**National Trends in the Landscape of Child Poverty Across the Past Half Century**

The past quarter century has witnessed an unprecedented decline in child poverty rates, as measured by the [Supplemental Poverty Measure](https://www.census.gov/content/dam/Census/library/publications/2021/demo/p60-275.pdf) (SPM). At the start of this decline, in 1993, more than one in four children in the U.S. (27.9%) lived in families whose economic resources, which include household income as well as government supports, were below the [threshold needed to meet their basic needs](https://www.census.gov/library/visualizations/2017/demo/poverty_measure-how.html). By 2020, less than one in ten children (9.7%) lived in families whose economic resources were below the SPM poverty threshold. That represents a 65 percent decline in the child poverty rate over these 27 years, effectively cutting the incidence of child poverty by two-thirds. The magnitude of this mostly continuous decline is unprecedented in the [history of poverty measurement](https://www.census.gov/library/visualizations/2014/demo/poverty_measure-history.html) in the U.S.

[Simple bar graph illustrating the dramatic decline]

In this report, we explore the factors that help to explain *why* we have seen such a remarkable decrease in child poverty in the past quarter century. In this first section, we provide some context for the recent decline in child poverty by providing a brief overview of how poverty is measured in the U.S. and then situating current trends within the broader historical patterns of child poverty in the United States. Next, we provide a summary of the three broad sets of factors—the economy, demography, and policy—that impact the incidence of child poverty in the U.S. and explore how these factors have changed over time and in relation to changes in the incidence of child poverty.

**Poverty Measurement in the U.S.**

Children in the U.S. are [defined](https://www.census.gov/library/visualizations/2017/demo/poverty_measure-how.html) as living in poverty when their family’s economic resources are below a given threshold of what is minimally required for meeting their basic needs, such as food, clothing, shelter, and utilities. Two of the most accepted measures for determining poverty thresholds for the U.S. are the Official Poverty Measure (OPM) and the Supplemental Poverty Measure (SPM). The measures differ in their assumptions about what is minimally required for meeting a family’s needs and what resources are available to a family to meet those needs (see Table X). Based on the assumption that families spent approximately one-third of their income on food, the OPM set the poverty threshold at three times the cost of a minimum food diet in 1963 and is adjusted every year for inflation. As housing and other costs have risen and spending on food accounts for a much smaller proportion of family budgets, the SPM, which was first published in 2009, uses more updated information about what people spend today for food, clothing, shelter, and utilities. While both measures adjust these costs to account for the needs of families of different types and sizes, only the SPM also accounts for geographic differences in costs of living. With respect to how each measure determines what resources are available to families to meet their needs, the OPM primarily counts cash income (i.e., wages and salaries) – but also interest dividends, retirement income, and cash benefits such as Social Security and Temporary Assistance for Needy Families (TANF) – as the key economic resources available to a family to meet their basic needs. The SPM, by contrast, starts with cash income but also includes benefits from the government that are not considered cash – such as refundable tax credits and nutrition, housing, and energy assistance – but which similarly help families meet their basic needs. In addition, the SPM subtracts out necessary expenses, such as healthcare costs, childcare costs, costs of commuting to work, and taxes.

Each of these measures has pros/cons and may help to answer different policy questions. Broadly, the SPM, with its more up-to-date assumptions about current living needs and expenses and inclusion of government benefits, is likely a better indicator of the economic wellbeing of U.S. children overall. However, the income-based OPM remains important for understanding what children’s economic wellbeing would look like without government programs like refundable tax credits and in-kind supports.

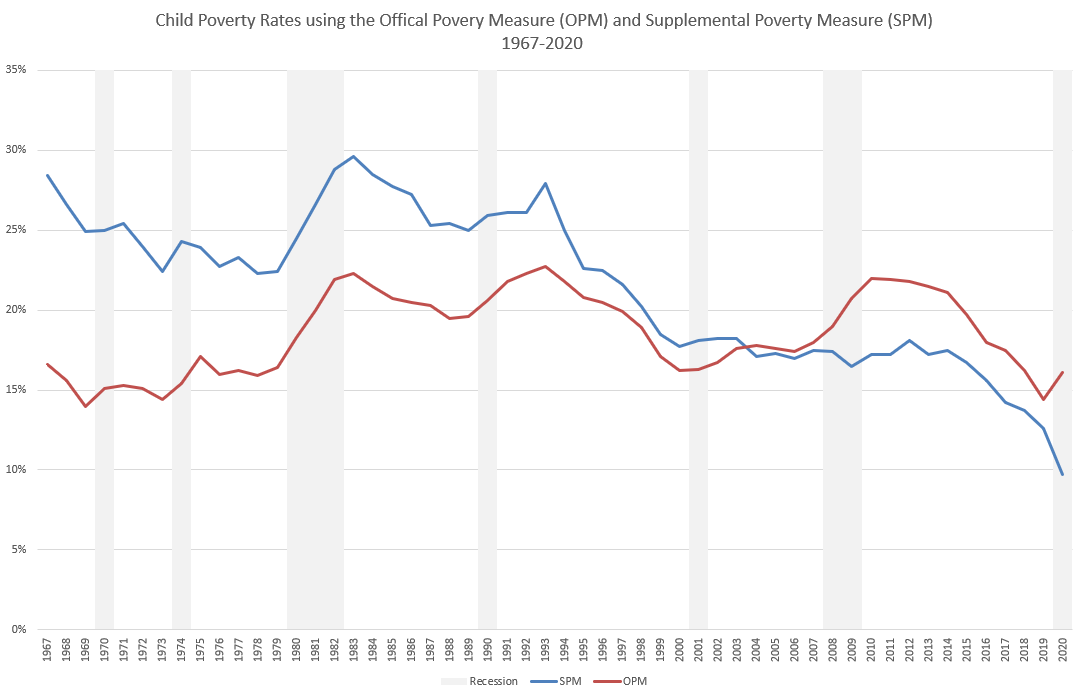
***Table X.* The Official Poverty Measure (OPM) and Supplemental Poverty Measure (SPM) use different assumptions about family needs and resources**

|  |  |  |
| --- | --- | --- |
|  | **Official Poverty Measure (OPM)** | **Supplemental Poverty Measure (SPM)** |
| *How is the minimum level of resources required to meet basic needs determined?* | Set at three times the cost of a minimum food diet in 1963, adjusted for inflation | Uses current consumer expenditure data to determine what people spend today for food, clothing, shelter, and utilities |
| *How are thresholds adjusted for differing needs?* | Adjusted for family size and composition | Adjusted for family type and size, and geographic differences is housing costs |
| *What sorts of economic resources are available to families to meet their basic needs?* | Pre-tax cash income (including interest dividends, retirement income, and cash benefits such as Social Security and TANF) | All cash income and benefits included in the OPM ***plus*** refundable tax credits and in-kind benefits (e.g., nutrition, housing, and energy assistance) ***minus***necessary expenses (e.g., healthcare and childcare costs) |
| *Who shares resources?* | All individuals residing together who are related by birth, marriage, or adoption | All individuals residing together who are related by birth, marriage, or adoption, ***plus*** coresident unrelated children, foster children, and unmarried partners and their relatives |
| *Note.* The information presented in this table draws from the Census Bureau's [*Measuring America: How the U.S. Census Bureau Measures Poverty*](https://www.census.gov/library/visualizations/2017/demo/poverty_measure-how.html)*.* | | |

**Trends in Child Poverty from 1967-2020**

In Figure X below, we present rates of child poverty in the U.S. from 1967 to 2020, using both the official (solid red line) and the supplemental (solid blue line) measures of poverty. While the SPM measure of poverty was not developed until 2009, researchers at Columbia University’s Center on Poverty & Social Policy have estimated [annual SPM thresholds and poverty rates going back in time to 1967](https://www.povertycenter.columbia.edu/historical-spm-data), using data from the [Current Population Survey’s Annual Social and Economic Supplement](https://www.census.gov/data/datasets/time-series/demo/cps/cps-asec.html) (CPS ASEC). Because SPM poverty thresholds are adjusted for differences in living standards that can change over time, it is difficult to make comparisons from one year to the next. However, to facilitate over-time comparisons, the researchers at the Center on Poverty & Social Policy have also constructed SPM thresholds and poverty rates that are [anchored in current living standards](https://www.census.gov/content/dam/Census/newsroom/press-kits/2017/appam/Fox-APPAM-Anchored%20and%20Relative.pdf) and adjusted backward in time for inflation. We use this anchored historical measure of SPM-based poverty to present trends in child SPM poverty over the past half century in the figure below.

*Figure X.* Child poverty rates using the Official Poverty Measure (OPM) and Supplemental Poverty Measure (SPM), 1967-2020



As seen in Figure X above, from 1967 to about 1990, the official estimates of child poverty were considerably lower than estimates based on the SPM. In 1967, the OPM child poverty rate was 16.6 percent, while the SPM child poverty rate was 28.4 percent. This amounts to a 11.8 percentage point difference in the OPM and SPM calculations of the child poverty rate in 1967. This gap between OPM and SPM calculations, which is most visible prior to 1993 is [likely due](https://www.ssa.gov/policy/docs/ssb/v75n3/v75n3p55.html#:~:text=For%20nonaged%20adults%2C%20MOOP%20expenses,be%20greater%20than%20official%20poverty.&text=Compared%20with%20the%20official%20measure,those%20poor%20under%20the%20SPM%20(.) to the fact that the SPM subtracts out necessary expenses, such as out-of-pocket medical expenses and work and childcare expenses, from its calculation of a family’s available resources. While there is a slight narrowing of the gap between OPM and SPM child poverty rates following President Johnson’s declaration of war on poverty in 1967 through the early 1990s, the gap remains fairly substantial. Moreover, during this same time period, both the OPM and the SPM child poverty rates are very responsive to economic cycles, typically rising during periods of recession (indicated in the figure by vertical light grey bars) and falling during periods of economic booms.

Beginning in the early 1990s, however, the SPM child poverty rate begins to follow a very different pattern than that of the OPM. The OPM child poverty rate continues to rise and fall with economic cycles, but overall remains stubbornly steady across longer periods of time: in 2020, the child poverty rate, as measured by the OPM, was 16.1 percent – only a half a percentage point lower than when it was first measured in 1967. As noted above, the SPM child poverty rate followed a similar cyclical pattern up until the early 1990s. Beginning in 1993, however, the SPM child poverty rate seems to decouple itself from the economic cycles and the OPM. Child poverty, as measured by the SPM, begins to decline dramatically and continues along a fairly continuous downward trajectory through 2020. By 2020, the SPM child poverty rate was 9.7 percent, down from 27.9 percent in 1993, representing a 65 percent decline, or a decrease of 18.2 percentage points.

This decoupling of the SPM child poverty rate from the OPM child poverty rate and from economic cycles represents an important shift in the landscape of child poverty. One of the key differences between the SPM and the OPM is the inclusion, in the SPM, of government tax and transfer programs in its measure of a family’s economic resources. The closing and, ultimately, reversing of the gap between the SPM and the OPM thus suggest that, beginning in the early 1990s, safety net programs became increasingly more effective at ensuring that families with children had sufficient resources to meet their basic needs. In addition, the decoupling of the SPM from economic cycles suggests that safety net programs play a role in protecting families with children from sliding into poverty during economic downturns.

The present analyses explore each of these hypotheses in turn, focusing on the period of substantial decline in SPM child poverty from 1993-2020, with comparisons to the pre-welfare-reform period from 1980-1992 that preceded it. First, however, look across the last half century to provide a historical overview of the [three broad sets of factors](https://pubs.aeaweb.org/doi/pdfplus/10.1257/089533006776526102) that shape the landscape of child poverty in the U.S.: economic and labor market conditions, demographic shifts, and changes in government policies. We describe each set of factors, in turn, below, with an eye to their influence on the incidence of child poverty in the U.S.

**Economic Factors that Influence the Child Poverty Landscape**

Economic and labor market conditions that have the potential to influence the rate of child poverty in the U.S. include overall macroeconomic growth, cyclical forces such as economic booms or recessions, labor force participation, changes in the level of wages earned for every hour worked, as well as the extent to which wages grow faster for the highest tenth percentile of earners compared to the lowest tenth percentile of earners. Increases in [macroeconomic growth](https://www.science.org/doi/full/10.1126/science.aal4617), higher rates of [labor force participation](https://www.annualreviews.org/doi/pdf/10.1146/annurev.so.13.080187.001355?casa_token=OyNRkX7D298AAAAA:6u0rGNkvDBJVmG9g3rn3LBcGSjvnjW6BHh2q5JUvg8YpkDxVXe8QQ7Wpg99aptfHprcqgn3H77E8iQ) (particularly among women), and [higher wages](https://pubs.aeaweb.org/doi/pdfplus/10.1257/089533006776526102) have historically translated into higher household incomes. By contrast, higher rates of [unemployment](https://ams-forschungsnetzwerk.at/downloadpub/urban_institute_unemployment_and_income_2008december.pdf) and greater [economic inequality](https://dlib.bc.edu/islandora/object/bc-ir:103141/datastream/PDF/download/citation.pdf) (wage disparities between higher and lower earners) would be expected to lead to lower household incomes. These latter two factors are expected to be particularly [missing word?] for low-wage earners, who are already economically vulnerable and [disproportionally impacted by economic downturns](https://www.clasp.org/sites/default/files/publications/2019/09/2019_nextrecession.pdf).

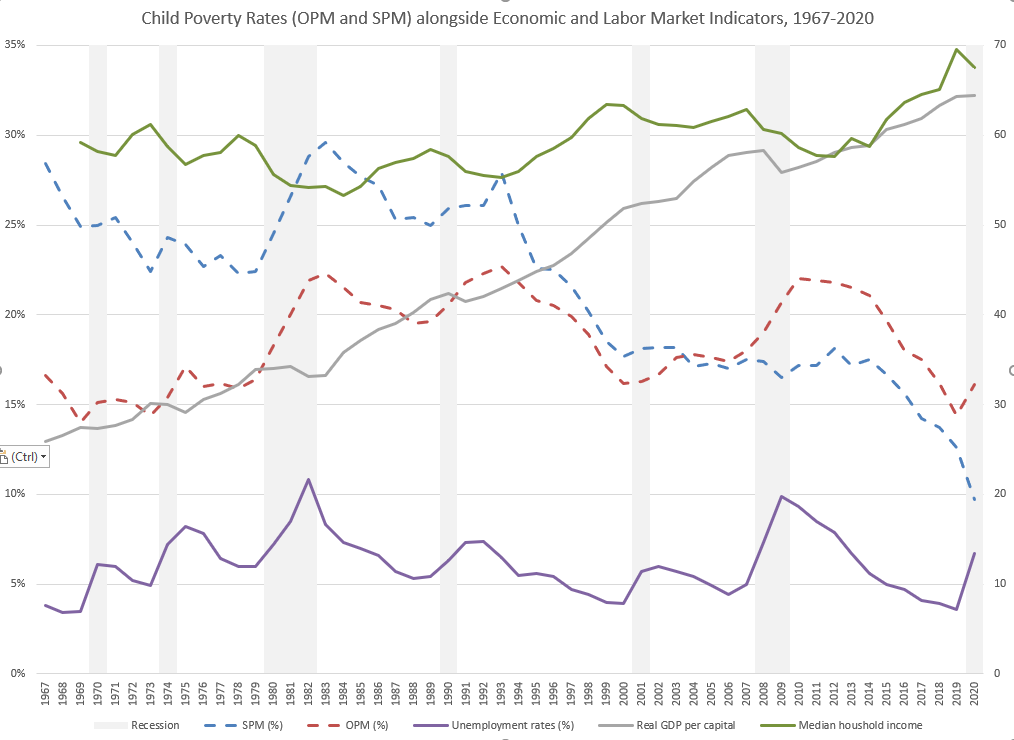
In Figure X below, we overlay the historical trends in OPM and SPM child poverty rates (now represented by dashed red and blue lines, respectively) with trends across this same time period in unemployment rates (solid purple line), real gross domestic product (GDP) per capita (solid gray line), and real median household income (solid green line). Real GDP per capita and real median household income are both represented in thousands of 2020 dollars.

The figure shows that [real GDP](https://fred.stlouisfed.org/series/A939RX0Q048SBEA) per capita more than doubled over the last half century, growing from $25,800 in 1967 to $64,400 in 2020, a 150 percent increase. However, the strong and fairly steady economic growth did not necessarily translate into lower rates of OPM child poverty, which is based primarily on family income and, as we noted above, remained relatively stable across this time period aside from the fluctuations in response to the economic cycles. By contrast, the rises and falls in the OPM child poverty rate – and, prior to 1993, in the SPM child poverty rate – very closely mirror the rises and falls in [unemployment](https://data.bls.gov/cgi-bin/surveymost?bls) that accompany periods of recession and economic booms. That is, during periods of recession (indicated in the figure by vertical light gray lines), we see increases in the unemployment rate and in the OPM child poverty rate. In periods of economic booms, the unemployment rate goes down and decreases in the OPM child poverty rate follows not long after. The SPM child poverty rate followed a similar pattern up through 1993; following 1993, however, the SPM child poverty rate experienced large declines during periods of economic booms, and small declines (or stabilization) during recession and recovery periods.

Similarly, the broad economic growth in the U.S. during the last half century did not fully translate into increases in median household incomes. [Real median household income](https://fred.stlouisfed.org/series/MEHOINUSA672N) rose and fell throughout this time period, in response to expansions and contractions in the economy. Across the time period as a whole, however, real median household income did experience some growth (after adjusting for inflation), even if much more muted growth than that seen for real GDP: it increased by about 20 percent, from $55,900 in 1967 to $67,520 in 2020, with much of this growth occurring between the early- to mid-1990s to 2020. It is likely that some of this growth in real household income may be due to increased [labor force participation and hours worked](https://www.brookings.edu/blog/up-front/2018/10/04/if-real-wages-arent-rising-how-is-household-income-going-up/) rather than increases in real wages. Indeed, [female labor force participation](https://fred.stlouisfed.org/series/LNS11300002) increased 34 percent during this same time period, from 41.9 percent in 1967 to 56.0 percent in 2020.

In sum, rising national GDP did not necessarily translate into higher wages for the average working American. This is likely due to greater inequality, across this time period, in the [distribution of growth](https://www.science.org/doi/full/10.1126/science.aal4617). Indeed, [income inequality](https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-income-inequality.html) – often measured by the ratio of the household income at the 90th percentile to that at the 10th percentile – has grown about 40 percent. This suggests that the association between macroeconomic growth in the U.S. over the past half century and poverty reduction may be not as strong as otherwise expected.

*Figure X.* Child poverty rates using the Official Poverty Measure (OPM) and Supplemental Poverty Measure (SPM), 1967-2020



**Demographic Factors that Influence the Child Poverty Landscape**

Demographic shifts can also influence the incidence of children living in families experiencing poverty – due to their strong correlation with household income and access to opportunities for economic mobility in the U.S. For example, the share of working-age adults (age 25 or older) who have [completed four years of high school or more](https://www.census.gov/data/tables/time-series/demo/educational-attainment/cps-historical-time-series.html) increased 77 percent over the last half century, from 51.5 percent in 1967 to 90.9 percent in 2020. Higher levels of [educational attainment](https://documents1.worldbank.org/curated/en/442521523465644318/pdf/WPS8402.pdf) have been consistently and strongly associated with higher earnings, and this association between educational attainment and earnings has grown even stronger over time.

The share of single-parent families has also grown over this time period. In 1970, 12.8 percent of all families with children were headed by a single parent. By 1996, the proportion of single-parent families had more than doubled, to 32 percent, after which it stabilized and even decreased a bit. This rise in the share of single parent families represents a counterforce in poverty reduction: [single-parent families](https://www.econstor.eu/bitstream/10419/169247/1/687.pdf), compared to families that include two parents or cohabitating partners, are at greater risk of experiencing poverty, in large part because they lack a second earner and/or a second caregiver with whom they can share childcare duties, which allows greater [flexibility and sustainability of employment](https://www.cambridge.org/core/journals/journal-of-social-policy/article/abs/relationships-of-care-working-lone-mothers-their-children-and-employment-sustainability/F39DFD775E8BACAF35AB77DF17EB3143).

The [racial, ethnic, and immigrant](https://link.springer.com/article/10.1007/s11113-019-09512-7) composition of a population—which has shifted during this time period to include greater proportions of people of color and immigrants—can also impact child poverty rates. People of color and immigrants live with [systemic discrimination](https://www.annualreviews.org/doi/abs/10.1146/annurev.soc.33.040406.131740?journalCode=soc) and [structural barriers](https://www.clasp.org/sites/default/files/publications/2018/11/Building%20Strong%20Foundations%20Racial%20Equity%20Brief.pdf) that have led to racial, ethnic, and immigrant [inequities](https://www.urban.org/urban-wire/people-color-employment-disparities-start-early) in wages, job quality and security, education, housing and home ownership, and neighborhood conditions and resources. In turn, Black, Hispanic, and AIAN families, as well as immigrant families of all race/ethnicities tend to be more likely to experience poverty.

**Policy Factors that Influence the Child Poverty Landscape**

Government antipoverty policies also play an important role in the incidence of child poverty in the United States. Antipoverty programs can range from cash transfers and refundable tax credits, which are intended to directly supplement a family’s income, to in-kind transfers, which typically provide direct services or vouchers that families can use to meet specific needs – such as nutrition, housing, healthcare, or childcare needs. Both types of programs not only provide stability in a family’s access to basic needs during economic downturns and periods of economic hardship, but also support longer-term economic mobility by freeing up family resources that can be used to support parents’ labor market participation and access to higher-wage jobs, including childcare, transportation, and educational and skills investments.

Below, we provide a brief summary of the main government programs aimed at reducing child poverty in the U.S., as well as how each of these programs has changed over time.

*Cash welfare*

[Aid to Families with Dependent Children (AFDC)/Temporary Assistance for Needy Families (TANF)](https://aspe.hhs.gov/aid-families-dependent-children-afdc-temporary-assistance-needy-families-tanf-overview) are cash assistance programs, implemented at the state level using a combination of federal and state funds, that provide modest cash assistance to families with children who have incomes well below the poverty threshold. AFDC was established by the Social Security Act of 1935 and was designed to help support children in families in which a parent was absent from the home, deceased, or unable to work. Benefit levels were set by individual states, with the maximum benefit going to families with no income and benefits decreasing as earning increased.

However, concerns about work disincentives led to welfare reform and, in 1996, with the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), AFDC was replaced by TANF, which imposed work requirements and a lifetime maximum of five years of benefits. In addition, states were granted flexibility to spend the federal funds on programs other than direct cash assistance (e.g., work, education, and training activities, childcare subsidy programs, child welfare services). PRWORA also largely restricted immigrant access to TANF to those who have been in the U.S. for at least five years. Federal spending declined dramatically in the post-welfare-reform years, from approximately 27.5 billion real 2020 dollars in 1996 to 8.5 billion real 2020 dollars in 2016 (see Figure X above); in addition, smaller shares of federal funds have gone toward direct cash assistance.

*Federal refundable tax credits*

Refundable tax credits include the [Earned Income Tax Credit (EITC)](https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit-eitc) and the refundable portion of the [Child Tax Credit (CTC)](https://www.childtaxcredit.gov/). Eligible families who file taxes and claim these refundable credits receive cash back from the government if the credit amount is larger than taxes owed.

The EITC, which was first enacted on a temporary basis in 1975 and made permanent by the Revenue Act of 1978, is generally targeted to low- and moderate-income working families and designed specifically to [encourage work and reduce dependence on cash welfare](https://sgp.fas.org/crs/misc/R44825.pdf). Credit amounts depend upon family type, number of children, and income level. Workers are eligible for the EITC with their first dollar of earned income, with the credit amount increasing (during what is called the phase-in range) as earning rise until it hits the maximum credit (almost $6000 in 2020 for two qualifying children). At higher incomes (after a “flat range” at the maximum credit), the credit begins to phase out as incomes increase until the income limit is reached, which in 2020 was [$47,440](https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/earned-income-and-earned-income-tax-credit-eitc-tables) for a single parent with two children. All family members must have a social security number (SSN) to qualify. The EITC was expanded in 1986, 1990, and 1993. Between 1986 and 2013, federal spending on EITC increased from under 5 billion to 73 billion (in real 2020 dollars).

The CTC, which was introduced in 1997, has a similar phase-in/phase-out structure as the ETIC, but primarily goes to [higher-income families](https://www.brookings.edu/bpea-articles/safety-net-investments-in-children/) with credit originally phasing out at incomes as high as $110,000 for a married couple filing jointly or $75,000 for a single head of household. The original credit was $400 per child and was non-refundable, limiting its value for many lower-income families who did not have any tax obligations. A refundable Additional Child Tax Credit (ACTC) was introduced in 2001 and expanded in 2009. In addition, the value of the credit steadily increased during this time as well, to $1,000 per child in 2010, and then increased again in 2017 to $2,000 per child. Through 2017, taxpayers were required to provide a taxpayer ID for each child claimed; however, beginning in 2017, SSNs are required for each child claimed (though other family members can provide taxpayer IDs). In 2021, the American Rescue Plan made several temporary changes to the child credit, including eliminating the phase-in range, making the credit fully refundable, increasing the maximum amount of the credit to $3,000 for each child 6-17 years and $3,600 for each child 0-5 years, and delivering half of the credit in monthly advanced payments.

*Nutrition assistance*

The [Supplemental Nutrition Assistance Program (SNAP)](https://www.fns.usda.gov/snap/supplemental-nutrition-assistance-program), previously known as the Food Stamps program, provides vouchers or debit cards that can be used to purchase food from grocery stores to families with incomes at or below 130 percent of the federal poverty threshold. The program was first implemented from 1939 to 1943 as a key component of the New Deal program and reintroduced by the Food Stamp Act of 1964. The program has been federally administered with uniform national standards since 1977. The program experienced severe budget cuts in 1981, with some funding restored in 1988 and 1990 but then pulled back again in the later 1990s, with federal spending on SNAP decreasing 36 percent from 40 billion in real 2020$ in 1996 to under $26 billion in real 2020$ in 2000. In 1999 and the early 2000s, states were granted the power to broaden eligibility. However, as with AFDC/TANF, most categories of immigrants are not eligible for SNAP benefits until they have been in the country for at least five years. In 2009, as part of the American Recovery and Reinvestment Act, the level of SNAP benefits was temporarily increased to offset economic hardship as a result of the Great Recession; this temporary boost expired toward the end of 2013. Between 2000 and 2013, real federal spending on SNAP increased nearly 250 percent to a peak of over 88 billion in real 2020 dollars.

Other nutrition programs include the [Women, Infants, & Children (WIC)](https://www.fns.usda.gov/wic) nutrition program, established in 1974, which provides children under the age of five and pregnant women in low-income households with monthly food vouchers for the purchase of specific types of nutritious food, and the [National School Lunch Program (NSLP)](https://www.fns.usda.gov/nslp) and [School Breakfast Program (SBP)](https://www.fns.usda.gov/sbp/school-breakfast-program), begun in 1946 and 1966, respectively, which provide free or reduced-price school meals to children who live in low-income households.

*Other government programs reduce economic hardship among low-income families with children*

[Supplemental Security Income](https://www.ssa.gov/ssi/) provides cash benefits for low-income aged and disabled individuals. [Housing](https://crsreports.congress.gov/product/pdf/RL/RL34591) and [energy](https://www.acf.hhs.gov/ocs/low-income-home-energy-assistance-program-liheap) assistance programs provide housing vouchers or designate rental units for low-income renters to restrict their housing cost burden to no more than 30 percent of their income. [Unemployment insurance](https://www.dol.gov/general/topic/unemployment-insurance), while not means-tested, provides temporary relief for workers who have lost their jobs through no fault of their own. [Medicaid](https://www.medicaid.gov/chip/index.html) and [Children’s Health Insurance Program (CHIP)](https://www.medicaid.gov/chip/index.html) provide health insurance coverage to low-income families, thereby reducing families’ out-of-pocket medical expenses. Finally, [Head Start, Early Head Start](https://childcare.gov/consumer-education/head-start-and-early-head-start), and [Child Care Development Fund (CCDF)](https://www.acf.hhs.gov/archive/occ/faq/what-child-care-and-development-fund-ccdf) programs provide early care and education resources for low-income families.

In Figure X, we illustrate how real spending for the four largest(?) federal programs has changed over time and in relation to changes in child poverty. While real spending for TANF began decreasing considerably in 1996, significant expansions of EITC beginning in the 1990s and increases in SNAP spending in the 2000s likely help to reduce the SPM child poverty rate, which accounts for these programs in its measure of family resources. The CTC, which was introduced in 1997, may have also have played a role, though likely not until the 2000s when the refundable ACTC was enacted. These federal programs likely also prevented increases in the SPM child poverty rate during economic recessions, as were seen in the OPM child poverty rates during economic downturns. We explore these hypotheses further in the next section.

Figure X. OPM and SPM child poverty rates alongside real federal spending on four programs, 1967-2020

