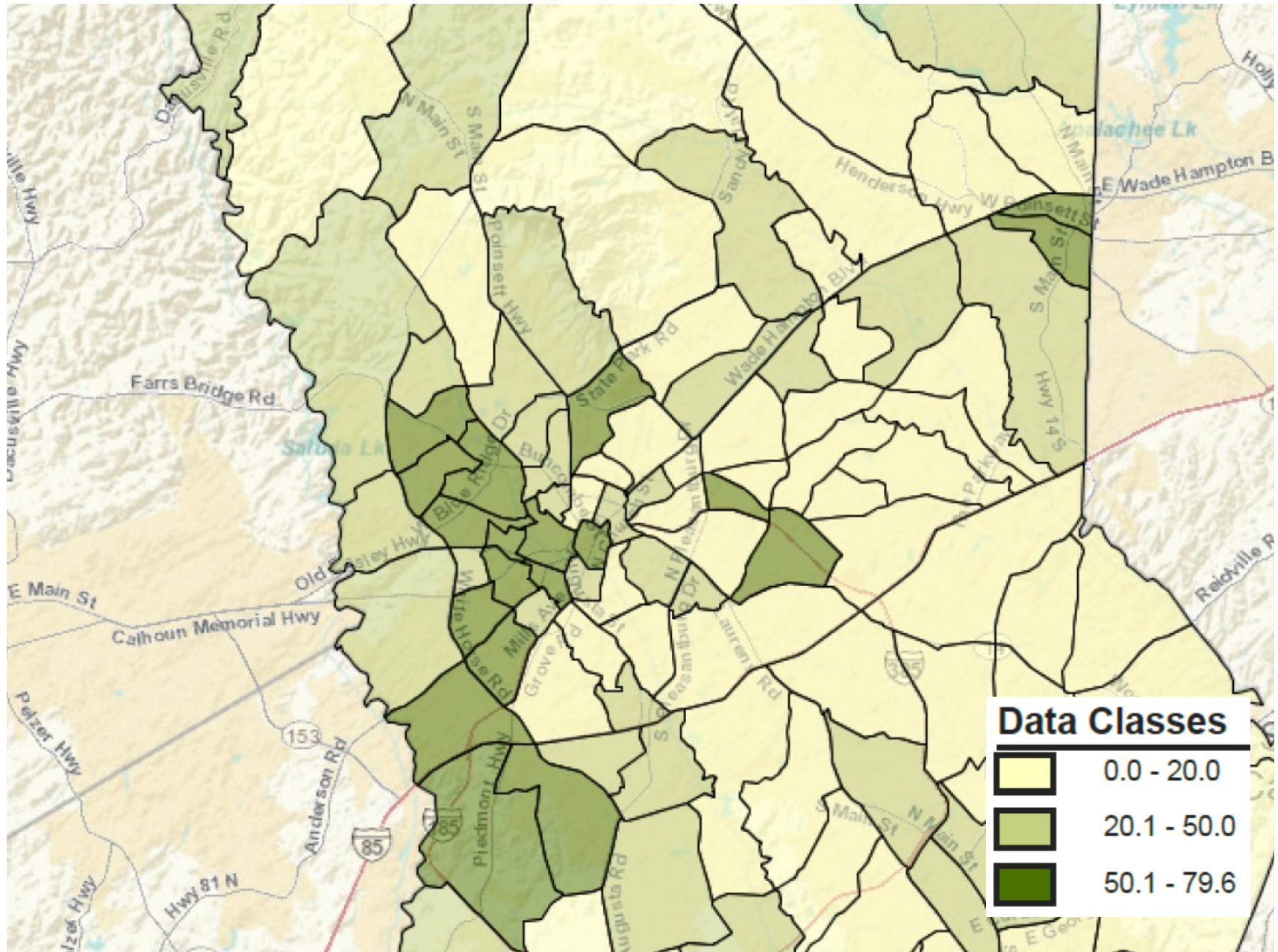
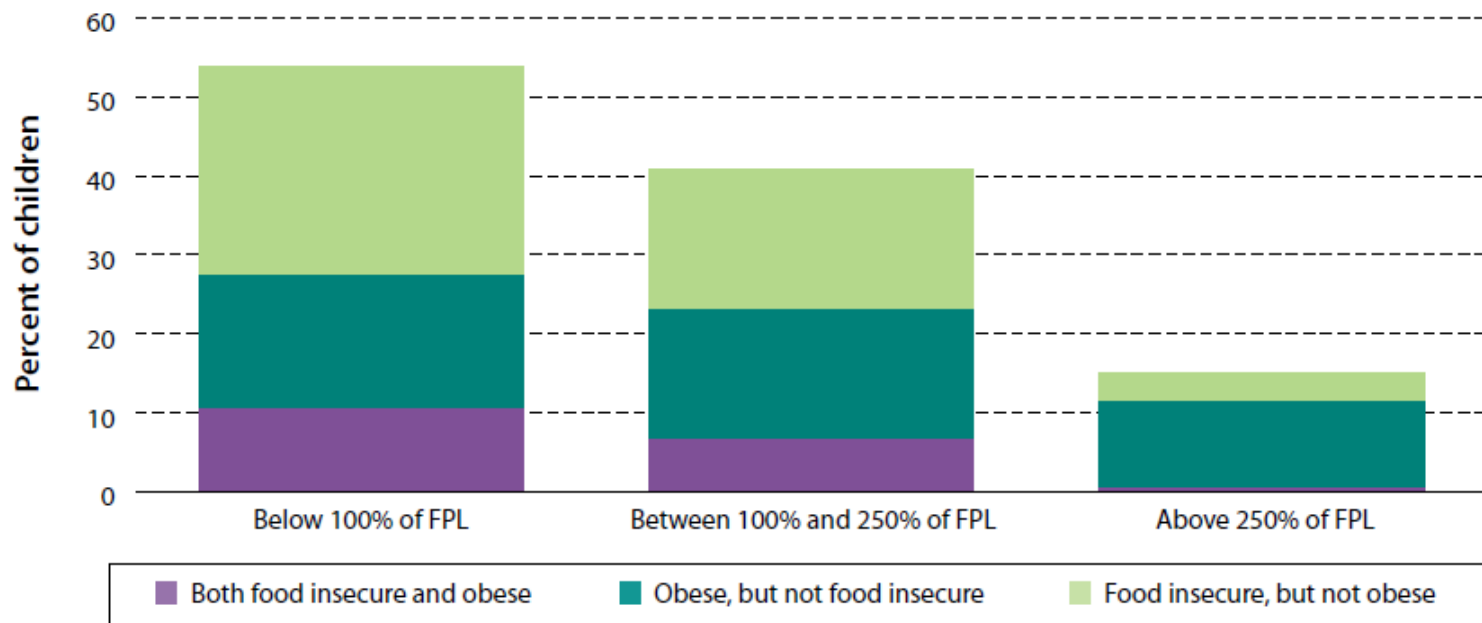


FIGURE 6.

Child Food Insecurity and Obesity Rates, by Income Relative to the Federal Poverty Level (FPL)

Children in families living below 250 percent of the FPL are much more likely to struggle with food insecurity and obesity than are their higher-income peers.



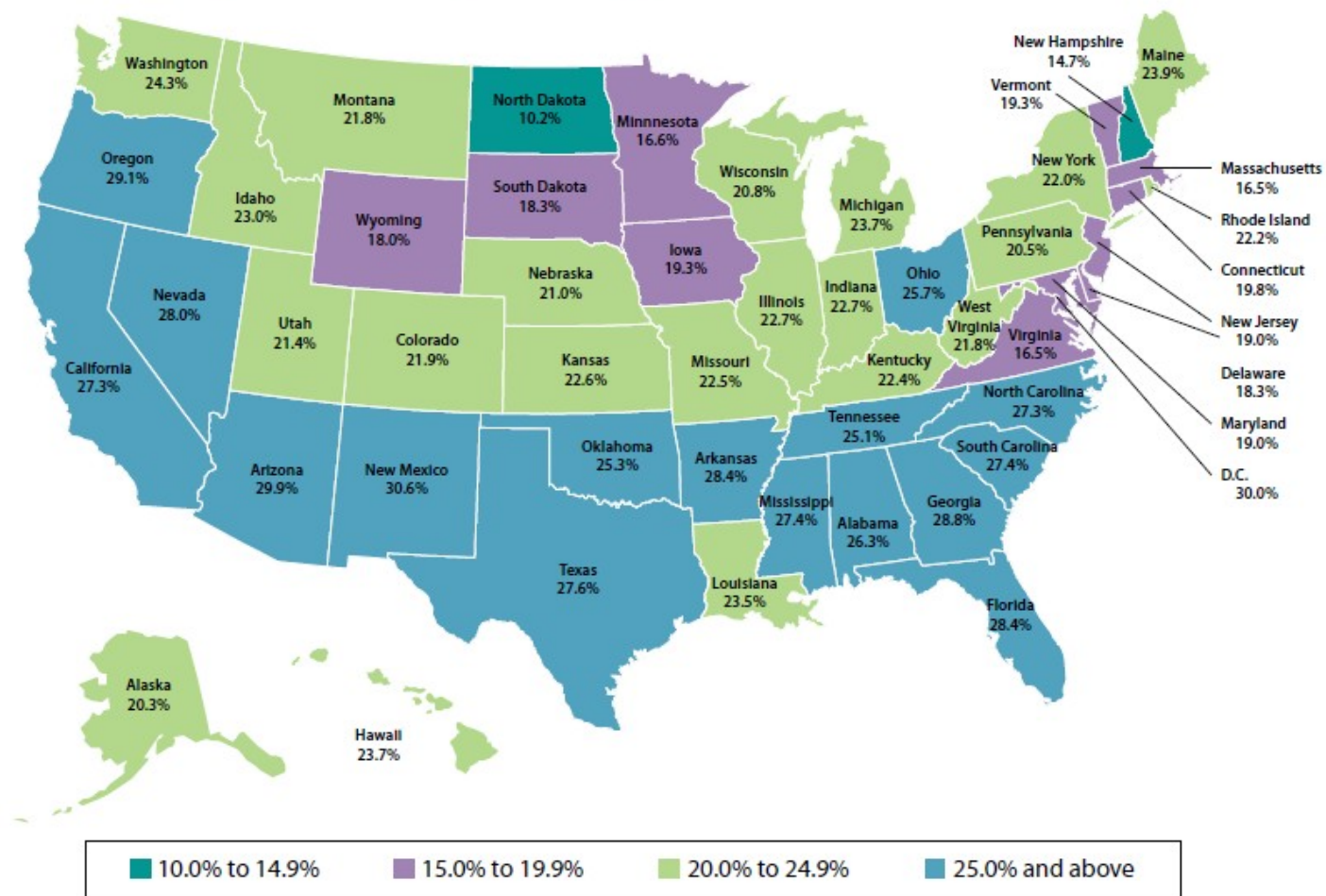
Sources: CDC 2001, 2012; authors' calculations.

Note: The sample includes children aged twelve to seventeen. We classified children as obese if their body mass index (BMI) exceeds the 95th percentile BMI for each age and gender. Children are considered food insecure if they live in a household that has limited or uncertain availability of nutritionally adequate and safe foods or limited or uncertain ability to acquire acceptable foods in socially acceptable ways (USDA 2000). For more details, see the technical appendix.

FIGURE 7.

Child Food Insecurity Rates by State in 2011

Child food insecurity is widespread, with the highest rates appearing in the South and the West.



Source: Feeding America 2013.

Note: Children are considered food insecure if they live in a household that has limited or uncertain availability of nutritionally adequate and safe foods or limited or uncertain ability to acquire acceptable foods in socially acceptable ways (USDA 2000).

THE ROLE OF GOVERNMENT PROGRAMS

Poverty and Public Policy

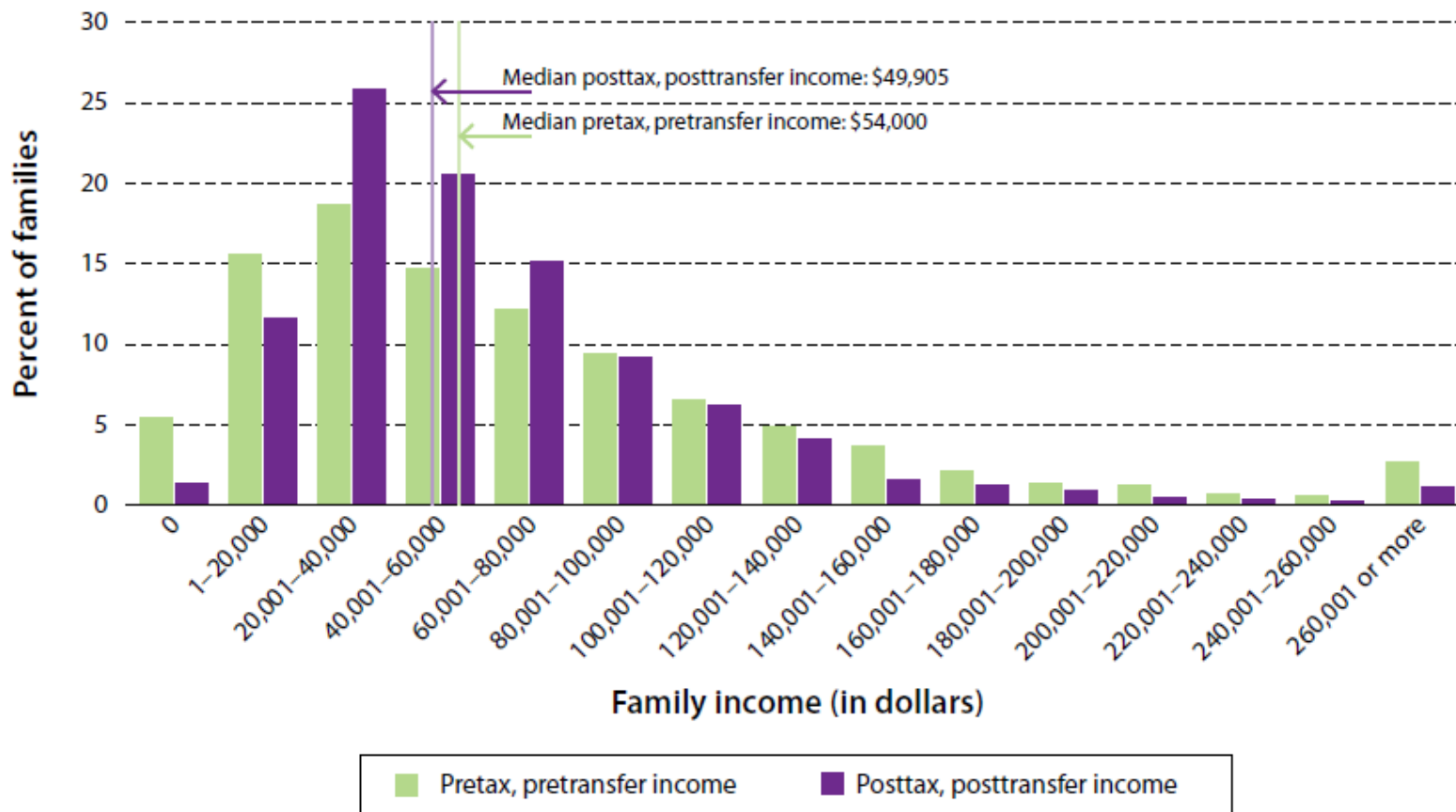
- Twice as many Americans would be impoverished if not for public safety-net programs (Kearney et al, *Policies to Address Poverty in America*, 2014)
- Multidimensional nature
 - Promoting early childhood development
 - Supporting disadvantaged youth
 - Building skills
 - Improving safety net and work support



FIGURE 9.

Income Distributions for Working-Age Families with Children Under 18 Before and After Taxes

The tax and transfer system expands the middle class and leaves fewer families at either end of the income distribution.

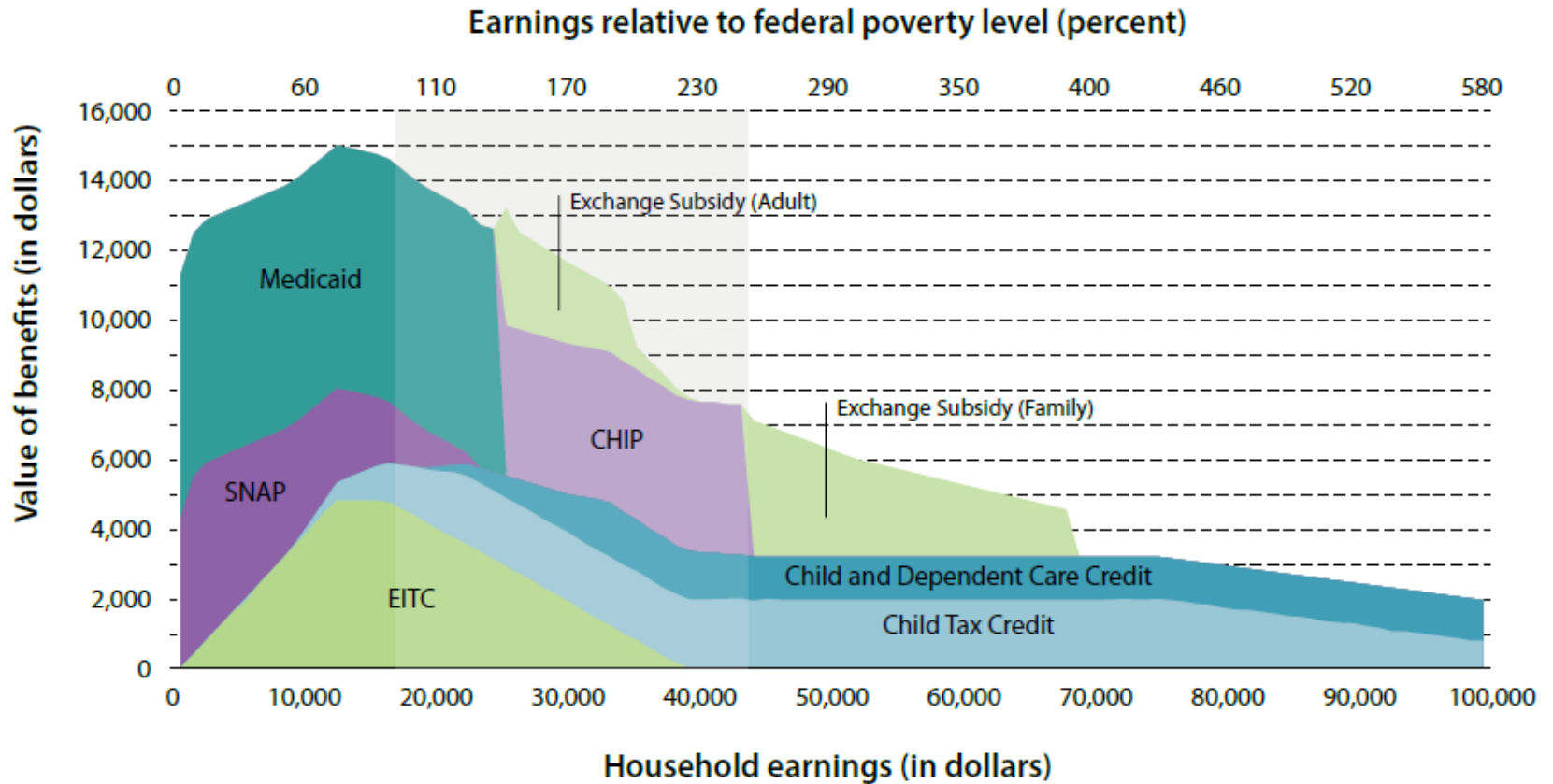


Sources: CPS 2012, March supplement; authors' calculations.

Note: A family is defined as a unit having at least one child under age eighteen and a family head under age sixty-five. Pretax, pretransfer income is the sum of earned income and additional sources of nontransfer income (e.g., interest, dividends, or alimony). A family's posttax, posttransfer income is the sum of pretax, pretransfer income, all transfer income (e.g., SNAP, welfare, or unemployment benefits), property and payroll taxes, and state and federal taxes after tax credits. For more details, see the technical appendix.

FIGURE 10.
Tax and Transfer Benefits for a Single Parent with Two Children by Household Earnings in 2008

Most transfer programs phase out as families work their way into the lower-middle class.



Source: Maag et al. 2012.

Note: Figure shows value of tax and transfer benefits for a single parent with two children living in Colorado. Tax and transfer rules are for 2008 with hypothetical health insurance exchange subsidy plans in 2014. CHIP is the Children’s Health Insurance Program. EITC is the Earned Income Tax Credit. SNAP is the Supplemental Nutrition Assistance Program. The shaded gray area represents the struggling lower-middle class (or 100 to 250 percent of the FPL). For more details, see the technical appendix.

Figure 1.

Federal Spending on Various Categories of Means-Tested Programs and Tax Credits, 1972 to 2012

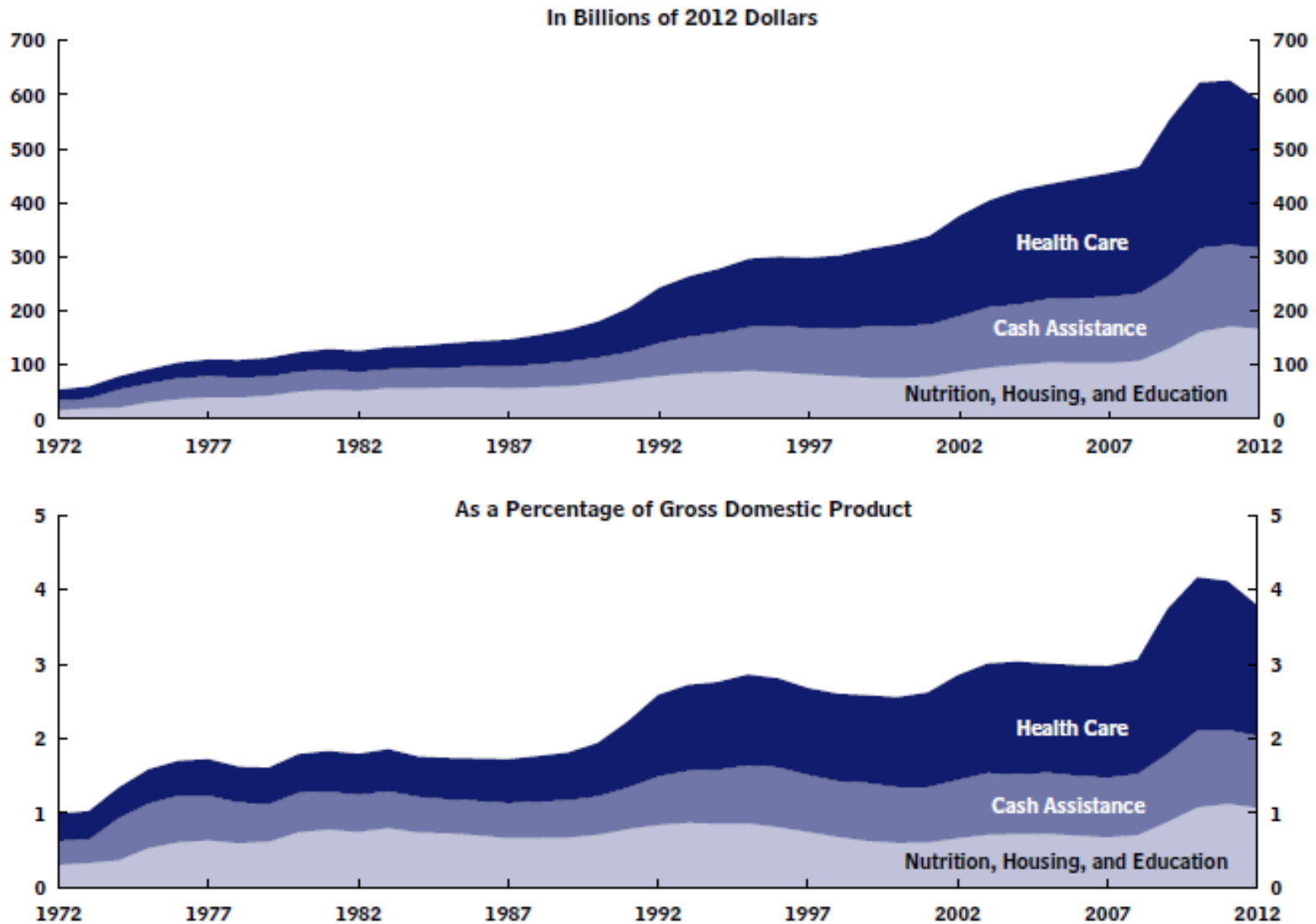
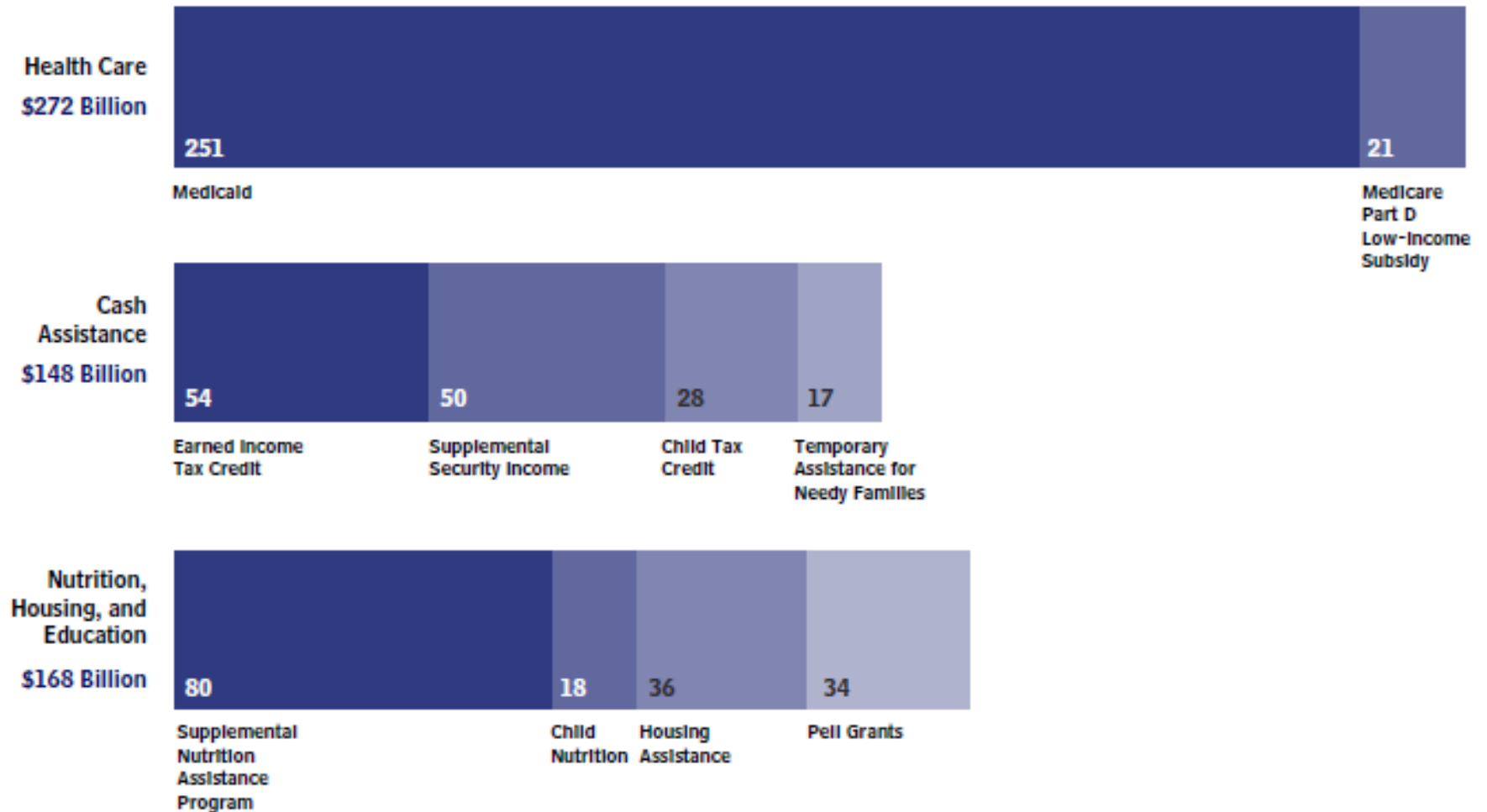


Figure 2.

Federal Spending on Selected Means-Tested Programs and Tax Credits, 2012

(Billions of dollars)



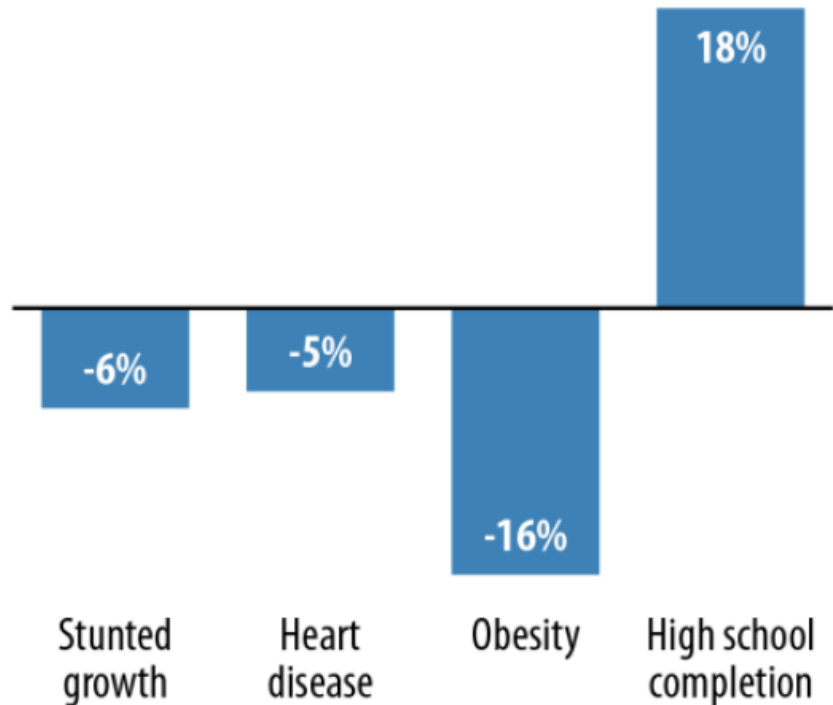
SUPPLEMENTAL ASSISTANCE FOR NEEDY FAMILIES (SNAP)

SNAP

- Federal food stamp program began 1962-1974
 - Benefits paid by federal government
 - Administrative costs shared by federal and state governments
- Eligibility
 - Monthly gross income <130% of FPL
 - Monthly net income <100% FPL
 - Assets of \$2,000 or less
- In 2013, helped 47 million people in a typical month
 - Average benefit = \$274
 - Average benefit for households with children = \$413
- Helped 4.9 million people out of poverty (2.2 mil children)

Children With Access to Food Stamps Fare Better Years Later

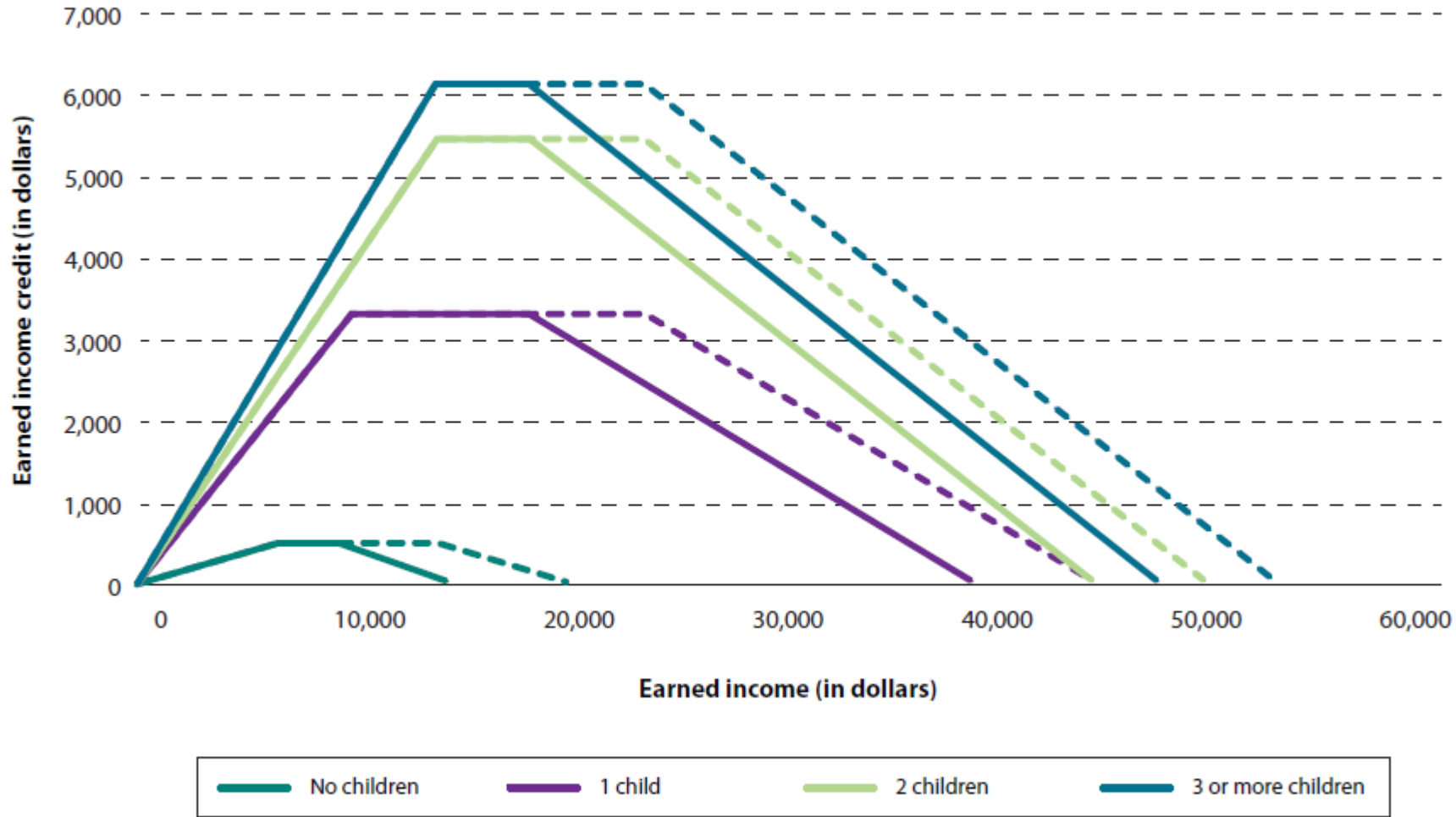
Percentage-point change for disadvantaged children by age 19 when food stamps became available



Source: Hoynes, Schanzenbach, and Almond, "Long Run Impacts of Childhood Access to the Safety Net," National Bureau of Economic Research, November 2012.

EARNED INCOME TAX CREDIT (EITC)

FIGURE 11-1.
 Earned Income Tax Credit Amount by Earnings Level and Number of Children, 2014



Source: Urban-Brookings Tax Policy Center 2014.

Source: Hoynes, *Building on the Success of the Earned Income Tax Credit*, The Hamilton Project, 2014.

Impact of EITC

- Income
 - Kept 6.5 million (including 3.3 million children) out of poverty in 2011
- Labor Supply
 - Income/Substitution effects
 - Evidence
 - Labor force participation
 - Increases for single mothers
 - Slight decrease for married women
 - Hours of work: no effect
- Other effects
 - Improvement in child test scores
 - Reduction in low-birth-weight births
 - Improved health indicators for mothers



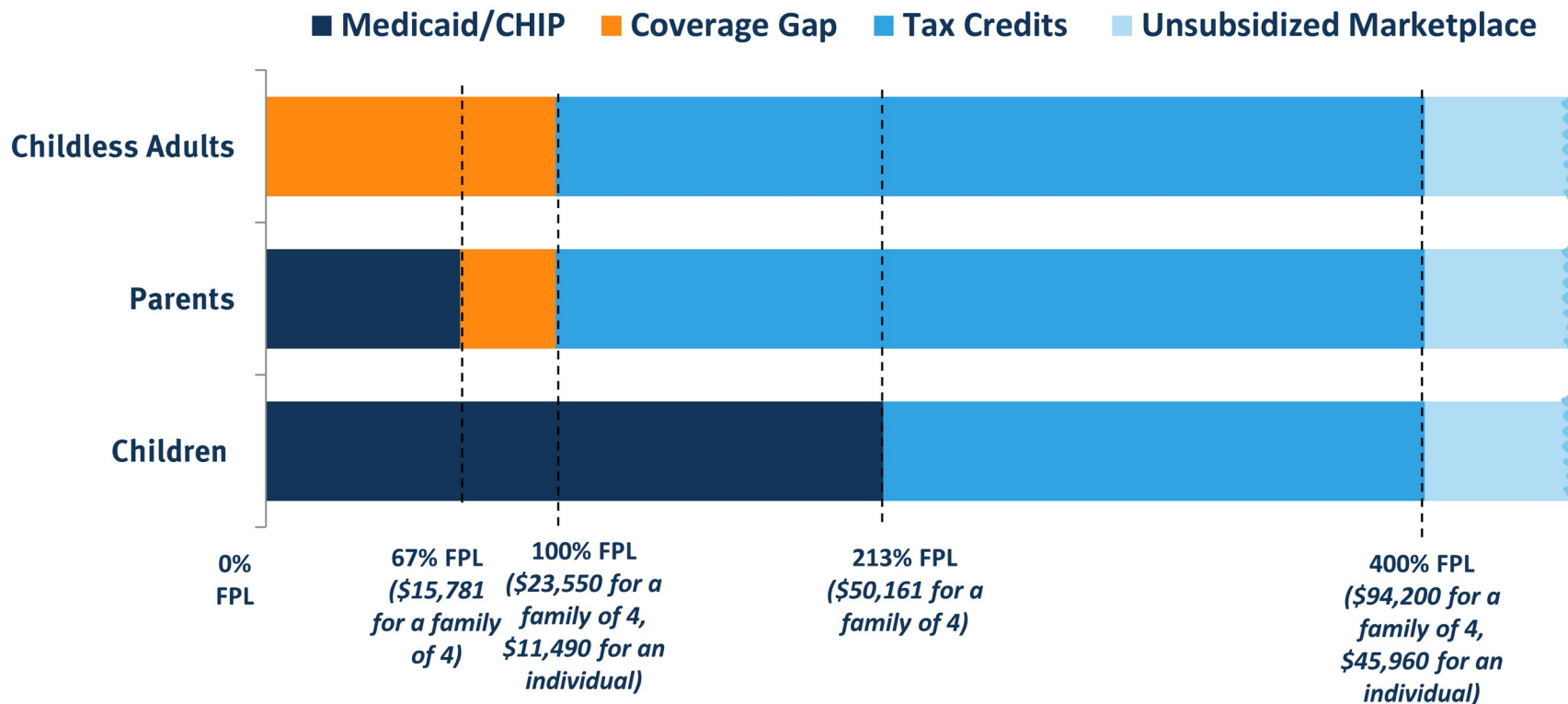
MEDICAID

Medicaid

- Federally mandated but administered by the states
 - Financed on a shared basis out of general revenues
 - States determine the type, amount, duration, and scope of services within broad federal guidelines.
- Eligibility
 - Income
 - Family structure
- SC – Healthy Connections

Figure 1

Income Eligibility Levels for Medicaid/CHIP and Marketplace Tax Credits in South Carolina as of 2014

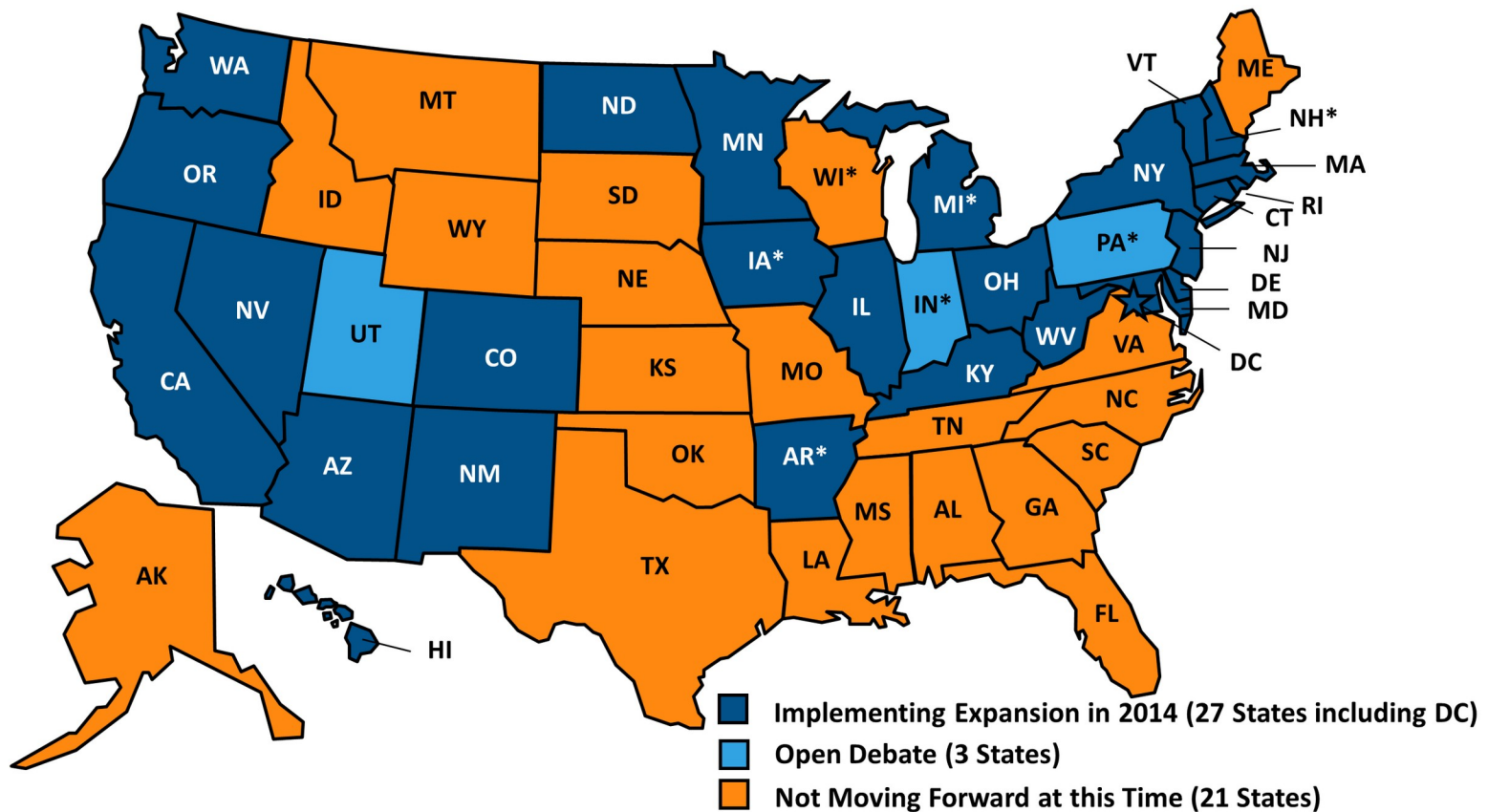


Notes: Medicaid eligibility is based on current Medicaid eligibility rules converted to MAGI. Applies only to MAGI populations. Medicaid eligibility levels as a share of poverty vary slightly by family size; levels shown are for a family of four. People who have an affordable offer of coverage through their employer or other source of public coverage (such as Medicare or CHAMPUS) are ineligible for tax credits. Unauthorized immigrants are ineligible for either Medicaid/CHIP or Marketplace coverage.

Source: Kaiser Family Foundation analysis based on 2014 Medicaid eligibility levels.



Current Status of State Medicaid Expansion Decisions, 2014



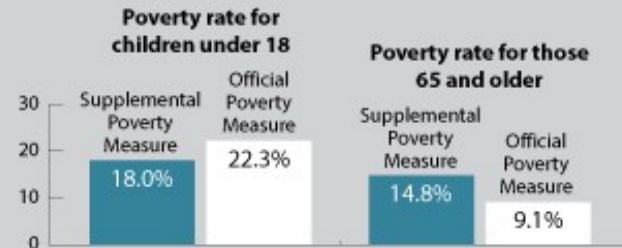
NOTES: Data are as of June 10, 2014. *AR and IA have approved waivers for Medicaid expansion. MI has an approved waiver for expansion and implemented in Apr. 2014. IN and PA have pending waivers for alternative Medicaid expansions. WI amended its Medicaid state plan and existing waiver to cover adults up to 100% FPL, but did not adopt the expansion. NH has passed legislation approving the Medicaid expansion in Mar. 2014; the legislation calls for the expansion to begin July 2014.

SOURCES: States implementing in 2014 and not moving forward at this time are based on data from CMS [here](http://www.cms.gov). States noted as "Open Debate" are based on KCMU analysis of State of the State Addresses, recent public statements made by the Governor, issuance of waiver proposals or passage of a Medicaid expansion bill in at least one chamber of the legislature.

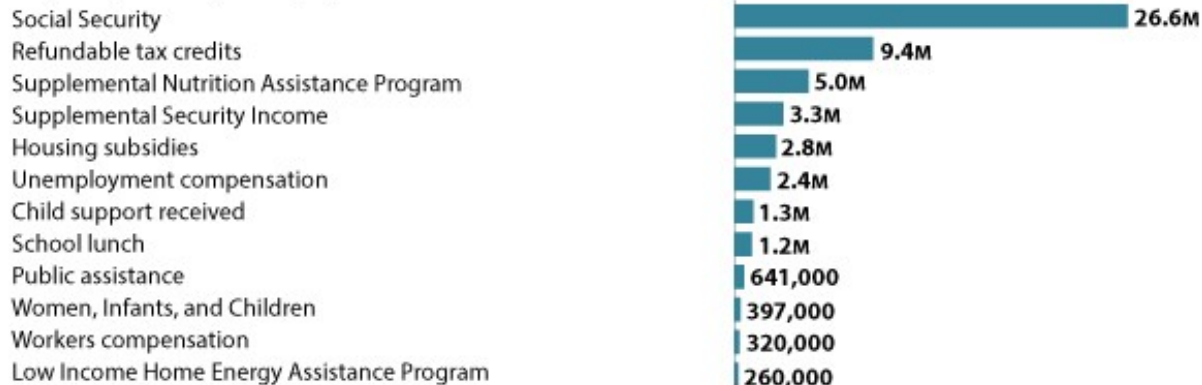
A Different Way of Measuring Poverty

Supplemental Poverty Measure

The official poverty rate is based on pretax money income. The supplemental poverty measure also factors in costs for critical goods and services and government benefits to determine the number of people living in poverty.



People kept out of poverty by ...



People falling into poverty due to ...



A person may receive more than one of the above benefits and may have more than one of the above expenses.

Medicaid and poverty

- Finkelstein et al (2012) use the Oregon Health Experiment to show that Medicaid results in:
 - higher health care utilization
 - better self-reported mental and physical health
 - lower out-of-pocket medical costs and medical debt
- Sommers and Oellerich (2013) estimate that Medicaid decreases poverty rates
 - 1.0 percent among children
 - 2.2 percent among disabled adults
 - 0.7 percent among the elderly

