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Research BRIEF

AMERICA'S CHILDREN IN POVERTY: A NEW LOOK AT WHO'S POOR UNDER THE SUPPLEMENTAL POVERTY MEASURE

By Christopher Wimer

The Census Bureau's new Research Supplemental Poverty Measure provides an opportunity to reexamine child poverty by looking at three groups of children: (a) the "core poor," those who live in families who are poor no matter which measure is considered; (b) the "lifted out," those who are classified as poor under the official measure but as no longer poor under the supplemental measure; and (c) the "thrown in," those who are newly classified as poor under the supplemental measure.

Key Findings:

- The "core poor," the largest of the three groups (11.2 million children in 2010), are the most highly disadvantaged of the three groups. They live in families that are less likely to be engaged with the labor market and have lower earnings, which puts them far below the poverty threshold. They have moderate access to the social safety net, which often keeps them out of "deep poverty," but not enough to bring their families' incomes above either the official or supplemental poverty threshold.
- The "lifted out" group (5.6 million children in 2010) lives in families with more attachment to the labor market and more earnings, and they have families with income that is much closer to the official poverty threshold. Their families combine this income with more safety net benefits, which together raise their families' incomes above the supplemental poverty threshold.
- The "thrown in" group (2.4 million children in 2010) lives in families characterized by high levels of necessary expenses, in particular medical out-of-pocket expenses. Most are in families with incomes just above the poverty threshold, their families' high expenses and low attachment to the safety net result in these children falling below the poverty threshold under the new measure.

Acknowledgements

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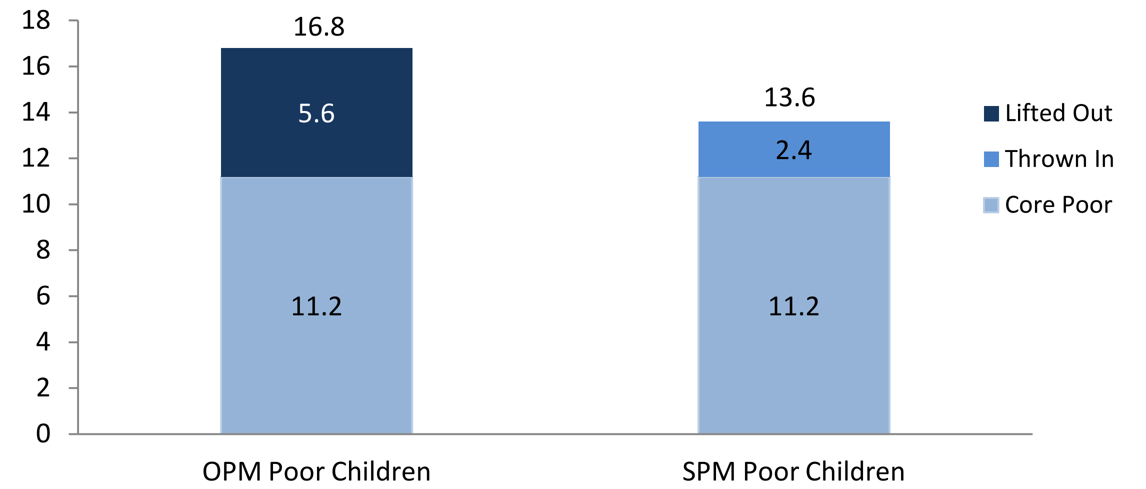
Introduction

This research brief examines child poverty in 2010 using both the Official Poverty Measure (OPM) that the Census Bureau has been using since the 1960s, and the more recent Research Supplemental Poverty Measure (SPM).The goal of the brief is to demonstrate how each measure differentiates the poor from the non-poor, how the SPM adds to our understanding of child poverty, and how the two measures taken together may provide important delineations of which children are poor when measured using the OPM and the SPM. In particular, the brief looks at three groups of children (see Figure 1): the "core" group of children who are poor regardless of which poverty measure is used (11.2 million children); those who are poor only under the official measure and are "lifted out" of poverty when employing the SPM (5.6 million children); and those children who are not poor under the official measure but who are "thrown in" to poverty under the new SPM measure (2.4 million children). In so doing, the brief seeks to identify the core characteristics of each group in order to shed light on what each poverty measure means for our understanding of child poverty in America. It also demonstrates what each measure independently contributes to our understanding of child poverty and offers some insights based on a comparative analysis of these three groups of children.

Figure 1: Children in Poverty by Poverty Measure, 2010 (Millions)



The Supplemental Poverty Measure

In 2011, the Census Bureau released its first Research Supplemental Poverty Measure (SPM), the culmination of nearly two decades of work experimenting with new, and many would argue better, ways of calculating how many Americans have insufficient resources to provide for the basic needs of themselves and their families. Though the technical details and differences between the SPM and the OPM are numerous, the advancements embodied by the SPM can roughly be categorized along four key dimensions.

First, the SPM poverty threshold accounts for a set of basic goods including food, clothing, shelter and other basic necessary goods and services. The OPM poverty threshold was initially set based only on the cost of a minimally adequate or "economy" food budget in 1963 and the relationship between that budget and overall household spending for other necessities around that same time. Since then, it has been adjusted to reflect overall changes in prices but not for any changes in the relationship between the food budget and overall household expenditures. The SPM poverty threshold, on the other hand, explicitly accounts for not only food but also for clothing, shelter, utilities, and a small multiplier for assorted other necessities. Also, unlike the OPM poverty threshold, the SPM poverty threshold is adjusted over time to reflect changing patterns of consumption.

Second, the SPM threshold varies geographically, recognizing the fact that more resources are needed to live in some areas of the country than in others. Whereas the official poverty threshold is the same in both high-cost areas like San Francisco or New York City and in lower-cost areas like rural Kansas or the Mississippi Delta, the SPM sets higher (or lower) poverty thresholds in different areas based on differences in housing costs across areas. The SPM also defines a separate poverty threshold for people in different types of housing arrangements, letting the poverty threshold vary by whether one is a renter, a homeowner who is paying a mortgage, or a homeowner without a mortgage. This feature of the SPM acknowledges that the ongoing costs of meeting basic needs like shelter typically are lower for homeowners who own a home without a mortgage.

Third, the SPM changes the definition of the family unit that essentially broadens both who is considered to be sharing resources within a household and whose needs and resources are to be considered in measuring poverty. In particular, the SPM includes cohabiters and their families in this broader family unit, affecting both the thresholds (by increasing the number of individuals in the family unit), as well as resources (which, under the SPM, include any income sources from cohabiting partners). In addition, the broader SPM family unit includes most foster children and children who are unrelated to anyone else in the household, ensuring that the needs of these children are represented in SPM poverty thresholds. In contrast, the OPM considers only related individuals in defining family units.

Fourth, and perhaps most importantly for understanding the impacts of the safety net, the SPM considers a broader set of resources beyond pretax cash income in its definition of income. The SPM counts a variety of other resources that are often used to support individuals' and families' basic needs that are delivered either as in-kind benefits (such as food or housing assistance) or as net benefits delivered through the tax system (e.g., the EITC). The SPM also subtracts necessary expenditures (payroll and income taxes, work-related expenses, child care, and medical expenses) from these resources.

Primarily because of the last set of changes to the definition of resources, the SPM allows for a much greater consideration of the impact of the social safety net and other public resources that are designed to alleviate poverty in the United States. For example, the Supplemental Nutrition Assistance Program (SNAP, formerly known as the Food Stamp program) is explicitly designed to help poor families improve their levels of nutrition. However, without counting the benefit in the definition of family resources (following OPM methodology) it is impossible to know to what extent the program actually changes the picture of poverty in both its level and trend.

When the SPM methodology is used, a different portrait of who is poor in America emerges. While children are still the poorest age group in the country, relatively fewer children are impoverished under the SPM than under the OPM (see Short, 2011 for details). Under the OPM, 16.8 million children are poor, while under the SPM 13.6 million are poor. The net difference in the numbers of poor children results from a combination of all the changes to the measure described above including both changes to the thresholds and changes to the measurement of resources. These differences raise the question: What are the defining characteristics of poor children under each measure, and how does the new SPM alter the picture of poor children in America?

This brief addresses the question. It first provides a short description of all OPM poor children and all SPM poor children in 2010. Next, the brief examines each of the three key subgroups: the core poor, the lifted out, and the thrown in. When looking at children in each group, the brief considers: (a) their families' income from various sources; (b) their families' receipt of safety net benefits; (c) the amount of safety net benefits received; and (d) the expenses faced by the children's families. A brief conclusion follows.

Child Poverty Under the OPM and the SPM

As measured in 2010, 16.8 million children (or 22.5 percent of all children in the U.S.) are considered poor under the OPM (see Figure 1). This number falls to 13.6 million children (or 18.2 percent of all children) under the SPM. How do these two groups of poor children compare? Demographically, the two groups look similar (see Appendix Table A-4). In total, about 32 percent of poor children are White non-Hispanic under both the OPM and SPM measures (32.5 and 31.8 percent, respectively); roughly one-quarter of poor children are Black non-Hispanic (24.7 percent of OPM poor children and 22.2 percent of SPM poor children); and between 35.1 percent (for OPM) and 37.9 percent (for SPM) of poor children are Hispanic or Latino. In total, 45.3 percent of poor children live with two parents under the OPM, as do 48.3 percent under the SPM. Just under half of OPM poor children (47.1 percent) and SPM poor children (45.4 percent) live with a single parent. Between 6.3 and 7.6 percent of poor children live with no parent under the two measures.

Regional differences are somewhat more pronounced, especially in the Pacific region. This is largely due to the geographic adjustment the SPM includes to account for the cost of basic necessities. While only 16.8 percent of OPM poor children live in the Pacific region of the country, fully 22.3 percent of the SPM poor children live in this region. Child poverty tends to fall in most areas under the SPM. But the extent of this drop is much more dramatic in non-Pacific states (approximately 5 percentage points) than it is in Pacific states (just over 1 percentage point). This differential is largely driven by California, where child poverty actually increases under the SPM. The child poverty rate in California increases from nearly 24 percent under the OPM in 2010 to just over 27 percent under the SPM (not shown here).

The data tables in the Appendix provide additional comparative statistics for the overall groups of OPM- and SPM-poor children. But because the "core poor," the group that is poor no matter what measure is used, forms the vast majority of each group, it is more useful to look at three groups of children: the core poor, the group lifted out of poverty under the SPM, and the group thrown into poverty under the SPM. The remainder of this brief focuses on these three mutually exclusive groups.

The "Core Poor"

Looking only at differences between all OPM and all SPM poor children tends to mask important differences between subgroups of children. In particular, poor children can be categorized into one of three mutually exclusive groups when one moves from examining child poverty under the official measure to looking at it under the supplemental measure. The "Core Poor" are the core group of children who are poor no matter what measure is used. The "Lifted Out" are classified as poor under the official measure, but are "lifted out" of poverty under the new SPM methodology. The "Thrown In" are not classified as poor under the OPM, but are newly classified as poor under the SPM methodology[1]. Note

[1]See Appendix Tables A1-A4 for additional statistics on the three groups of children analyzed in this brief.

that these descriptors do not refer to dynamics of poverty status over time, but rather characterize where children fall under one or both of the poverty measures in a single year (2010).

When using this categorization, these three groups are very distinct. The estimates comparing OPM and SPM poor children presented in the previous section are similar because both groups are dominated by a core group of poor children, the 11.2 million children who are poor under both the OPM and the SPM. These "core-poor" children constitute a substantial majority of all children who are poor under each measure.

Figure 2. Percentage of Children Living in Families with Any Labor Market Income During the Calendar Year

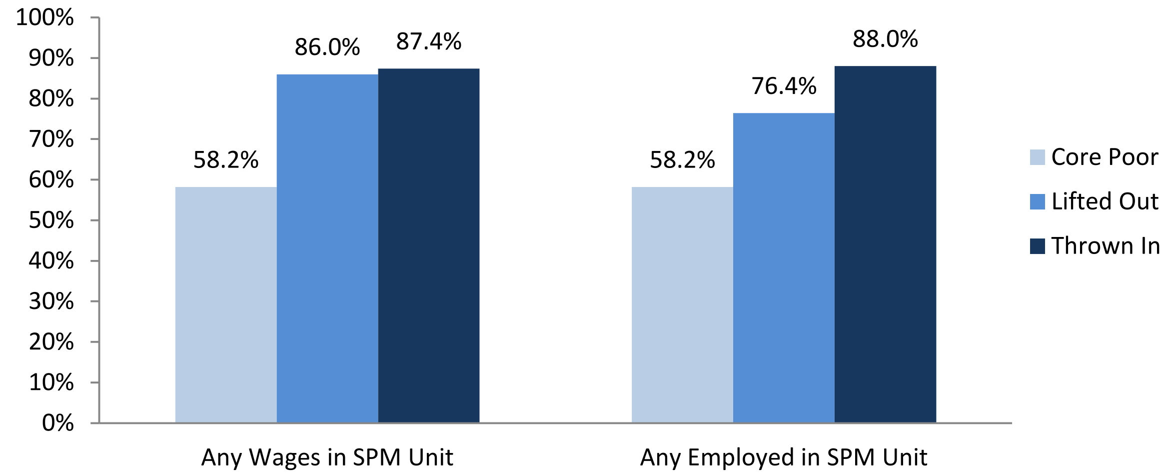
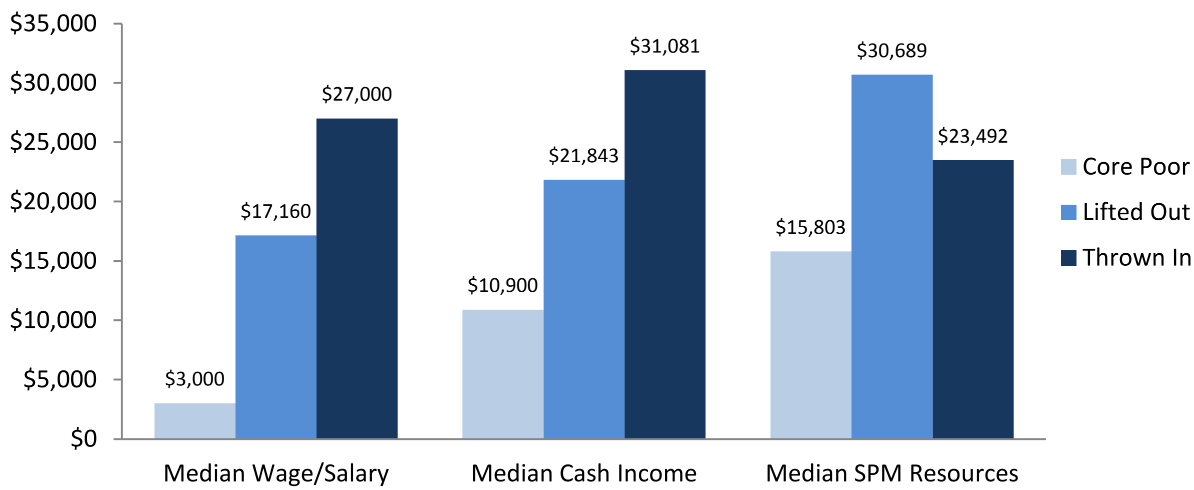


Figure 3. Family Income and Resources of Children by Poverty Status and Type



What are the characteristics of this core group of children? This group is the most disadvantaged of poor children by most measures. Only 58.2 percent of these children are in families with any labor market income (see Figure 2), and the families have median earnings of only $3,000 (see Figure 3). Note that this figure includes many children from families with no earnings; the median earnings for children in core-poor families that have earnings is $12,000 (not shown here). Overall family median cash income (which includes unemployment insurance, social security and SSI, cash welfare assistance, and various other sources of cash income) is higher ($10,900 in cash income vs. $3,000 in earnings) but still relatively low for these children compared to the two other groups of children. Family median SPM resources, which includes not just cash income, but also in-kind benefits, after-tax income, and the subtraction of necessary expenses, is higher still ($15,803), yet remains below the family median SPM resource estimates for the other groups.

On average, children in the core-poor group have an OPM income-to-needs ratio of 0.43, meaning that the average poor child's family in this group has cash resources equal to about 43 percent of the official poverty threshold (see Figure 4). Under the SPM, this group's average total SPM resources equal 65 percent of the SPM threshold. Thus, even for this group of children who are very poor no matter what measure is chosen, making the adjustments under the SPM, and in particular the counting of various safety net benefits, brings them considerably closer to the poverty threshold than they were under the OPM. Given that falling under 50 percent of the poverty threshold is often considered a marker of "deep" poverty, the adjustments made under the SPM identify fewer children falling not just into poverty overall, but fewer children falling into deep poverty as well. These estimates also show that applying the SPM measure provides an indication of the impact of safety net resources in improving the relative material well-being of children in poor families. An increase in the income-to-needs ratio from 0.43 to 0.65 indicates an improvement of approximately 50 percent.

The core group of children poor under both measures often are connected to the safety net (though as shown in Figure 5, less so than children who are lifted out of poverty under the SPM measure and more so than children thrown into poverty under the SPM). Over half (56.9 percent) of core-poor children's families have some EITC income, and 51.7 percent of core-poor children live in families with some SNAP income. In addition, 13.8 percent live in families with some cash welfare assistance, 13.8 receive government housing assistance, and 7.9 percent receive some SSI income. Across ten safety net programs (EITC, SNAP, housing subsidies, Unemployment Insurance, cash welfare, SSI, WIC, school lunch, LIHEAP, and Medicaid), the average child's family in the core-poor group is receiving benefits from 3.3 programs (see Table A-2).

How much are families receiving in benefits? Figures 6a and 6b show the median amounts of various safety net benefits for the families of the three groups of children, if they receive the given benefit. The median SNAP benefit for this group is $4,416 over the year if the family receives SNAP, which is equal to about $368 per month. But only 51.7 percent of the core-poor children live in families that receive SNAP benefits. The median EITC benefit amount for core-poor children is $3,341 in 2010, though as noted above only 56.9 percent of the core-poor children's families receive the EITC. The median housing subsidy value for those in families who receive a housing subsidy is $8,481. This reflects the fact that core-poor children live in families with low incomes that likely pay very low rents, and this increases the estimated value of having a housing subsidy (defined as the difference between one's rent and the market rate of the housing unit). The median SSI benefit for this group, when SSI is received, is $8,088 for the year, but again only 7.9 percent of children in the core-poor group live in families that receive any SSI income.

Figure 4. Income-to-Needs Ratios by Poverty Measure and Child Poverty Status

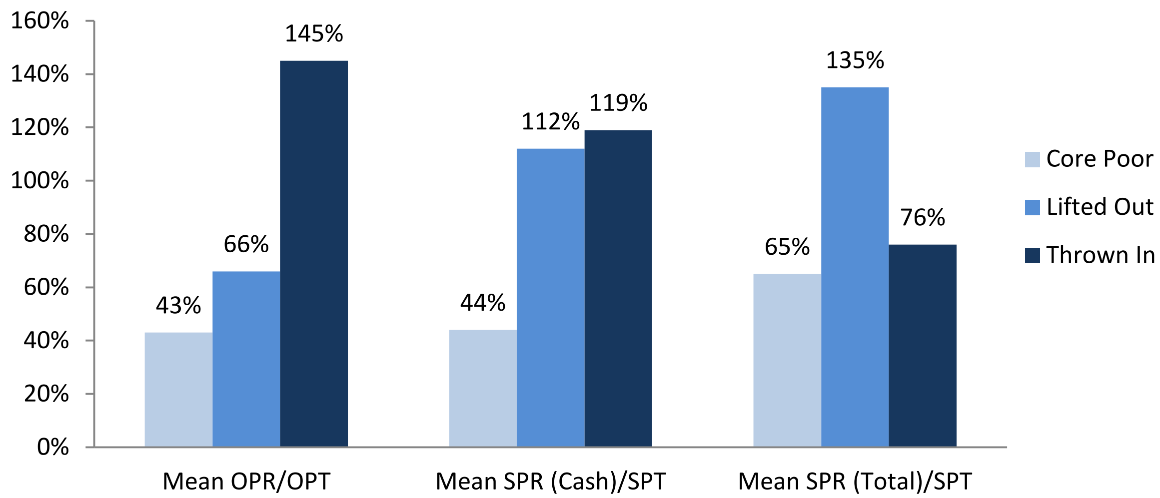


Figure 5. Incidence of Safety Net Receipt by Child Poverty Status (Percent of ANY Receipt from Each Source)

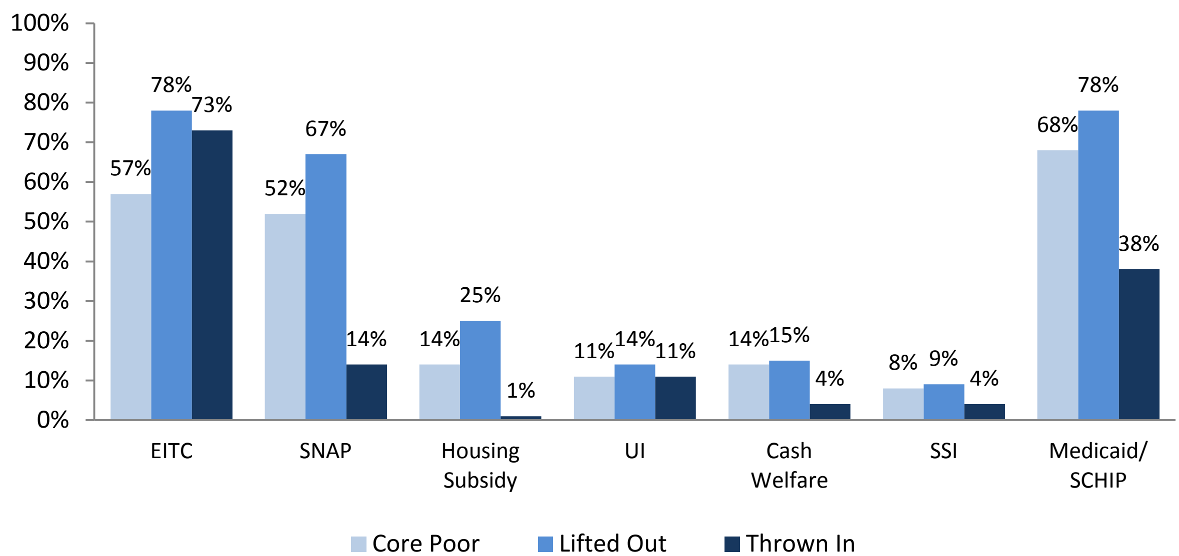


Figure 6a. Median Safety Net Benefits (For Beneficiaries) by Child Poverty Status: SNAP, EITC, and Housing Subsidies

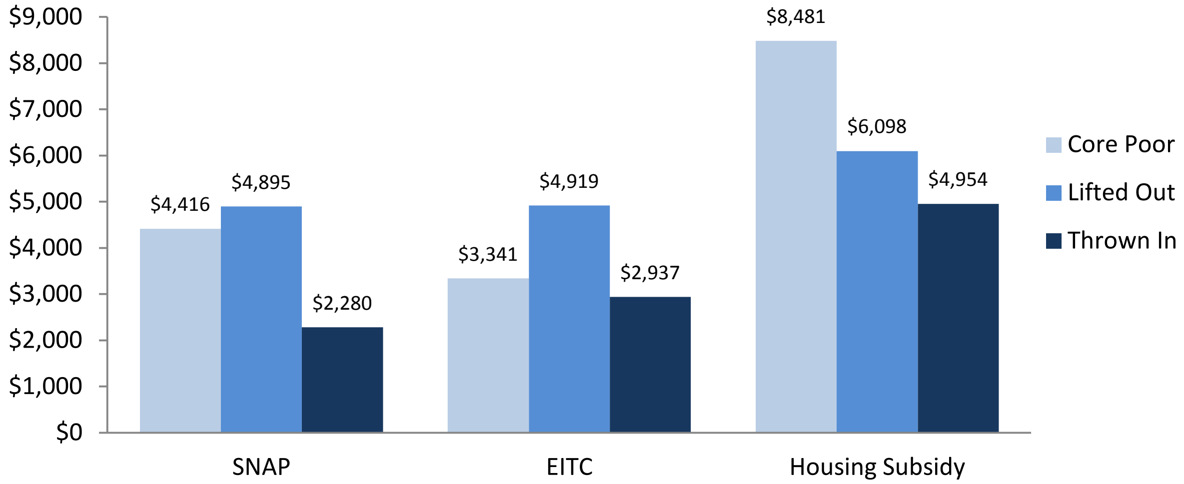
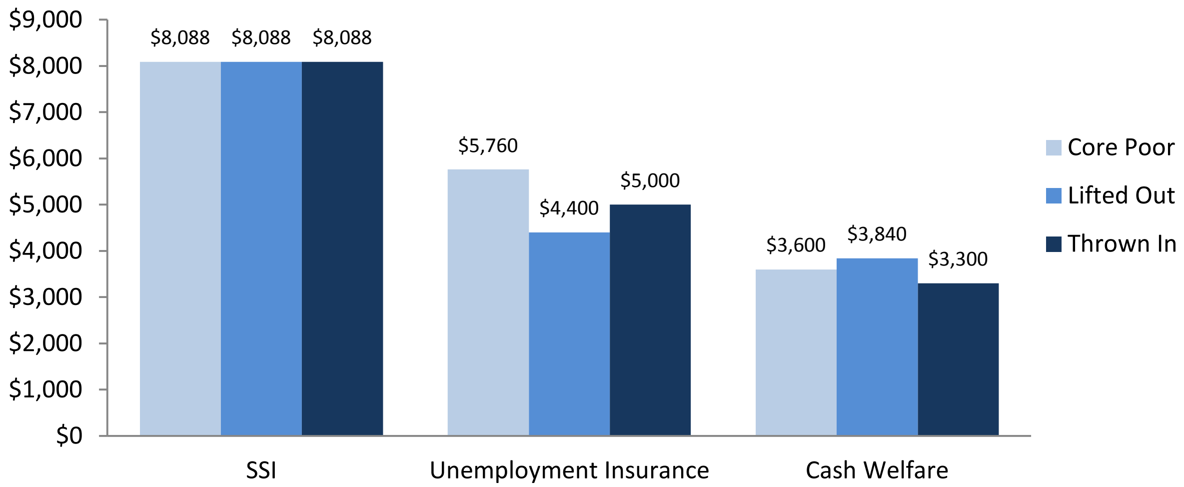


Figure 6b. Median Safety Net Benefits (For Beneficiaries) by Child Poverty Status: SSI, Unemployment Insurance, Cash Welfare



For expenses, children in the core-poor group tend to have fairly low family medical expenses (see Figure 7). The median value of medical expenses paid out-of-pocket (MOOP, which include insurance premiums, co-pays and deductibles) for this group is $385; this value rises to only $540 if those with no MOOP expenses are excluded (see Table A-3). Median work and child care expenses for these families are somewhat higher ($904), but as shown below, this is substantially lower than the amounts found for other groups, primarily because the adults in these children's families are substantially less likely to be working.

The "Lifted Out"

Children who are officially poor but are not classified as poor under the SPM differ from the core poor in three primary ways; their families: 1) have substantially more cash and other income resources (i.e., they are much closer to the official poverty threshold), 2) are more likely to be receiving assistance from safety net programs, and 3) receive greater levels of benefits from these safety net programs.

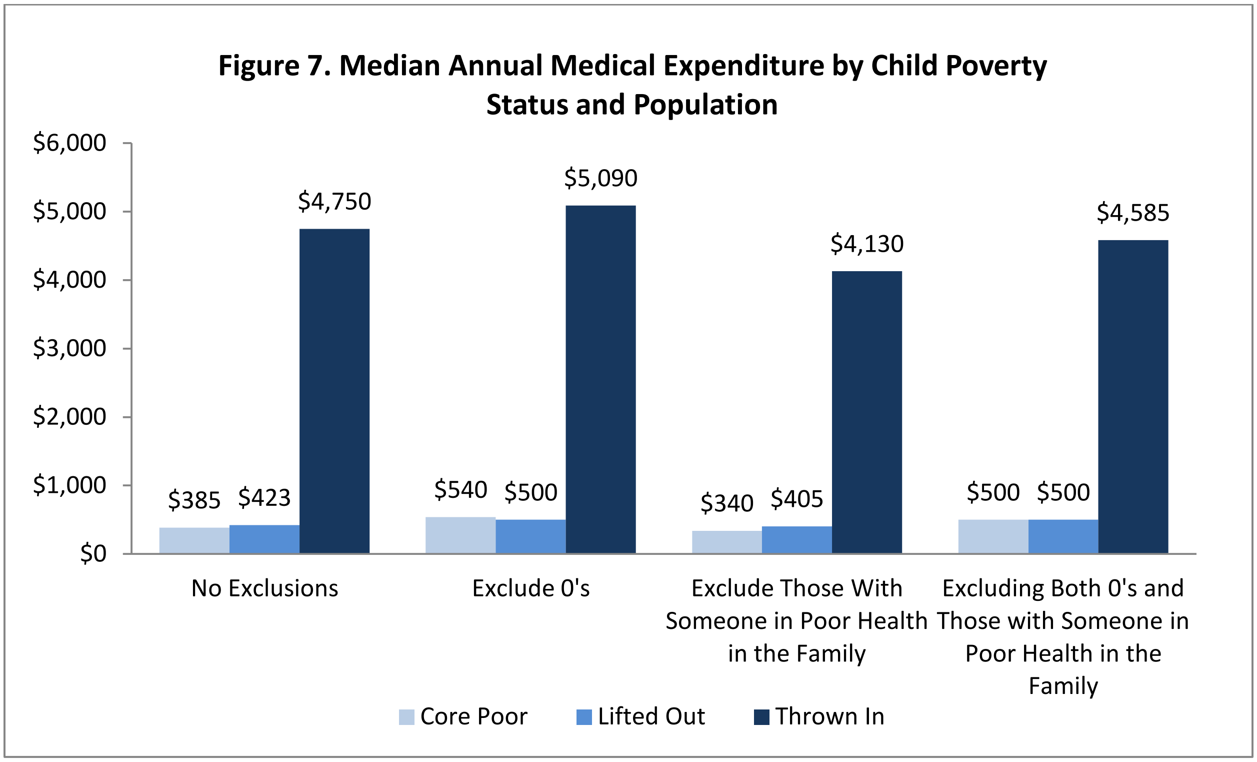
For labor market income, 86.0 percent of the lifted-out children's families have wage/salary income, as compared to only 58.2 percent for the families of core-poor children (see Figure 2).[2] This wage and salary income also is systematically higher for lifted-out children's families ($17,160) as compared to core-poor children ($3,000 - see Figure 3). The median SPM resources -- which includes cash income, in-kind benefits, after-tax income, and the subtraction of necessary expenses -- of children's families in the lifted-out group is $30,689. This compares to only $15,803 for the core group of poor children, meaning the total resources available to the lifted-out group are virtually twice as much as those available to the core-poor group. These differences are clear when comparing income-to-needs ratios as well (see Figure 4). Whereas the lifted-out group's average OPM income-to-needs ratio is 0.66 (higher than the 0.43 among the core-poor group), under the SPM the average ratio more than doubles to 1.35 (as compared to 0.65 among the core-poor group). Thus, the typical family of children in the lifted-out group shifts from 37 percentage points below the poverty threshold under the OPM to 35 percentage points above the poverty threshold as a result of all the changes made under the SPM.

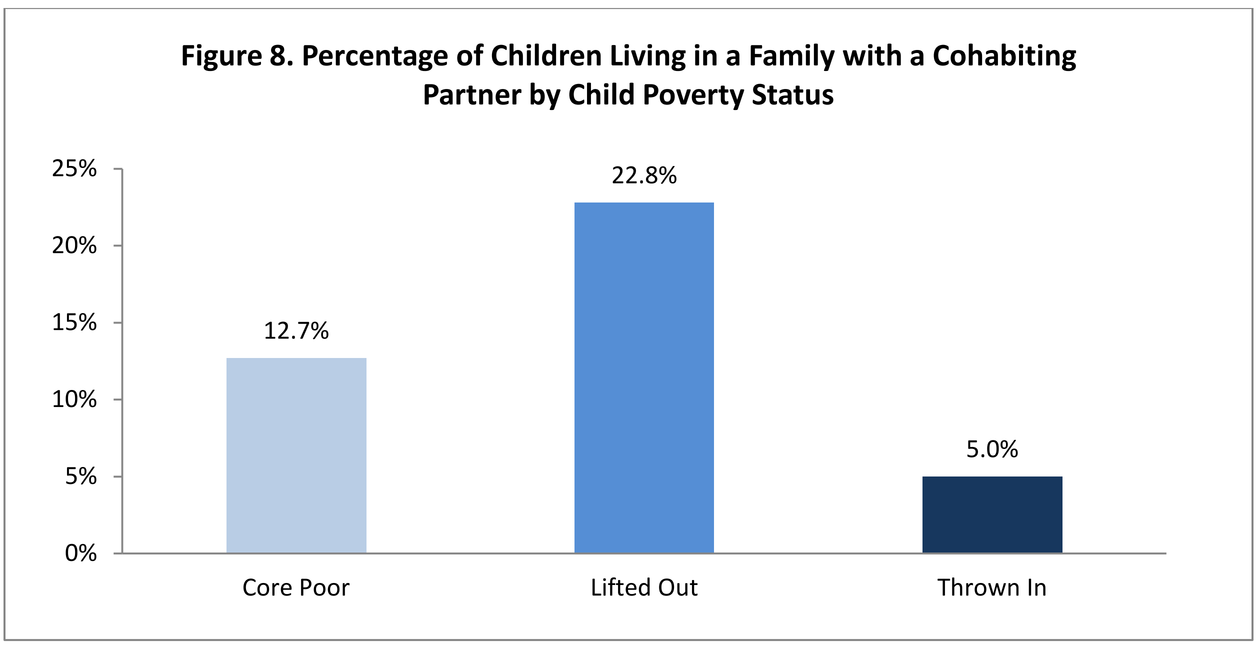
It is important to highlight that part of the difference in the income-to-needs ratio between the OPM and the SPM for the lifted-out group stems not just from changes in the types of resources counted, but also from the change in the poverty family unit, in particular the inclusion of unmarried partners in the SPM. Among the children in the lifted-out group, 22.8 percent live in a family with an unmarried partner present, as compared to only 12.7 percent of the core-poor children (see Figure 8). These unmarried partners often bring money into the family, which contributes toward "lifting" these children out of poverty under the SPM measure. When all SPM resources are counted except the personal income of the unmarried partner, approximately 1 million of the 5.6 million (or 18 percent) of the OPM-only poor children who are lifted out of poverty under the SPM measure would still be considered poor under the SPM (not shown here). This suggests that unmarried partner income is an important reason why some children are no longer poor once the SPM measurement is implemented.

As discussed above, many families of core-poor children are connected to social safety net programs. This is even more pronounced for children in the lifted-out group (see Figure 5), and for several safety net programs they receive larger benefits from the programs as well. Figure 5 shows that 78.2 percent of the

[2] Note that a smaller percentage has a member that is currently employed. This is possible because employment is measured at the time of the survey, while reported income is measured for the prior calendar year. So, for instance, if one had a job in 2010, but lost it before the survey, he or she could have labor market income and yet have no one employed in the family.

group lifted-out of poverty live in families receiving some EITC compared to 56.9 percent of the core-poor group, which is consistent with the greater employment among the families of children in the lifted-out group. Also, two-thirds (67.7 percent) of the lifted-out group's families receive SNAP benefits, compared to 51.7 percent of the children who are poor regardless of the measure. A similarly large differential is found for housing assistance (25.6 percent vs. 13.8 percent, respectively).





There also are some smaller differences for UI, WIC, LIHEAP, SSI, and cash welfare. Across ten safety net programs examined here, the children in the lifted-out group live in families connected to 4.1 programs on average, compared to 3.3 programs for the core-poor children.

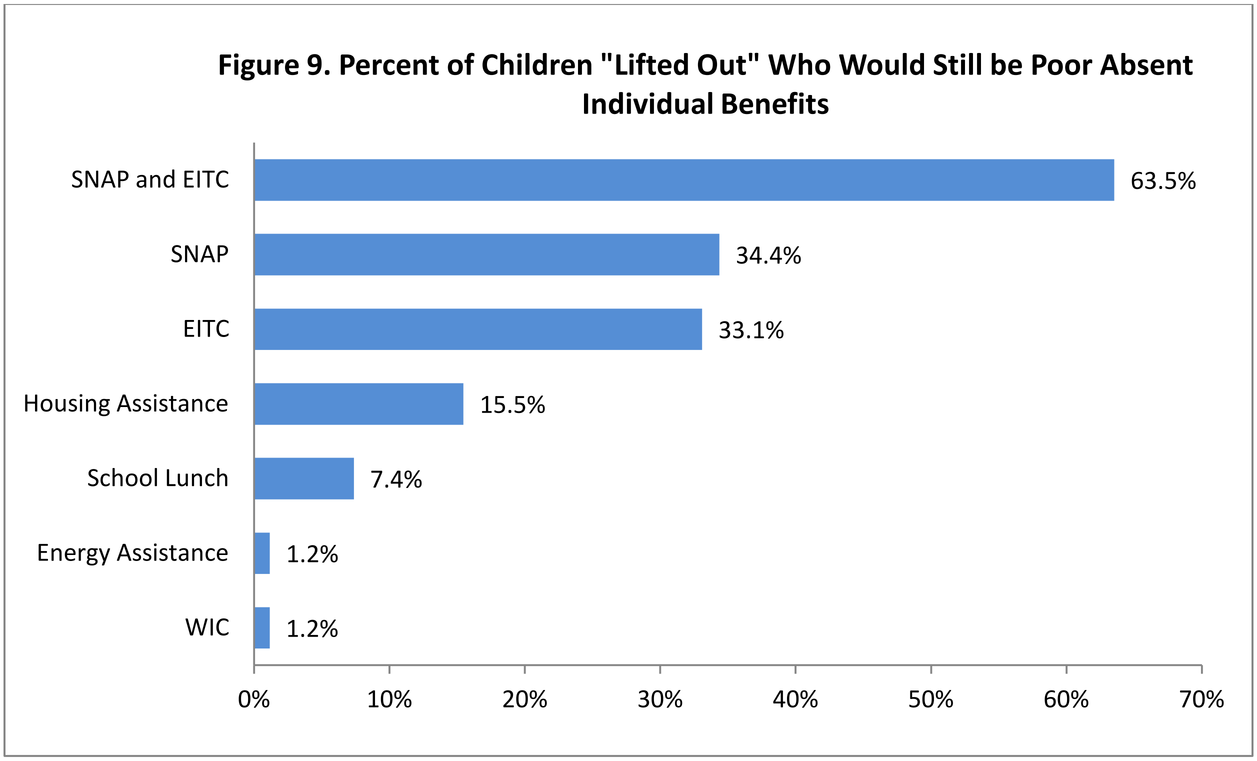
Another way to analyze on the issue of safety net "bundling" is to look at the percentage of children whose families receive the six safety net benefits newly included in the SPM (SNAP, EITC, WIC, School Meals, LIHEAP, and housing assistance). Fully 65.2 percent of the lifted-out children live in families that receive three or more of these benefits in 2010, as compared to 42.7 percent of the core-poor group of children and only 15.3 percent of the children thrown in to poverty (see Appendix Table A-2).

Benefit amounts tend to be similar or larger in this group relative to the core-poor group. Of those families that receive the EITC, for example, the median benefit for the lifted-out group is $4,919, compared to $3,341 for children in the core-poor group. For SNAP, the median benefit for children's families who receive it is more similar across these two groups ($4,815 for the lifted-out group compared to $4,416 for the core-poor group). A similarly modest differential is evident for cash welfare among those in families who receive it. It is worth noting that families of the lifted-out group have, on average, somewhat larger numbers of children, which could explain why some benefits are greater for this group despite their families' higher incomes. UI and housing benefits, however, show the opposite pattern, with children's families in the lifted-out group receiving smaller benefit levels when receiving the benefit. For housing assistance, this is a function of the higher baseline incomes of children's families in the lifted-out group, as their higher estimated rent payments translate into lower value for their government housing subsidies. SSI benefits are identical for these two groups when families receive SSI, reflecting the generally fixed amount of the benefit formula for this program.

For some programs, such as housing assistance and SSI, the incidence of program participation is less common than for programs like SNAP or the EITC (e.g., in the lifted-out group, 25.6 percent of children live in families that have some housing assistance and 9.1 percent live in families that have some SSI) but the value of these benefits, among recipient families, is high (e.g., the families of lifted out children that receive housing assistance receive a median benefit of $6,098, compared to $8,481 for the core-poor group's families; the median benefit is $8,088 for SSI among recipient families in both groups). As a result, children in families who receive these benefits are likely to be lifted out of poverty, especially if their pre-transfer family incomes are somewhat close to the poverty thresholds.

Figure 9 shows the relative importance of these safety net benefits for lifting children out of poverty. It shows the proportion of the lifted-out group that would still be poor (i.e., would not be lifted out) if all the changes under the SPM were made except for the inclusion of the individual benefit corresponding to each bar in the graph. SNAP and EITC have the largest effects, as 34.4 percent and 33.1 percent of children in the group would be poor, respectively, but for the inclusion of that benefit. Smaller percentages would still be poor if not for housing assistance (15.5 percent), the school lunch program (7.4 percent), and LIHEAP or WIC (1.2 percent each). Nearly two-thirds of children in the lifted-out group (63.5%) would still be poor absent SNAP and/or the EITC. This indicates that these major antipoverty programs, which reach many low-income families and offer sizable benefits, are able, in combination with earnings, to lift many working families above the poverty threshold.

With respect to expenses, no major differences are found for MOOP expenses between the families of core-poor children and those lifted out of poverty. Median family medical expenditures are $423 for lifted-out children, as compared to $385 for core-poor children. Work and child care expenses, however, do differ. Whereas the median family work and child care expenses of the core-poor group is $663, the median for the lifted-out group is $1,326. This difference reflects the greater amount of family members' employment for children in the lifted-out group.



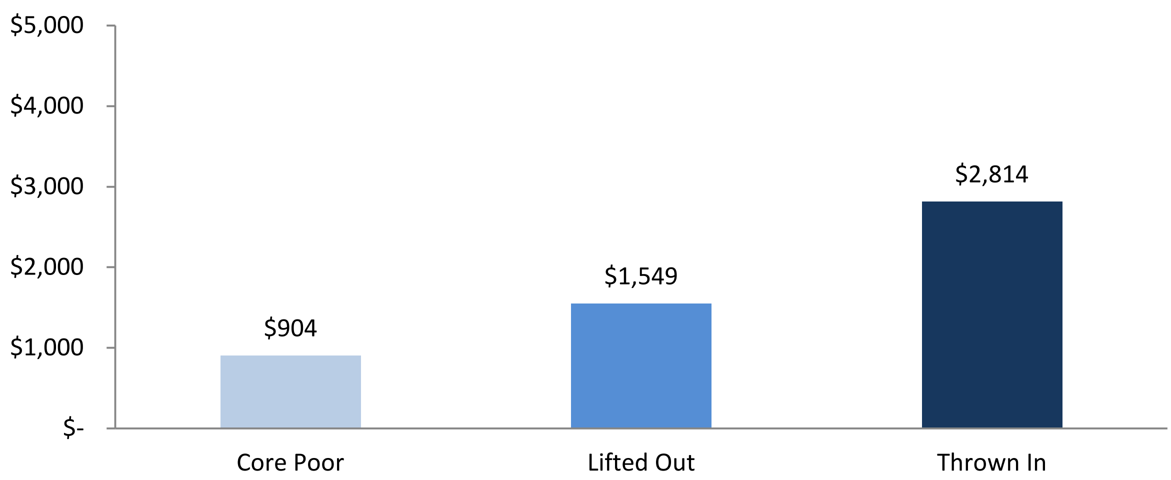
The "Thrown-In"

The smallest of the three groups of children is the 2.4 million children who are found to be poor under the SPM but not the OPM, or those who are "thrown in" to poverty under the SPM. Like the lifted-out group, these children are in families that are fairly well-connected to the labor market. Fully 87.4 percent of these "thrown-in" children are in families that have some labor market income (similar to the 86.0 percent in the lifted-out group, see Figure 2). The median amount of labor market income for these children's families, however, is much higher ($27,000, vs. $17,160 in the lifted-out group, see Figure 3). Like the other two groups, median cash income for families in this group ($31,081) is higher than total wage/salary income by a few thousand dollars. Their OPM income-to-needs ratio is 1.45 on average before accounting for the changes embedded in the SPM (see Figure 4) meaning that these children are in families that have OPM incomes 45 percent above the OPM thresholds. After the changes in the SPM methodology are applied, however, the SPM income-to-needs ratio is .76. As shown below, this is largely a result of the large non-discretionary expenses these families face –for SPM cash resources alone relative to the SPM threshold, the average income-to-needs ratio is 1.19, still above poverty (meaning the majority of those "thrown in" would not be poor if looking just at differences in their pre-expense resources). Another approach is to examine where the thrown-in group stands relative to the official poverty line. In total, 44.4 percent of children in the thrown-in group live in families that have resources between 100 and 125 percent of the official poverty threshold, and another 22.5 percent live in families with resources between 125 and 150 percent of the official poverty threshold (not shown). Only one-third of children in this group (33.1%) live in families at or above 150 percent of the official poverty threshold. And only 10.3% percent live in families at or above 200 percent of the official poverty threshold.

Relative to the other two groups, children thrown into poverty are in families that are much less connected to the social safety net, and when these families do receive benefits the level of support is much lower. Across all programs, the thrown-in poor are engaged with, on average, 2.2 programs compared to 3.3 programs for the lifted-out group (see Appendix Table A-2). As shown in Figure 5, a similar proportion of children in the thrown-in group receive some EITC in their family compared to the lifted-out group (72.5 percent and 78.2 percent, respectively), but much lower percentages of these children live in families that receive other benefits. Children in the lifted-out group live in families that are nearly five times more likely to receive SNAP assistance (only 13.9 percent of the thrown-in poor, compared to 67.7 percent of the lifted-out group) and over twice as likely to receive WIC (12.6 percent of the thrown-in poor, vs. 29.4 percent of the lifted-out group). Only 1.3 percent of children in the thrown-in group live in families that receive any housing assistance (compared to 25.6 percent of the lifted-out group). Rates of receipt also are much lower for SSI, cash welfare, and LIHEAP. For many of the other means-tested benefits such as SNAP, the thrown-in group's dramatically lower participation rates are likely driven by low income eligibility thresholds, as this group of children lives in families with the highest level of pretax cash income of the three groups (see Figure 3).

Benefit amounts also are smaller for the thrown-in group, again likely reflecting their generally higher family incomes than other groups (see Appendix Table A-2). For example, the median family SNAP benefit for those in this group who received it is only $2,280 (compared to over $4,000 for both of the other groups). Benefit values also are much smaller for the EITC. The median EITC amount for recipient families is only $2,937 for children in the thrown-in group (compared to $4,919 for the lifted-out children). This may reflect the fact that because this group has higher family labor market income, they are more likely to be in the "phase-out" range of the EITC, which is between $16,450 and $40,362 in 2010 for families with two children. Housing benefits also are smaller, again most likely reflecting the higher starting family incomes of this group, which make the value of the housing benefit smaller. Other benefits show more modest differences, if they are received at all. Since the incidence of benefits is much lower among the thrown-in group, any similar benefit levels among recipients apply to a much smaller number of children within the thrown-in group.

Figure 10. Mean Capped Work/Child Care Expenditure by Child Poverty Status



Children in the thrown-in poor group are most affected by their families' non-discretionary expenses.[3] As shown in Figure 7, whereas both of the other two groups' median out-of-pocket medical expenses are about $400 ($385 for the core-poor and $423 for the lifted-out), the median MOOP for the thrown-in group is more than ten times higher, at $4,750. Similarly, work and child care expenses for this group are $2,814 on average, nearly twice the amount for the lifted-out group ($1,549) and three times that of the core-poor group ($904) (see Figure 10). Median values for work and child care expenses differ less dramatically, at $1,479 for the thrown-in group, $1,326 for the lifted-out group, and $663 for the core-poor group (see Appendix Table A-3). But the high mean values relative to the median for the thrown-in group indicate that some families in this group have very high work and child care expenses. Indeed, one quarter of children in this group are in families that have $2,754 or more in work and child care expenses for the year (not shown here). Together, all of these expenses, in particular MOOP expenses, are the predominate reason that many children in the thrown-in group are considered poor under the new SPM measure. For example, over half of the children newly poor under the SPM poverty measure (55.5 percent) would not be counted as poor if MOOP expenses had not been subtracted from their families' resources (not shown here).

Interestingly, these large differences in MOOP across the three groups do not seem to stem from differences in reported health status. While the thrown-in group is somewhat more likely to have a family member in poor health (11.6 percent) than the lifted-out group (6.9 percent) or the core-poor group (8.9 percent) (see Appendix Table A-4), the large differences in MOOP expenditures between groups are nearly as large after excluding those children who have a very sick member in their family (see Figure 7). Likewise, the difference does not seem to stem from the fact that the two groups with low MOOP expenditures have much more frequent experiences of no medical expenses. Though fewer (3.2 percent) of thrown-in children have no MOOP expenses than either lifted-out children (10.0 percent) or core-poor children (13.7 percent), those differences are fairly small, and it is much more the magnitude of MOOP expenses than their prevalence that drives the fact that MOOP is so important in accounting for these differences (see Appendix table A-3). Indeed, as shown in Figure 7, among children whose families have MOOP expenses and do not have a family member with poor health, the median differences are still virtually as large: $500 for core-poor and lifted-out children, compared to $4,585 for the thrown-in group.

For MOOP spending, the key difference among the three groups of children is their health insurance coverage (see Appendix Table A-4). Overall rates of coverage are similar across the three groups, with over 80 percent of children in each group having any health coverage. But the thrown-in group (those with high MOOP expenditures) is much more likely to have private insurance (51.4 percent) than the lifted-out group (15.9 percent) or the core-poor group (16.77 percent), as shown in Figure 11. These latter two groups are concomitantly more likely to have public health insurance such as Medicaid (80.0 percent and 70.5 percent, respectively) than the thrown-in group (40.4 percent). Type of insurance likely contributes to the large differences in MOOP expenditures found here across the child poverty groups. Figure 12 shows the median MOOP expenditures for each group by type of insurance. The median family MOOP expenditure for the thrown-in group covered by private insurance is $9,320 (over half of the thrown-in children are covered by this type of insurance). This compares with $2,490 for the core-poor group and only $710 for the lifted-out group. The proportion of these latter groups covered by private insurance also is much smaller than the thrown-in group, see Appendix Table A-4).

[3] Higher poverty thresholds are also somewhat important for this group. Fully 32.2 percent of the thrown-in group resides in the Pacific region of the country, as opposed to only 16.8 percent of the OPM poor group as a whole. And this is precisely the region of the country where the cost-of-living increases the SPM poverty thresholds most dramatically.

Figure 11. Percentage of Children with Health Insurance by Type and Poverty Status

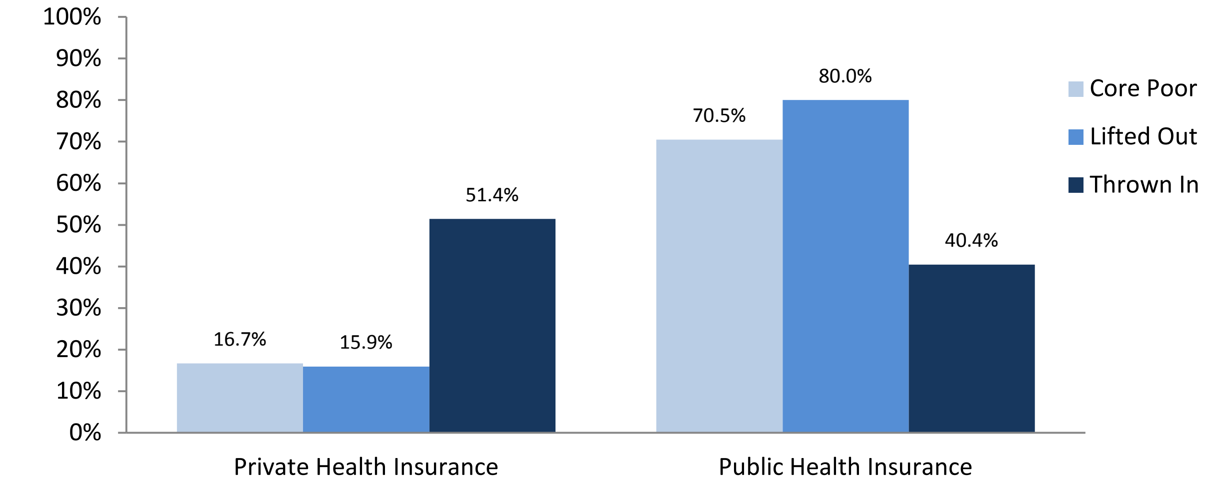
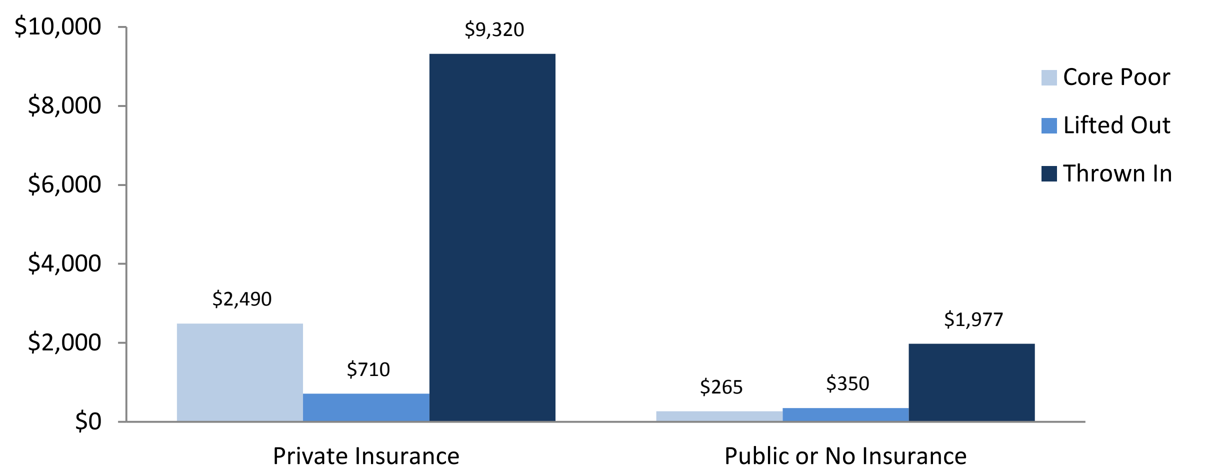


Figure 12. Median MOOP Expenditures by Child Poverty Status and Private Health Coverage



Expenses for those with public or no insurance are uniformly lower than for those with private insurance, although the median expenditures for the thrown-in group are still substantially larger ($1,977) compared to either the core-poor group ($265) or the lifted-out group ($350) (see Figure 12).

Other factors may contribute to the high medical expenses of the thrown-in group as well. For example, children in the thrown-in group are also somewhat more likely to have an elderly person in their family. While not large, 9.4 percent of children in the thrown-in group have an elderly person in their family, as compared to 2.6 percent of the lifted-out group and 4.4 percent of the core-poor group (see Appendix Table A-4). When examining whether adults in children's families have any type of difficulty that prevents them from performing certain activities, such as walking or climbing stairs, or problems with hearing or vision, etc. as well as whether adults have a health problem that limits their ability to work, differences across the groups also are quite small. For example, 14.4 percent of the thrown-in group has someone in the family who has a health difficulty, as compared to 15.1 percent of the lifted-out group, and 16.5 percent of the core-poor group. Similarly, 16.5 percent of the thrown-in group has a family member with a work-limiting disability, compared to 13.9 percent of the lifted-out group and 17.1 percent of the core-poor group.

Conclusion

The methodological innovations in the SPM allow an opportunity to examine the contours of child poverty under different definitions of the concept of resource poverty. This brief explored the characteristics of children in poverty under various poverty definitions, and in particular looked at the characteristics of those who are poor under the official measure but not poor under the SPM (the "lifted out" group), those who are poor under the SPM but not under the official measure (the "thrown in" group), and those who are poor no matter what definition of poverty is used (the "core poor" group).

Children who are "thrown into" poverty by the SPM methodology tend to live in families that have higher cash resources at their disposal, larger non-discretionary expenses (especially medical expenses), and lower utilization of safety net programs. The large differences in medical expenditures found do not seem to be primarily due to the health status of family members or the presence of individuals with disabilities or health challenges. Rather, the role of health insurance seems to play the largest role in explaining the high medical expenses that drive this group into poverty, as those with private health insurance have substantially greater medical expenses than those with other types of insurance or no insurance, and the thrown-in group is particularly likely to have private health insurance.

Children who are "lifted out" of poverty under the SPM methodology but who are poor under the OPM live in families that have average pretax incomes fairly close to the poverty threshold. The combination of their relatively low expenses and more comprehensive utilization of social safety net programs push them above the poverty threshold. The powerful role of the social safety net in alleviating poverty stands out for this group, as the SPM's more comprehensive definition of resources accounts for the fact that these groups are receiving assistance to help them meet their core needs. Of the safety net benefits added under the SPM definition, the inclusion of SNAP and EITC benefits largely explains why a majority of this group is lifted out of poverty under the SPM definition. The counting of cohabiter income also is important for understanding how this group of children is lifted out of poverty under the new measure.

The core group of children who are poor under both measures is very disadvantaged, living in families with very low pretax cash income and less employment and wage income. Families' receipt of safety net income is not sufficient to pull them above either the OPM or SPM poverty threshold. Although they are not lifted out of poverty by the SPM, this group is less likely to be considered in "deep" poverty under the

SPM, as the benefits included in the measure move them somewhat closer to the poverty threshold. However, these children still look very disadvantaged even after tax and in-kind benefits are included in family resources, and thus are of particular concern from a policy perspective.

Data Appendix and Tables:

The data analyzed in this brief come from the 2011 Annual Social and Economic Supplement to the Current Population Survey, which collects information on income during the 2010 calendar year. The data were downloaded from the University of Minnesota Population Center's Integrated Public Use Microdata Series (IPUMS) CPS database. The IPUMS CPS files contain a series of SPM variables connected to individual CPS person records, including an identifier for the SPM family unit and an associated SPM poverty threshold and SPM poverty status. For details on the construction and valuation of these variables see Short (2011) and King et al. (2010).

Three mutually exclusive groups were created using SPM poverty status and OPM poverty status, the core-poor (N = 7,666), the lifted-out (N = 4,286) and the thrown-in (N = 1,828). When SPM-level variables were not present on the file (e.g., SPM-unit level wage and salary income), person-level variables were aggregated up to the SPM unit using the SPM unit identifier present on the file. Similar variables are available through IPUMS on OPM resources, thresholds, and various resources measures. There are slight differences between the (official) poverty universe used here in these analyses with IPUMS data and that used by the Census Bureau, in particular with regard to unrelated children under 15. In the Census Bureau's official statistics, these children are excluded from the poverty universe, while in IPUMS data, these children are in the poverty universe.". But this affects only a small number of sample cases.

For the incidence of public benefits, an individual was categorized as having the benefit if their SPM-unit level value of the benefit was greater than zero, indicating that someone in the SPM-unit received a dollar value on that benefit. Counts of these incidences were then generated based on the number of incidences of benefit receipt.

Many of the variables used here are recorded at the individual level. For instance, health status is available for every member of the family with values ranging from "Excellent" to "Poor." Thus, for such variables, measures were constructed for whether anyone in the SPM unit has the presence of a given indicator, in this case a member of the unit who is in poor health. All analyses are weighted to population levels using individual-level Annual Social and Economic Supplement person weights. Tables A-1 through A-4 below provide detailed numbers on resources (A-1), safety net benefits (A-2), expenditures (A-3), and other characteristics (A-4) of the three groups analyzed for this brief.

References

Miriam King, Steven Ruggles, J. Trent Alexander, Sarah Flood, Katie Genadek, Matthew B. Schroeder, Brandon Trampe, and Rebecca Vick (2010). *Integrated Public Use Microdata Series, Current Population Survey: Version 3.0.* [Machine-readable database]. Minneapolis, MN: University of Minnesota.

Short, Kathleen S. (2012). *The Research Supplemental Poverty Measure: 2011*. Washington, DC: United States Census Bureau.

Table A-1. Statistics on Resources in Calendar Year 2010

Description	Core Poor	Lifted Out	Thrown In	OPM Poor	SPM Poor
Mean SPM Wage/Sal	$7,115	$20,693	$26,697	$11,774	$10,672
Median SPM Wage/Sal	$3,000	$17,160	$27,000	$8,500	$6,000
Any Wages in SPM Unit	58.2%	86.0%	87.4%	67.7%	63.4%
Mean # of employed in SPM Unit	0.73	1.00	1.34	0.82	0.84
Any employed in SPM Unit	58.2%	76.4%	88.0%	64.4%	63.6%
Mean SPM Cash Income	$12,023	$27,938	$34,583	$17,331	$16,058
Mean Household Income	$13,629	$28,404	$36,005	$18,558	$17,632
Mean SPM Resources	$15,914	$33,536	$23,086	$21,792	$17,197
Median Cash Income	$10,900	$21,843	$31,081	$15,000	$13,819
Median Household Income	$11,417	$22,000	$32,000	$15,002	$14,400
Median SPM Resources	$15,803	$30,689	$23,492	$21,262	$17,412
Mean OPR/OPT inc/needs ratio	0.43	0.66	1.45	0.49	0.74
Mean SPR(cash)/SPT inc/needs ration	0.44	1.12	1.19	0.67	0.69
Mean SPR total/SPT	0.65	1.35	0.76	0.73	0.55
Median OPR/OPT	0.43	0.74	1.30	0.54	0.68
Median SPR cash/SPT	0.44	0.89	1.07	0.60	0.66
Median SPR total/SPT	0.58	1.20	0.87	0.73	0.68
Sample Size	N = 7,666	N = 4,286	N = 1,828	N = 11,952	N = 9,494

Table A-2. Statistics on Safety Net Benefits in Calendar Year 2010

Description	Core Poor	Lifted Out	Thrown In	OPM Poor	SPM Poor
Any SNAP	51.7%	67.7%	13.9%	56.9%	45.0%
Mean SNAP	$2,429	$3,561	$324	2797	2055
Mean SNAP (no 0's)	$4,702	$5,247	$2,349	4917	4569
Median SNAP	$684	$3,600	$0	1,800	0
Median SNAP (no 0's)	$4,416	$4,895	$2,280	4800	4320
Any EITC	56.9%	78.2%	72.5%	64.1%	59.9%
Mean EITC	$1,884	$3,325	$2,089	2375	1938
Mean EITC (no 0's)	$3,327	$4,265	$2,895	3701	3233
Median EITC	$634	$4,288	$2,160	2000	1020
Median EITC (no 0's)	$3,341	$4,919	$2,937	4320	3050
Any Housing Subsidy	13.8%	25.6%	1.3%	17.5%	11.4%
Mean Housing Subsidy	$1,276	$1,734	$57	$1,425	$1,051
Mean Housing Subsidy (no 0's)	$9,247	$6,765	$4,394	$8,133	$9,245
Median Housing Subsidy	$0	$0	$0	$0	$0
Median Housing Subsidy (no 0's)	$8,481	$6,098	$4,954	$7,271	$8,498
Any WIC	26.0%	29.4%	12.6%	27.5%	24.1%
Mean WIC	$133	$150	$62	$ 141	$ 123
Mean WIC (no 0's)	$513	$512	$499	$ 513	$ 512
Median WIC	$0	$0	$0	$0	$0
Median WIC (no 0's)	$497	$497	$497	$497	$497
Any LIHEAP	12.7%	17.9%	4.3%	14.1%	11.0%
Mean LIHEAP	$64	$85	$17	$69	$54

Description	Core Poor	Lifted Out	Thrown In	OPM Poor	SPM Poor
Mean LIHEAP (no 0's)	$498	$468	$404	$485	$491
Median LIHEAP	$0	$0	$0	$0	$0
Median LIHEAP (no 0's)	$380	$350	$300	$350	$370
Any SSI	7.9%	9.1%	3.8%	8.1%	7.0%
Mean SSI	$594	$744	$363	$634	$547
Mean SSI (no 0's)	$7,574	$8,225	$9,759	$7,811	$7,786
Median SSI	$0	$0	$0	$0	$0
Median SSI (no 0's)	$8,088	$8,088	$8,088	$8,088	$8,088
Any UI	11.20%	14.50%	11.40%	12.3%	11.2%
Mean UI	$737	$931	$878	$802	$763
Mean UI (no 0's)	$6,590	$6,424	$7,710	$6,525	$6,794
Median UI	$0	$0	$0	$0	$0
Median UI (no 0's)	$5,760	$4,400	$5,000	$5,082	$5,670
Any Welfare	13.8%	14.6%	3.7%	14.0%	12.0%
Mean Welfare	$594	$690	$155	$626	$516
Mean Welfare (no 0's)	$4,322	$4,734	$4,126	$4,465	$4,311
Median Welfare	$0	$0	$0	$0	$0
Median Welfare (no 0's)	3600	3840	3300	$3,600	$3,600
On Medicaid/SCHIP	68.5%	77.7%	38.2%	71.60%	63.10%
Mean Safety Net Bundle (of 10 programs)	3.34	4.12	2.23	3.6	3.15
Median Safety Net Bundle (of 10 programs)	3	4	2	4	3
% Receiving 3 or more of the 6 newly included SPM benefits	42.7%	65.2%	15.3%	50.2%	37.8%

Description	Core Poor	Lifted Out	Thrown In	OPM Poor	SPM Poor
Mean Fica	$680	$1,786	$2,505	$1,049	$1,006
Median Fica	$390	$1,454	$2,295	$781	$728
Mean State Tax	-$18	$161	$392	$42	$55
Median State Tax	$0	$0	$2	$0	$0
Sample Size	N = 7,666	N = 4,286	N = 1,828	N = 11,952	N = 9,494

Table A-3. Statistics on Expenditures in Calendar Year 2010

Description	Core Poor	Lifted Out	Thrown In	OPM Poor	SPM Poor
Mean MOOP	$1,782	$1,268	$9,237	$1,594	$3,070
Median MOOP	$385	$423	$4,750	$400	$550
Median MOOP (no 0's)	$540	$500	$5,090	$530	$798
Median MOOP (excl. 0's &sick in unit)	$500	$500	$4,585	$500	$700
Median MOOP (exc. Sick in unit)	$340	$405	$4,130	$360	$500
Percent with no MOOP	13.7%	10.0%	3.2%	12.4%	11.8%
Percent with an Elderly Person in Family	4.4%	2.6%	9.4%	3.8%	5.3%
Percent with an Adult with Health Difficulty in Family	16.5%	15.1%	14.4%	16.0%	16.1%
Percent with an Adult with Disability in Family	17.1%	13.9%	16.5%	16.0%	17.0%
Mean Capped Work/CC OOP	$904	$1,549	$2,814	$1,122	$1,250
Median Capped Work/CC OOP	$663	$1,326	$1,479	$1,224	$1,148
Mean Child Support Paid	$41	$120	$207	$67	$71
Median Child Support Paid	$0	$0	$0	$0	$0
Sample Size	N = 7,666	N = 4,286	N = 1,828	N = 11,952	N = 9,494

Table A-4. Statistics on Other Characteristics in Calendar Year 2010

Description	Core Poor	Lifted Out	Thrown In	OPM Poor	SPM Poor
Any Health Coverage	82.9%	88.7%	83.8%	84.9%	83.1%
Private Health Coverage	16.7%	15.9%	51.4%	16.4%	22.9%
Public Health Coverage	70.5%	80.0%	40.4%	73.7%	65.1%
Any elderly in unit	4.4%	2.6%	9.4%	3.8%	5.3%
% with a Poor Health PU member	8.9%	6.9%	11.6%	8.2%	9.4%
Health Status of Sickest Member	2.84	2.79	2.84	2.82	2.84
Health Status of Child	1.88	1.89	1.82	1.89	1.87
% with two parents (vs one)	45.00%	45.80%	63.10%	45.30%	48.30%
% with no parents (vs 1 or 2)	6.50%	9.90%	5.70%	7.60%	6.30%
White	30.2%	37.1%	39.5%	32.5%	31.8%
Black	23.6%	26.7%	15.7%	24.7%	22.2%
Hispanic	38.6%	28.2%	34.9%	35.1%	37.9%
New England	2.7%	3.2%	6.5%	2.9%	3.4%
Mid Atlantic	10.8%	10.1%	11.1%	10.6%	10.9%
East North Central	15.0%	16.1%	11.4%	15.4%	14.4%
West North Central	4.5%	7.2%	2.5%	5.4%	4.1%
South Atlantic	19.1%	16.6%	16.4%	18.3%	18.6%
East South Central	5.6%	9.9%	2.5%	7.0%	5.0%
West South Central	14.4%	18.9%	10.6%	16.0%	13.8%
Mountain	7.8%	7.4%	6.7%	7.7%	7.6%
Pacific	20.1%	10.5%	32.2%	16.8%	22.3%
Owners with mortgage	17.7%	17.2%	39.6%	17.6%	21.6%

Description	Core Poor	Lifted Out	Thrown In	OPM Poor	SPM Poor
Owners without mortgage	12.7%	16.1%	6.7%	13.9%	11.6%
Renters	69.6%	66.7%	53.8%	68.6%	66.8%
Cohabitor in HH	12.70%	22.80%	5.00%	16.20%	9.50%
Mean Number Adults SPM Unit	1.94	1.84	2.42	1.91	2.02
Mean Number Children SPM Unit	2.73	2.99	2.11	2.82	2.62
Sample Size	N = 7,666	N = 4,286	N = 1,828	N = 11,952	N = 9,494