Examining the Impact of Government Benefits on
Chronic and Transient Poverty in the United States, 1998-2008

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Abstract

Research shows that long-term or chronic poverty has a greater impact on life outcomes than short-term or transient poverty. Moreover, economic theory posits that chronic and transient poverty are conceptually distinct phenomena, calling for different policy solutions. Thus it is important to examine poverty and consider the impact of poverty policies from a longitudinal perspective, considering chronic and transient poverty separately. All prior research on chronic and transient poverty in the United States has used the official federal poverty measure or a derivative of the official poverty measure as its basis, but there is widespread recognition of the inadequacies of the official federal measure. The Supplemental Poverty Measure (SPM) recently developed by the U.S. Census and Bureau of Labor Statistics is a better-grounded poverty measure, and moreover facilitates analysis of the impact of a wide range of government benefits on poverty rates, which is not possible using the official poverty measure. However, the SPM has not yet been used to examine poverty from a long-term longitudinal perspective. This study fills that gap.

Using data from the nationally representative Panel Study of Income Dynamics from 1998 to 2008 (n=8,375), this study identifies the extent and demographics of chronic and transient poverty in the United States using the SPM over an 11-year timeframe in the post-welfare-reform policy context. A primary focus is identifying the impact of a range of government benefits on the rates of chronic and transient poverty for the population overall and for three particularly vulnerable demographic subgroups: children, seniors, and immigrants. This analysis has not been possible in prior research on chronic and transient poverty in the United States because it requires a poverty measure like the SPM that accounts for indirect and cash-equivalent government transfers. Government benefits and programs examined include the EITC, Child Tax Credit, SNAP, housing subsidies, TANF, LIHEAP (heating subsidy), school lunch, WIC, SSI, Social Security, unemployment insurance, and worker's compensation. The

impact of federal and state income tax and federal payroll tax (FICA) on chronic and transient poverty rates is also examined.

Results show that government benefits overall had a greater absolute and relative impact on chronic poverty rates than on transient poverty rates, in part because benefits shifted a proportion of individuals out of chronic poverty into transient poverty. Income taxes (before credits) had a negligible impact on chronic and transient poverty rates, but payroll taxes contributed to the transient poverty rate.

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Introduction

Measurement methods are an important lens through which we understand the scope of social problems such as poverty, as well as the impact of policies on these problems. Poverty in the United States has most often been analyzed using a cross-sectional approach, examining the number and characteristics of households who qualify as poor by comparing annual income to an annual poverty threshold amount. This measurement approach does not capture information about the time dimension of poverty, specifically the experience of poverty across multiple years. However, empirical research shows that the persistence of poverty is relevant to understanding both the demographics of the poor population and the impact of poverty on life outcomes, as short-term and long-term poverty differ in the proportion of the population affected, demonstrate somewhat different demographics, and have different causes and prognoses per economic theory. Thus to understand the problem of poverty in the United States, and the impact of policy on U.S. poverty, it is relevant to examine short-term or transient poverty and long-term or chronic poverty as distinct phenomena.

The measurement lens of chronic versus transient poverty has not been applied extensively in the United States, particularly in recent years, but it has been used more widely to examine poverty in developing countries (e.g. Jalan & Ravallion, 1998; Morduch, 1994; Carter & Barrett, 2006). Moreover, the chronic versus transient framework has been productively applied to describe other problematic social conditions in the United States, notably homelessness, and design corresponding policies (Kuhn & Culhane, 1998; Burt, 2002; Willse, 2010). Applying the chronic versus transient measurement lens to the analysis of poverty in the United States allows us to see a more complete picture of the impact of government policies on U.S. poverty, providing useful information about policy impact that is not available through traditional cross-sectional analysis.

The current study thus examines chronic and transient poverty in the United States during a recent 11-year timeframe, from 1998 to 2008, a period representative of the current post-welfare reform policy environment. Data for the analysis comprises public use data from the Panel Study of Income Dynamics (PSID), a nationally representative long-term longitudinal

study, with an analytic sample of n=8,375. Specifically, this study describes the impact of a range of government benefits on the rates of chronic and transient poverty during the study period for the population overall and for three particularly vulnerable demographic subgroups: children, seniors, and immigrants.

In place of the official federal poverty measure, this study uses the recently introduced Supplemental Poverty Measure (SPM), developed by the U.S. Census Bureau and Bureau of Labor Statistics, to categorize individuals as poor. Compared to the official federal poverty measure, the SPM is a more up-to-date and empirically grounded measure of which households lack sufficient resources to meet their basic needs. Moreover, use of the SPM facilitates analysis of the impact on poverty rates of a wide range of government benefits, including both cash and non-cash benefits, as well as tax policies. The SPM has not previously been used to examine poverty longitudinally, nor has it previously been implemented in the Panel Study of Income Dynamics, thus this study also offers a first look at chronic and transient SPM poverty and SPM poverty in the PSID.

Results from this study show the degree to which government policies overall reduced or increased rates of chronic and transient SPM poverty during the 11-year study timeframe, and the balance of policy impact on each type of poverty, with implications for policy analysis. Results also show the impact of specific policies on each type of poverty, with potential implications for policy design and planning.

Background

Studies examining the time dimension of poverty in the United States reveal that a substantial proportion of the population experiences poverty at some point during their lifetimes (Yen, 2013; Rank & Hirschl, 1999; Duncan, 1984; Bane & Elwood, 1986). However, studies also show that most individuals who enter poverty remain poor for only a short period, then see their incomes rise again above the poverty line (Bane & Elwood, 1986; Rank & Hirschl, 1999; Anderson, 2011). Overall, research consistently shows that short-term or transient poverty is much more common than long-term or chronic poverty. For example, Duncan (1984), analyzing PSID data from 1969 through 1978, reported a 24.4 percent rate of experiencing poverty in at least one year of ten years, but only a 2.6 percent rate of being poor in eight or more of ten years. A similar pattern has been found over shorter and more recent time frames as well. For example,

an analysis of monthly income data from the Survey of Income and Program Participation (SIPP) for the three years from 2004 through 2006 found that 28.9 percent of individuals experienced poverty for at least two months during the study period, but only 2.8 percent of individuals were poor during the entire 36 months (Anderson, 2011).

Besides finding that chronic poverty is much less common than transient poverty, studies that partition the U.S. poor population into those experiencing transient versus chronic poverty have found that these groups have somewhat different demographic profiles. A general pattern across studies is that demographic groups that are disproportionately likely to experience any poverty (such as children, African Americans, and female-headed households) tend to be substantially more overrepresented among the chronically poor versus among the transient poor (Duncan, 1984; Stevens, 1999; Anderson, 2011).

Empirical research also shows that the individual impact of experiencing chronic or long-term poverty may be different from the impact of transient or short-term poverty on health and other life outcomes. Adults who experience chronic poverty, compared to those experiencing transient poverty, have been found to have lower self-rated health and worse outcomes in terms of functional activity limitations, minor illnesses, chronic health conditions, and mental health problems (McDonough & Berglund, 2003; Kahn & Pearlin, 2006; Lynch, Kaplan, & Shema, 1997). Among children, research consistently shows that chronic poverty has more adverse consequences than short-term poverty across multiple domains of well-being. Exposure to chronic poverty in childhood is associated with significantly worse physical health (Chen, Martin, & Matthews, 2007), mental health (McLeod & Shanahan, 1993; Duncan, Brooks-Gunn, & Klebanov, 1994; Hanson, McLanahan, & Thomson, 1997; Pagani, Boulerice, & Tremblay, 1997, Korenman, Miller, & Sjaastad, 1995), and educational outcomes (Pagani, Boulerice, & Tremblay, 1997; Zill, et al., 1995; Korenman, Miller, & Sjaastad, 1995;), as well as greater childhood cognitive and developmental deficits (Duncan, Brooks-Gunn, & Klebanov, 1994; Korenman, Miller, & Sjaastad, 1995; Smith, Brooks-Gunn, & Klebanov, 1997; Zill, et al., 1995), compared to exposure to transient poverty.

There are also theoretical reasons to believe that chronic poverty is different from transient poverty. From the perspective of economic theory, the causes of short-term or transient poverty are posited to be different from the causes of long-term or chronic poverty. Transient poverty can be conceptualized as reflecting a temporary income shortfall due to a particular

shock (e.g., a job loss), where the individual is expected to return to a non-poverty income once he or she recovers from the shock (e.g., finds a new job). Chronic poverty, in contrast, can be conceptualized as reflecting an ongoing income shortfall due to lack of sufficient financial or human assets necessary for an individual to predictably secure income above the poverty threshold (e.g., lack of the education required to qualify for a job with sufficiently high wages) (Jalan & Ravallion, 1998; Morduch, 1994; Carter & Barrett, 2006). This conceptualization of the different causes of chronic and transient poverty implies different policy solutions for each type of poverty. For transient poverty, an appropriate policy intervention would therefore be insurance that provides short-term benefits to mitigate income fluctuations, while chronic poverty calls for policies that either provide long-term sustained income assistance or help individuals build their human or financial assets (Lipton & Ravallion, 1995, Carter & Barrett, 2006).

There are thus multiple empirical and theoretical reasons to consider chronic and transient poverty as distinct problems, affecting somewhat distinct populations and associated with different impacts. Given these differences between chronic and transient poverty, it is relevant to consider the impact of government benefit and tax policies on each type of poverty separately.

The recently introduced Supplemental Poverty Measure (SPM), a joint project of the U.S. Census Bureau and the U.S. Bureau of Labor Statistics (ITWG 2010; Short 2011a, 2011b, & 2012), is a particularly useful tool for examining the impact of government benefit and tax policies on poverty. Compared to the official federal poverty measure, the SPM provides a more up-to-date and empirically grounded approach to measuring poverty that facilitates examination of the impact on poverty of a wider variety of contemporary government policies.

The official poverty measure is widely recognized as an inadequate measure of which households lack sufficient resources to meet their basic needs, as the official poverty thresholds and measures of family resources are not well-grounded in current household costs and available income (Blank, 2008; Besharov, 2007; Iceland, 2005b; Citro & Michael, 1995). Official federal poverty measure thresholds are derived from 1960s household food expenditure data, which no longer reflect the typical amount or proportion of income that modern households spend on food. Consequently, the official poverty threshold amounts, though annually adjusted for inflation, are now arguably essentially arbitrary (Blank, 2008; Citro & Michael, 1995). In contrast, SPM

thresholds are derived from current data from the Consumer Expenditure Survey, and thus better reflect current patterns of household spending on basic needs including food, clothing, shelter, and utilities. SPM poverty thresholds are also adjusted for geographical differences in living costs, unlike official poverty thresholds which are uniform across the country (Short 2011a, 2011b, & 2012; Citro & Michael, 1995).

Another difference between the SPM and the official poverty measure is that the official poverty measure defines the family unit as individuals who are related by blood or marriage only, while the SPM better reflects contemporary family arrangements by accounting for household resource sharing among unmarried co-habiting partners. In addition, the SPM subtracts non-discretionary expenses from family income before determining whether households are poor, in order to compare poverty thresholds to the amount of resources families actually have available to pay for basic needs. Thus under the SPM, work-related expenses like child care and commuting costs, as well as out-of-pocket medical expenses, are subtracted from household income before calculating poverty status (Short 2011a, 2011b, & 2012; Citro & Michael, 1995).

Most importantly for this study, the SPM better accounts for the current structure of government policies designed to address poverty, a system which emphasizes near-cash in-kind benefits, and indirect payments such as tax credits, over unrestricted direct cash payments (Blank, 2008; Besharov, 2007; Citro & Michael, 1995). These types of near-cash benefits (such as food stamps or housing subsidies) are counted toward household resources under the SPM, but ignored under the official federal poverty measure, which counts only cash income in family resources. Thus resources included in SPM family income include not only cash income and cash government assistance (such as Social Security and SSI), but also the value of cash-equivalent in-kind benefits used to meet basic needs, including food stamps (SNAP), school lunch, WIC (Special Supplemental Nutrition Program for Women, Infants, and Children), heating subsidies (LIHEAP), and housing subsidies.

The SPM also accounts for the impact of tax policy on poverty, unlike the official poverty measure. Thus under the SPM, tax credits are counted toward financial resources, so that money received through credits such as the EITC and refundable Child Tax Credit is added to family resources. Taxes paid are also treated as non-discretionary household expenses under the SPM, so that money spent on federal and state income taxes and federal payroll taxes (FICA)

is subtracted from family resources before determining whether households are poor (Short 2011a, 2011b, & 2012; Citro & Michael, 1995).

Overall, the Supplemental Poverty Measure is a more robust measure of poverty than the official federal poverty measure, and better accounts for current living costs, available household resources, non-discretionary family expenses, and contemporary family arrangements, in order to provide a clearer measure of which households lack sufficient resources to meet their basic needs. Importantly for this study, the SPM is particularly well-suited to analyzing the impact of the contemporary range of government safety net benefits and tax policies on poverty rates, and is thus an excellent tool to examine the impact of diverse government policies on rates of chronic and transient poverty.

Previous Research and the Current Study

Prior research on the impact of government policies on chronic and transient poverty in the United States is very limited and mostly not very recent. A handful of studies from the 1970s to the mid 2000s have examined the impact of cash benefits, food stamps, and tax credits on long-term and in some cases shorter-term poverty, defined using official poverty thresholds.

Thus Duncan (1984) briefly examined the impact of cash welfare (defined as Aid to Families with Dependent Children, General Assistance, Supplemental Security Income, and other welfare) and food stamps on short- and long-term poverty during the period from 1969 to 1978 using data from the Panel Study of Income Dynamics and using official federal poverty thresholds. For the ten-year period from 1969 to 1978, cash welfare reduced the percentage of individuals who were officially poor in one or more of the ten years from 25.8 percent to 24.4 percent, while reducing the percentage of individuals who were poor in five or more of the ten years from 8.5 percent to 5.5 percent. For the five-year period from 1974 to 1978, adding the value of food stamps to family incomes reduced the percentage of individuals with incomes below the official poverty threshold for one of the five years from 16.6 percent to 15.3 percent, and reduced the percentage of individuals poor in all five years from 1.8 percent to 1.3 percent. In another study also using PSID data, Duncan and Rodgers (1988) compared measures of "persistent poverty" (defined as permanent income-to-needs ratio below 1.0, using the official poverty threshold) for children for two time periods, 1967 to 1972 and 1981 to 1986. They found that in the time period 1981 to 1986, adding the value of food stamps and subtracting the

value of income and payroll taxes from family incomes resulted in a drop in the proportion of black children in "extreme persistent poverty" (income-to-needs ratio below 0.75, using the official poverty threshold) from 26.3 percent to 13.4 percent, with lesser impacts for white children and for less extreme poverty.

More recently, Grieger and Wyse (2012) examined the impact of federal income assistance on persistent poverty for two cohorts of children, a pre-welfare reform "cash entitlement" cohort aged 0 to 10 years old in 1987 (observed until 1995), and a post-welfare reform "wage supplement" cohort aged 0 to 10 in 1997 (observed until 2005). "Persistent poverty" was defined as average income-to-needs ratio below 1.0, using the official poverty threshold, with income measured as cash income plus cash benefits and food stamps, net of taxes and tax credits, including the EITC. They found that for the pre-welfare reform cohort, the examined federal income assistance programs reduced persistent poverty from 18.4 percent to 15.1 percent. For the post-welfare reform cohort, the impact of federal income assistance was stronger, reducing persistent poverty by nearly one third, from 14.6 percent to 9.8 percent.

These prior studies have several limitations. Most examine data from the pre-welfare reform era, when the antipoverty policy environment was significantly different than today, and thus their findings may not be as relevant to the current policy context. Most only examine the impact of policies on long-term or persistent poverty, not transient poverty as well. These studies also examine the impact of a fairly limited range of government benefits, namely cash welfare, food stamps, and in one case tax credits, leaving out several types of near-cash assistance that families use to meet basic needs (e.g. housing subsidies). Finally, all of these studies categorize households as poor using official poverty measure thresholds, but these thresholds were developed in the 1960s and do not incorporate updated patterns of household spending for basic needs, and thus are particularly problematic when applied to more recent years. The current study thus seeks to expand our understanding of the impact of policy on chronic and transient poverty by examining both types of poverty during a recent timeframe, and considering a wider range of benefits as well as taxes, facilitated by using the more robust Supplemental Poverty Measure to categorize households as poor.

As described above, the Supplemental Poverty Measure offers a significantly improved approach over the official federal poverty measure for systematically examining the impact of government benefits and tax policies on poverty, particularly in the current post-welfare reform

era, when non-cash benefits have become increasingly prominent in antipoverty policy. Indeed, the Census Bureau has used the SPM to quantify the impact of a range of government assistance programs and taxes on cross-sectional annual SPM poverty from 2010 forward, by re-calculating annual poverty rates after excluding specific benefits from household financial resources or adding taxes to household resources. The differences between the original rates and the recalculated rates represent the impact of specific income or expense components in terms of reducing or increasing poverty rates.

These analyses have shown, for example, that in 2011, refundable tax credits (including the EITC) reduced the overall annual SPM poverty rate from 18.9 percent to 16.1 percent, and led to an even larger decline in the child poverty rate, from 24.4 percent to 18.1 percent. Food stamps caused the overall SPM annual poverty rate to drop from 17.6 percent to 16.1 percent and decreased the child poverty rate from 21.0 percent to 18.1 percent. Housing subsidies led to a relatively small decrease in the overall annual SPM poverty rate for 2011, from 17.0 percent to 16.1 percent, and somewhat larger declines in the poverty rates for children (from 19.5 percent to 18.1 percent) as well as seniors (from 16.3 percent to 15.1 percent). Social Security payments decreased the overall annual SPM poverty rate substantially, from 24.4 percent to 16.1 percent, particularly for seniors, who saw a dramatic decline from 54.1 percent to 15.1 percent. In terms of taxes paid, federal income tax led to a modest increase in overall annual SPM poverty, from 15.6 percent to 16.1 percent, with a larger impact for payroll taxes (FICA) on the poverty rate, from 14.8 percent to 16.1 percent (Short, 2012).

The Supplemental Poverty Measure was officially introduced only in 2010, and has not yet been used to examine the impact of government policies on longitudinal poverty rates. This study thus offers a first examination of chronic and transient poverty using the SPM, specifically focusing on how government cash and near-cash benefits, and taxes and tax credits, affected the rates of chronic and transient poverty over a recent 11-year period in the current post-welfare reform policy era.

Data and Methods

This study used data from the Panel Study of Income Dynamics (PSID), a longitudinal, nationally representative dataset, administered by the Survey Research Center at the Institute for Social Research at the University of Michigan, with income and demographic information

collected biennially. PSID data are publicly available and were downloaded from the PSID website for this study (PSID, 2011). Data were used from the 11-year timeframe of 1998 to 2008, representing the period from the first full year of implementation of welfare reform to the beginning of the Great Recession, and are thus representative of the post-welfare-reform policy context. The sample for this study comprises all individuals who have survey data and variables required for analysis for all six years of interest: 1998, 2000, 2002, 2004, 2006, and 2008 (n=8,375). The PSID utilizes complex sample weights to account for differential sampling and sample attrition; all analyses were conducted using the individual longitudinal weights for survey year 2009.

The Supplemental Poverty Measure was used to categorize individuals as poor in a given year. The SPM was initially developed using the Census Current Population Survey (CPS). Researchers at the Census Bureau and Bureau of Labor Statistics and in academia have also worked to implement the SPM in the American Community Survey (ACS) and more recently in the Survey of Income and Program Participation (SIPP) (Short & Garner, 2012). However, the SPM has not previously been implemented in the Panel Study of Income Dynamics; thus a first step for this study was developing a method to construct annual SPM status in this dataset.

A variety of PSID variables were used to calculate Supplemental Poverty Measure poverty status for each sample member. Annual poverty status under the SPM is calculated by summing a specified set of cash and in-kind family resources, and subtracting specified necessary expenses. The resulting available family resource amount is then compared to a specified threshold amount designed to reflect necessary basic expenditures for food, clothing, shelter, and utilities, adjusted for family composition as well as for housing status and geographic location (Short, 2011a). The basic method for calculating SPM poverty status in this study was closely modeled on the procedures described in a recent comprehensive Census Bureau publication on the SPM (Short, 2011a); specific details of the method used for calculating SPM poverty status in this study are described more fully in Kimberlin (2013).

Briefly, households were assigned one of three baseline SPM thresholds based on housing tenure, or whether the family owns their home with a mortgage, owns without a mortgage or rents. Baseline SPM thresholds were derived from multiple sources, as until recently, SPM thresholds were only available from the Census Bureau and Bureau of Labor Statistics for the years 2005 forward. However, a forthcoming paper from the Bureau of Labor

Statistics includes SPM thresholds back to 2002 (Garner & Gudrais, forthcoming), and an independent team of researchers at Columbia University is currently working to estimate historical SPM thresholds for prior years (Fox et al., forthcoming). Thus this study made use of the BLS-produced thresholds for 2008, 2006, 2004, and 2002, plus the thresholds produced by the Columbia team for 2000 and 1998.

These thresholds were then adjusted based on residential location to account for geographic differences in cost of living, and were also adjusted for differences in size and composition of families. Next, family resources were calculated by first adding to cash income the value of several cash-equivalent government benefits, including food stamps (Supplemental Nutrition Assistance Program, or SNAP), housing subsidies, WIC, LIHEAP (heating subsidy), school lunch, the Earned Income Tax Credit (EITC), and the Child Tax Credit. Certain non-discretionary expenses were also subtracted from family resources, including federal payroll taxes and federal and state income taxes, child care and other work-related expenses, child support and alimony paid, and medical out-of-pocket expenses. Most of these variables were directly reported in the PSID, but taxes and tax credits were calculated using the external TAXSIM tax calculator (Feenberg & Coutts, 1993). In addition, one of the SPM expense components – medical out-of-pocket expenses (MOOP) – had a relatively large amount of missing data (missing for 6-15% of cases across the six years of data), and thus missing values of MOOP were imputed, using the multivariate normal regression approach to multiple imputation. The resulting final family resource amounts were compared to the assigned SPM poverty thresholds to determine SPM poverty status for each year; individuals in families with resources less than their assigned threshold amounts were categorized as SPM poor for that year.

Note that computing the Supplemental Poverty Measure requires a total of 17 parameters. Missing data in any one of these components prevents the calculation of SPM status, resulting in an unusually high risk of missingness for this key variable, presenting a methodological challenge. This issue is compounded when examining SPM status over multiple years, as in this study. After imputation of MOOP, SPM status was missing for less than 5% of households (after weighting) in each year, but the rate of missing SPM status across all six years was higher, totaling 12.1% of households in the sample (after weighting), for a final analytic sample of 8,375 individuals. This higher-than-desired rate of missing data is a limitation of this study, but may be inherent in longitudinal research using a poverty measure as complex as the SPM.

The patterns of annual SPM poverty status across the six data years were then used to categorize individuals as chronic poor, transient poor, or nonpoor. The determination of the cut-off point for transient poverty versus chronic poverty is somewhat subjective, as there is no single standard definition of transient/short-term versus chronic/long-term poverty (Yaqub, 2000). However, a generally accepted broad definition is that "chronically poor" describes individuals who are poor all or most of the time, while "transiently poor" describes those who are poor some but not most of the time (Hulme & Shepard, 2003; Hulme, Moore, & Shepard, 2001; Islam, 2012). In this study, individuals were categorized as chronic poor if they were poor for more than half (four or more) of the six data years, and as transient poor if they were poor for at least one year but no more than half of the years.

Rates of transient and chronic poverty measured using the SPM were calculated first with all SPM income and expense components of family resources included. Then transient and chronic rates were recalculated with specific resource components subtracted, or expense components added, to family resources, to identify the impact of specific income or expense components in terms of reducing or increasing the rates of transient or chronic poverty. For example, the value of the EITC was subtracted from family resources for each year, annual SPM poverty status for each year was recalculated with EITC excluded, and then the transient and chronic poverty rates were recalculated based on these revised annual poverty statuses. The difference between the original transient and chronic poverty rates and the recalculated poverty rates thus indicates the proportion of individuals who would have been transient or chronic poor if they had never received the EITC during the study timeframe. Data were then sorted to identify the income and expense components with the greatest impact on transient and chronic poverty rates. Due to the relatively small sample size, confidence intervals for many of the recalculated poverty rates with specific benefits or taxes excluded were relatively large, compared to the differences between these rates and the original poverty rates. Note is made where confidence intervals for the recalculated poverty rates include the point estimate for the original rate, and thus should be interpreted with caution.

Chronic and transient poverty rates overall and with specific resource and expense items excluded were calculated first for the full sample, and subsequently for three particularly vulnerable demographic subpopulations: children, seniors, and immigrants.

Results

Rates of transient and chronic poverty measured using the SPM, and recalculated with specific resource and expense items excluded, are shown in Tables 1-4 for the overall sample, for seniors, for children, and for immigrants. The figures following each table show the impact of various resource and expense items on poverty rates graphically, first ordered by impact on chronic SPM poverty and secondly by impact on transient SPM poverty, again for the overall sample and for the three demographic subgroups.

Overall Impact of Government Benefits on Chronic and Transient SPM Poverty Rates

As shown in Table 1, for the full sample, the overall transient SPM poverty rate was 18.9 percent, while the chronic SPM poverty rate was 2.1 percent. Thus nearly one in five individuals experienced short-term poverty over the 11-year study timeframe, but only one in 50 was poor for more than half of the years examined. Examining the impact of all government benefits combined shows that without the support of a variety of cash and near-cash government benefits (including tax credits), these poverty rates would have been substantially higher: 23.9 percent of individuals would have been transiently poor, and 10.8 percent would have been chronically poor.

Government benefits thus had a significant impact in reducing the rates of both types of SPM poverty, with a greater relative and absolute impact on chronic poverty. Government benefits reduced the transient poverty rate by more than one fifth, or 5.0 percentage points, while reducing the chronic poverty rate by more than four fifths, or 8.7 percentage points. It is important to note that this reduction in chronic poverty represents a combination of two distinct phenomena: some individuals shifted from chronic poverty into a nonpoor state, while others shifted from chronic poverty into transient poverty, as explored further below.

Impact of Government Benefits on SPM Poverty Rates for Seniors, Children, and Immigrants

Government policies had very different impacts on transient and chronic SPM poverty rates for different demographic subgroups. As shown in Table 2, government benefits had by far the greatest impact on transient and especially chronic poverty rates for seniors, essentially due to Social Security. Even after accounting for government benefits, seniors had somewhat disproportionately high transient and chronic poverty rates. Without Social Security, however,

the senior transient SPM poverty rate would have increased from 24.2 percent to 32.2 percent, an estimated 8.0 percentage-point increase, and the senior chronic SPM poverty rate would have dramatically risen from 5.1 percent to 37.8 percent.

For children (Table 3), all government benefits combined had a fairly substantial impact on the chronic SPM poverty rate, as benefits reduced the child chronic poverty rate from 11.4 percent to 2.5 percent. Government programs had less impact on the child transient SPM poverty rate, achieving only an estimated 3.3 percentage point rate reduction.

Finally, among immigrants (Table 4), the dominant impact of all government benefits combined was not to reduce SPM poverty overall, but rather to improve individuals' resource security just enough to shift them from chronic poverty into transient poverty. Thus when all government benefits were included in family resources, the immigrant chronic SPM poverty rate was a substantial 12.3 percentage points lower, but the transient poverty rate was actually 0.9 percent *higher*. To some extent this finding reflects the fact that immigrants started with a more precarious resource position in general; in the absence of government benefits, a full 22.5 percent of immigrants would have been chronically poor, whereas for the sample overall, the chronic poverty rate without government benefits would have been 10.8 percent. This result may also reflect the fact that immigrants are more likely to be ineligible for two of the most generous federal benefit programs, namely the EITC (if they have an immigrant status that precludes legal employment) and Social Security (if they have spent insufficient time working at eligible jobs in the United States before reaching retirement age).

Impact of Specific Government Benefits on Chronic and Transient SPM Poverty Rates

As shown in Tables 1-4, some specific government programs appeared to have different effects on transient and chronic poverty, though in most cases the effects seen were not statistically significant. To some extent these differences reflect economic theory of the causes of transient versus chronic poverty and the types of policies expected to be effective in addressing each. For example, unemployment insurance provides the type of short-term income insurance that would be expected to be effective in addressing transient poverty, and in fact unemployment insurance had an apparently greater (though only nominally significant) impact in reducing transient poverty than chronic poverty, for the sample overall and for children and immigrants. On the other hand, housing subsidies and SSI provide the type of ongoing long-

term support that would be expected to be effective in reducing chronic poverty, and these programs had an apparently greater (though again nominally significant) impact on chronic poverty rates than transient poverty rates, for the sample overall and for seniors and immigrants.

The federal[1] EITC had an apparent impact on both transient and chronic poverty rates, particularly for children and immigrants (though again this impact was only nominally significant). Notably, a not insubstantial percentage of children (1.8%) and immigrants (3.3%) would have been chronically poor in the absence of the EITC. As the EITC is only available to individuals with paid legal employment, this finding may suggest that there is a population of working households who would have been chronically poor without government assistance, despite the fact that they were employed and "playing by the rules."

Social Security, as noted above, had a very significant impact on both transient and chronic poverty rates, with the greatest impact on the rate of chronic poverty. This result parallels findings from prior research on annual poverty using the SPM, which has similarly found Social Security to be the government program with the largest impact on the SPM annual poverty rate (Short, 2012).

Government Benefits Shifting Individuals from Chronic Poverty into Transient Poverty

As noted above, an observed effect of government benefits was to shift some individuals out of chronic poverty into transient poverty, thus shrinking the chronic SPM poverty rate but simultaneously increasing the transient poverty rate. This phenomenon was apparent among immigrants across several government programs (and in fact for government benefits overall among immigrants), and appeared to occur among other subpopulations particularly for two benefit programs, namely housing subsidies (among immigrants, seniors, and children) and SSI (among immigrants and seniors). To explore this phenomenon further, additional analysis was conducted to examine chronic and transient poverty rates after excluding all government benefits for the transient poor and nonpoor subsamples only. This analysis revealed that all government benefits combined raised 11.3 percent of individuals from transient poverty to nonpoor status, lifted 3.1 percent of individuals from chronic poverty to nonpoor status, and shifted 6.0 percent of individuals from chronic poverty to transient poverty. Moreover, nearly one third of transient

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[1] State EITC payments were also examined, but had much less impact as they are generally much smaller in dollar amount per recipient compared to federal EITC payments.

poor individuals overall (31.6 percent) would have been chronically poor if they had not received any government benefits.

Impact of Taxes Paid on Chronic and Transient SPM Poverty Rates

Federal[2] taxes paid were associated with increases in SPM chronic and transient poverty rates, primarily for transient poverty. Federal income taxes (before tax credits) had some impact on transient SPM poverty rates, but the largest impact derived from federal payroll taxes (FICA), for the sample overall and nominally for children and immigrants[3] (Tables 1, 3, and 4). FICA raised the overall transient poverty rate by an estimated 1.7 percentage points, the child transient poverty rate by a nominal 2.0 percent, and the immigrant transient poverty rate by a nominal 3.9 percent. This finding somewhat parallels results of prior research on SPM annual poverty, which found that FICA was the federal tax with the largest impact on the annual SPM poverty rate (Short, 2012).

Impact of Medical Expenses on Chronic and Transient SPM Poverty Rates

Besides taxes, a few other specific non-discretionary expenses specifically accounted for in the Supplemental Poverty Measure were also examined for their impact on raising chronic and transient SPM poverty rates. One of these, medical out-of-pocket expenses (MOOP), had a noteworthy impact on both transient and chronic poverty rates for the sample overall and for all three subpopulations examined (Tables 1-4). In fact, for transient poverty, MOOP nearly counteracted the effect of all government benefits combined for the overall sample, as MOOP raised the transient poverty rate by an estimated 4.6 percentage points, while government benefits lowered the rate by 5.0 percent. Medical out-of-pocket expenses had a particularly large impact on the transient poverty rate for seniors, raising the senior transient poverty rate by an estimated 9.7 percentage points. The impact of MOOP on chronic poverty rates was less dramatic but still apparent, particularly among seniors. These results parallel the findings from prior research on annual SPM poverty, showing that medical out-of-pocket expenses are the expense with the largest impact on SPM annual poverty rates, and that MOOP drives a disproportionately high SPM annual poverty rate for seniors (Short, 2011a & 2012).

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[2] State income tax was also examined, but had much less impact , reflecting the smaller amounts households typically pay in state versus federal income taxes.
[3] Seniors were less impacted by payroll taxes, presumably due to lower rates of employment.

Impact of Private Resources on Chronic and Transient SPM Poverty Rates

To help assess the relative importance of government benefits in reducing chronic and transient poverty, this study also examined the impact of a small number of specific private resources on chronic and transient SPM poverty rates, namely employment income, pensions and retirement income, and financial help from relatives.

Employment income had by far the largest impact on poverty rates of all income sources examined; this is not at all surprising, given that most households in the United States rely on employment as their primary source of income. However, it is noteworthy that employment income had a substantial impact on both transient and chronic poverty rates for seniors, who are not typically expected to work for wages, even with Social Security income included in household resources (Table 2). This finding suggests that many seniors were either continuing to work beyond the typical retirement age of 65, or that they were living in households with younger working-age family members. Employment income was also particularly important for immigrants (Table 4). More than 98 percent of immigrants would have been chronically poor in the absence of employment, even with all government benefits included in household resources (versus 82.2 percent for the sample overall).

Private pensions and retirement income were also important in reducing both transient and chronic SPM poverty rates among seniors; this was the income source with the greatest impact in reducing the senior transient poverty rate, but it had less of an impact than Social Security on the senior chronic poverty rate (Table 2).

Finally, help from relatives had an apparent (though only nominally significant) impact on SPM poverty rates, particularly among immigrants and children – but only for transient poverty (Tables 3 and 4).

Discussion & Policy Implications

This study makes several contributions to the existing research on poverty in the United States and particularly the impact of government policies on poverty. By examining poverty longitudinally, over a timeframe relevant to the current post-welfare reform policy context, this study presents a more up-to-date picture of chronic and transient poverty and the impact of policy on these two types of poverty than is available in prior research. This study was also the

first to examine the persistence of poverty in the United States using the Supplemental Poverty Measure, a better-grounded measure of poverty than the official federal poverty measure used in prior research on poverty persistence. Importantly, use of the SPM made it possible for this study to systematically examine the longitudinal impact of diverse government policies and benefits on rates of chronic and transient poverty, an analysis which was not possible in earlier longitudinal poverty research using the official federal poverty measure.

Use of the SPM, however, also presented a methodological challenge, as calculation of the 17-parameter measure led to a larger-than-ideal number of cases with missing data. This represents a limitation of this study, but may be inherent in any research employing such a complex poverty measure across multiple years of data. The relatively small sample size for this study also led to relatively large confidence intervals for many analyses, limiting the ability to detect impact of specific resources and expenses on poverty rates. Repeating this analysis in another larger dataset would thus be ideal; unfortunately, no larger long-term longitudinal national dataset exists that includes all of the variables required to calculate the SPM.[4] Thus despite the limitations of the current study, it offers an important first examination of the longitudinal impact of a broad range of post-welfare reform government benefits and taxes on chronic and transient poverty, using the most robust standard U.S. poverty measure currently available, and using the only available nationally representative long-term panel dataset that includes directly reported data for a broad range of government benefits.

In terms of results, this study found that government benefits overall had an important impact on the transient SPM poverty rate and especially on the chronic SPM poverty rate during the 11-year post-welfare reform study timeframe. Government assistance reduced the rate of transient poverty by more than one fifth and the chronic poverty rate by more than four fifths. Private resources also reduced poverty rates, but were not sufficient to replace government support. Thus pensions and retirement income reduced transient poverty among seniors, but had less impact on chronic poverty than Social Security. Moreover, these types of private retirement benefits have become less common and less generous for lower-wage employees, suggesting they may be less adequate as a safety net for future retirees. Financial help from relatives

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[4] Forthcoming research from the Census Bureau will examine SPM poverty status longitudinally in the Survey of Income and Program Participation (SIPP) (Short & Garner, 2012), which does have a much larger sample and will thus offer a valuable complement to this study. However, the SIPP covers only a three-year timeframe, which does not seem fully adequate to examine the phenomena of transient versus chronic poverty.

appeared to reduce transient poverty for children and immigrants, but not chronic poverty, possibly suggesting that support from extended family may be sufficient to overcome a short-term spell of financial difficulty, but cannot compensate for a long-term mismatch between needs and resources. Overall, results from this study showed that government benefits served an important safety net function that was not met by private resources.

It is worth noting as well, however, that even after accounting for a wide range of government programs designed to address poverty, more than 20 percent of individuals still experienced transient or chronic poverty over the 11-year study period. Moreover, government benefits were not so generous that they alone were enough to keep individuals out of poverty; employment income was also required for nearly all households to avoid poverty over the 11-year study timeframe. Even with all government benefits included in family resources, 82 percent of the overall sample and 98 percent of immigrants would have been chronically poor if not for income from employment. In addition, one third of seniors would have been transiently poor and more than one in nine would have been chronically poor without employment income, even with Social Security included in household resources. In the current political climate of calls for government retrenchment and cuts to benefit programs, it is relevant to highlight these findings indicating that benefits did not eliminate the need for individuals to work, and that poverty was still experienced by a substantial proportion of individuals even after accounting for a broad range of government assistance.

Results showed that government benefits overall had a greater absolute and relative impact on the chronic SPM poverty rate than the transient poverty rate. Eliminating all government benefits would have increased the overall chronic SPM poverty rate more than five-fold (from 2.1 percent to 10.8 percent), while increasing the overall transient SPM poverty rate by one fifth (from 18.9 percent to 23.9 percent). This partly reflects an observed effect of government benefits in this study, which was to increase household resources just enough in some cases to shift individuals out of chronic poverty into transient poverty, thus reducing the chronic poverty rate while simultaneously increasing the transient poverty rate. This effect was the dominant impact of government benefits among immigrants, and also appeared to some extent for two benefit programs in particular, namely housing subsidies (among immigrants, seniors, and children) and SSI (among immigrants and seniors). Overall, nearly one third of transient poor individuals would have been chronically poor if they had not received any

government benefits. These results suggest that policymakers should consider the longitudinal impact of specific policies and of the overall package of government benefits on poverty. Is the objective of specific policies, or policy in general, to lift individuals out of poverty over the long-term? Or is the objective of policy to reduce but not eliminate the impact of poverty, by lifting individuals out of chronic poverty while leaving them vulnerable to transient poverty? Results from this study suggest that the existing framework of antipoverty policy results in the latter for a substantial proportion of poor individuals, leaving them poor in some years but not chronically poor. Such an approach might be justifiable, as chronic poverty is associated with substantially worse life outcomes than transient poverty, but it may not represent a deliberate strategy.

This study showed, as well, that the existing system of government benefits had an uneven impact on chronic and transient SPM poverty rates for different demographic subgroups. Seniors saw by far the largest reduction in poverty rates, particularly the chronic poverty rate, as a result of government benefits (essentially due to Social Security). Compared to its effect on seniors, the overall system of benefits was less effective in reducing poverty rates during the 11-year study period among children, particularly the transient poverty rate. For immigrants, as stated above, the dominant impact of government benefits was not to reduce poverty overall, but rather to shift individuals out of chronic poverty into transient poverty. These results raise questions of equity and imply that policymakers should consider the differential impact of specific policies and the overall system of government policies on chronic and transient poverty among different demographic groups.

Though not conclusive, analysis results also suggested that specific government programs may have different effects on transient versus chronic SPM poverty, though the ability to detect these effects was limited by statistical power. For example, unemployment insurance had an apparently greater (though only nominally significant) impact in reducing transient poverty than chronic poverty, while housing subsidies had an apparently greater (though again nominally significant) impact on chronic poverty rates than transient poverty rates. Given that prior research and economic theory suggest that the demographics and causes of chronic and transient poverty are different, it makes sense to consider whether particular policies may be more effective in addressing either chronic or transient poverty. Further research would be helpful to explore this issue. Explicitly designing and targeting benefit policies to address the specific

needs of chronically versus transiently poor individuals would likely facilitate more efficient and effective use of government antipoverty resources.

Policies to address chronic and transient poverty can also target specific expenses that significantly contribute to poverty rates. Two stand out in this study as potential targets particularly for addressing transient poverty. First, federal payroll taxes (FICA) increased transient poverty rates for households with employed adults. This effect could be interpreted as a generational trade-off; payroll taxes appeared to increase transient poverty among children, immigrants, and working-age adults, but they also fund Social Security, which reduced transient and especially chronic poverty among seniors. This finding may suggest support for transient poverty policies that specifically target the working poor (e.g. the EITC), as a way of mitigating the impact of payroll taxes on these households. Medical out-of-pocket expenses also had a significant impact on longitudinal poverty rates, especially for seniors and for transient poverty. These findings suggest that health care policies not specifically designed as antipoverty policies – e.g. the Affordable Care Act or Medicare reform – may have significant potential as strategies to address longitudinal poverty if they reduce out-of-pocket medical expenses, particularly for transient poverty and particularly among seniors.

Overall, this study suggests that there is value to examining the impact of antipoverty policy on poverty from more than just a cross-sectional perspective. By examining chronic and transient poverty separately, this study showed that specific government programs and the overall package of government benefits had different impacts on short-term and long-term poverty in the U.S., a significant finding given that transient and chronic poverty are associated with different levels of adverse outcomes and somewhat different populations. Further consideration of this type of longitudinal impact would be valuable in future research and design of policies intended to address the problem of poverty.

Table 1. Transient and chronic SPM poverty rates after excluding specific components, **for the overall sample.**

	Chronic Poverty Rate	(se) [95% CI]	Difference in rate	Transient Poverty Rate	(se) [95% CI]	Difference in rate
SPM with all components	2.1%	(0.4) [1.4, 2.8]		18.9%	(0.7) [17.3, 20.4]	
Component excluded						
Federal EITC	2.7%	(0.4) [2.0, 3.5]	0.6%	20.4%	(0.9) [18.7, 22.1]	1.5%
Federal + state EITC	2.7%	(0.4) [2.0, 3.5]	0.6%	20.4%	(0.9) [18.7, 22.2]	1.5%
Child Tax Credit (CTC)	2.2%	(0.3) [1.6, 2.8]	0.1%	19.1%	(0.8) [17.5, 20.6]	0.2%
Social Security	7.1%*	(0.5) [6.2, 8.1]	5.0%	22.6%*	(1.0) [20.6, 24.6]	3.7%
SSI	2.6%	(0.4) [1.8, 3.3]	0.5%	19.0%	(0.8) [17.4, 20.6]	0.1%
Unemployment insurance	2.2%	(0.4) [1.5, 3.0]	0.1%	20.2%	(0.8) [18.6, 21.8]	1.3%
SNAP (food stamps)	2.6%	(0.4) [1.9, 3.4]	0.5%	19.5%	(0.8) [17.9, 21.1]	0.6%
Housing subsidies	2.9%	(0.4) [2.0, 3.7]	0.8%	19.0%	(0.7) [17.5, 20.4]	0.1%
School lunch	2.3%	(0.4) [1.5, 3.1]	0.2%	19.2%	(0.8) [17.6, 20.8]	0.3%
TANF	2.2%	(0.4) [1.5, 2.9]	0.1%	18.9%	(0.8) [17.4, 20.5]	0.0%
WIC	2.2%	(0.4) [1.5, 2.9]	0.1%	19.0%	(0.8) [17.5, 20.6]	0.1%
Low Income Home Energy Assistance Program (LIHEAP)	2.1%	(0.4) [1.4, 2.8]	0.0%	19.0%	(0.8) [17.4, 20.5]	0.1%
Worker's compensation	2.1%	(0.4) [1.4, 2.8]	0.0%	19.1%	(0.8) [17.5, 20.6]	0.2%
ALL GOVT BENEFITS COMBINED	10.8%*	(0.7) [9.4, 12.2]	8.7%	23.9%*	(1.1) [21.8, 26.0]	5.0%
Employment income	82.2%*	(0.7%) [80.8, 83.5]	80.1%	10.8%* †	(0.5) [9.7, 11.9]	-8.1%
Private pensions and retirement	3.7%*	(0.4) [2.9, 4.6]	1.6%	23.5%*	(0.8) [21.9, 25.2]	4.6%
Help from relatives	2.2%	(0.4) [1.5, 3.0]	0.1%	19.9%	(0.8) [18.2, 21.5]	1.0%
Child support rec'd	2.2%	(0.4) [1.5, 3.0]	0.1%	19.4%	(0.8) [17.8, 21.1]	0.5%

* CI excludes point estimate for original rate.
† Note that drop in transient poverty rate is due to increase in chronic poverty rate.

Table 1 (cont'd).

	Chronic Poverty Rate	(se) [95% CI]	Difference in rate	Transient Poverty Rate	(se) [95% CI]	Difference in rate
SPM with all components	2.1%	(0.4) [1.4, 2.8]		18.9%	(0.7) [17.3, 20.4]	
Component excluded						
Medical out-of-pocket expenses (MOOP)	1.6%	(0.3) [0.9, 2.3]	-0.5%	14.3%*	(0.8) [12.7, 15.9]	-4.6%
Work expenses (excluding childcare)	2.1%	(0.4) [1.3, 2.8]	0.0%	18.4%	(0.7) [16.9, 19.8]	-0.5%
Childcare expenses	2.1%	(0.4) [1.4, 2.8]	0.0%	18.6%	(0.8) [17.1, 20.2]	-0.3%
Child support paid	2.1%	(0.4) [1.4, 2.8]	0.0%	18.6%	(0.8) [17.1, 20.1]	-0.3%
FICA (federal payroll tax)	1.9%	(0.4) [1.2, 2.6]	-0.2%	17.2%*	(0.7) [15.7, 18.6]	-1.7%
Federal income tax (before credits)	2.0%	(0.4) [1.3, 2.8]	-0.1%	18.2%	(0.8) [16.6, 19.7]	-0.7%
ALL FEDERAL TAXES	1.9%	(0.4) [1.2, 2.6]	-0.2%	16.7%*	(0.7) [15.3, 18.1]	-2.2%
State income tax (before credits)	2.1%	(0.4) [1.3, 2.8]	0.0%	18.6%	(0.8) [17.0, 20.1]	-0.3%
ALL FEDERAL + STATE TAXES	1.9%	(0.4) [1.2, 2.6]	-0.2%	16.6%*	(0.8) [15.2, 18.1]	-2.3%

* CI excludes point estimate for original rate.

Figure 1a. Impact of resource and expense components on **chronic SPM poverty rate, for the overall sample.**
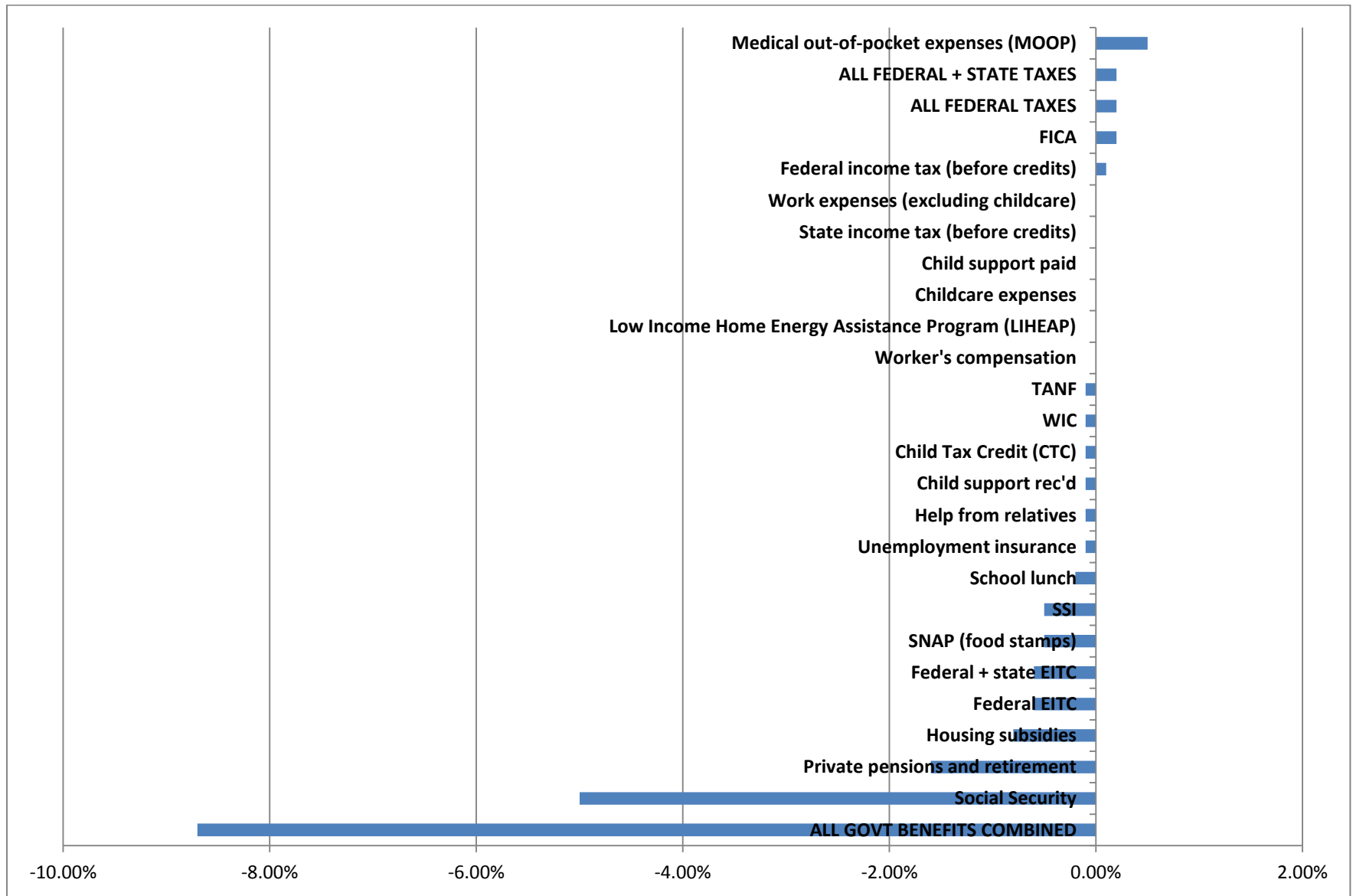
Figure 1b. Impact of resource and expense components on **transient SPM poverty rate, for the overall sample.**
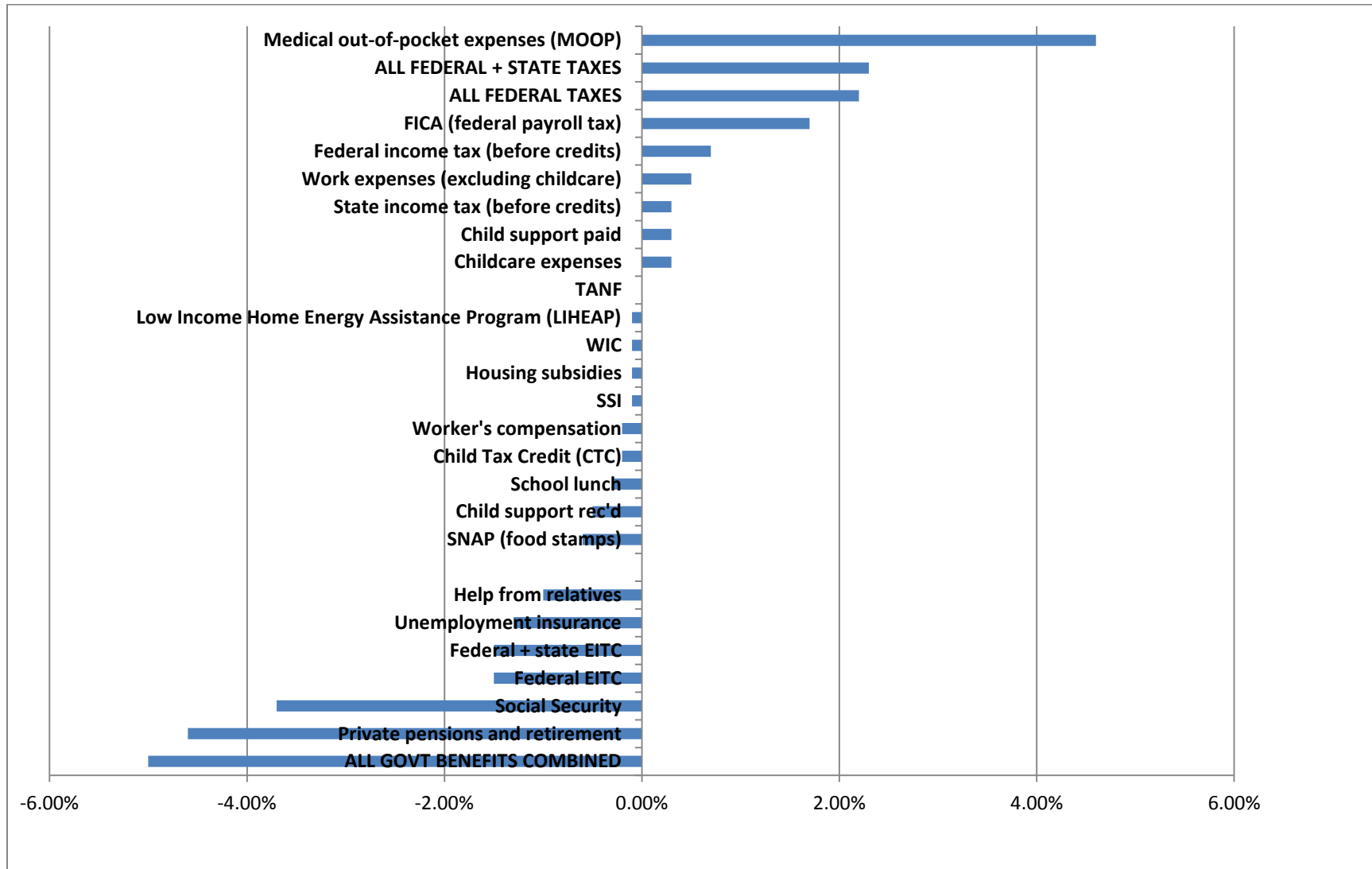
Table 2. Transient and chronic SPM poverty rates after excluding specific components,
 for seniors.

	Chronic Poverty Rate	**(se) [95% CI]**	**Difference in rate**	**Transient Poverty Rate**	**(se) [95% CI]**	**Difference in rate**
SPM with all components	5.1%	(1.2) [2.8, 7.5]		24.2%	(2.4) [19.2, 29.1]	
Component excluded						
Federal EITC	5.2%	(1.2) [2.8, 7.5]	0.1%	24.3%	(2.5) [19.3, 29.3]	0.1%
Federal + state EITC	5.2%	(1.2) [2.8, 7.5]	0.1%	24.3%	(2.5) [19.3, 29.3]	0.1%
Child Tax Credit (CTC)	5.1%	(1.2) [2.8, 7.5]	0.0%	24.2%	(2.4) [19.2, 29.1]	0.0%
Social Security	37.8%*	(2.7) [32.3, 43.3]	32.7%	32.2%*	(2.7) [26.7, 37.7]	8.0%
SSI	5.6%	(1.2) [2.1, 8.1]	0.5%	23.9%†	(2.4) [19.1, 28.8]	-0.3%
Unemployment insurance	5.1%	(1.2) [2.8, 7.5]	0.0%	24.2%	(2.5) [19.2, 29.2]	0.0%
SNAP (food stamps)	5.2%	(1.1) [2.8, 7.5]	0.1%	24.2%	(2.4) [19.2, 29.1]	0.0%
Housing subsidies	5.8%	(1.2) [3.3, 8.3]	0.7%	23.6%†	(2.4) [18.8, 28.5]	-0.6%
School lunch	5.1%	(1.2) [2.8, 7.5]	0.0%	24.2%	(2.4) [19.2, 29.1]	0.0%
TANF	5.1%	(1.2) [2.8, 7.5]	0.0%	24.2%	(2.4) [19.2, 29.1]	0.0%
WIC	5.1%	(1.2) [2.8, 7.5]	0.0%	24.2%	(2.4) [19.2, 29.1]	0.0%
Low Income Home Energy Assistance Program (LIHEAP)	5.1%	(1.2) [2.8, 7.5]	0.0%	24.2%	(2.4) [19.2, 29.1]	0.0%
Worker's compensation	5.1%	(1.2) [2.8, 7.5]	0.0%	24.2%	(2.5) [19.3, 29.2]	0.0%
ALL GOVT BENEFITS COMBINED	38.3%*	(2.7) [32.8, 43.8]	33.2%	32.2%*	(2.8) [26.6, 37.8]	8.0%
Employment income	11.6%*	(1.7) [8.2, 15.0]	6.5%	33.4%*	(2.6) [28.2, 38.6]	9.2%
Private pensions and retirement	15.0%*	(1.8) [11.3, 18.7]	9.9%	36.3%*	(3.2) [29.9, 42.7]	12.1%
Help from relatives	5.2%	(1.2) [2.8, 7.7]	0.1%	24.4%	(2.4) [19.6, 29.2]	0.2%
Child support rec'd	5.1%	(1.2) [2.8, 7.5]	0.0%	24.2%	(2.4) [19.2, 29.1]	0.0%

* CI excludes point estimate for original rate.
†Note that drop in transient poverty rate is due to increase in chronic poverty rate.

Table 2 (cont'd).

	Chronic Poverty Rate	(se) [95% CI]	Difference in rate	Transient Poverty Rate	(se) [95% CI]	Difference in rate
SPM with all components	5.1%	(1.2) [2.8, 7.5]		24.2%	(2.4) [19.2, 29.1]	
Component excluded						
Medical out-of-pocket expenses (MOOP)	2.0%*	(0.6) [0.7, 3.2]	-3.1%	14.5%*	(1.7) [11.1, 17.9]	-9.7%
Work expenses (excluding childcare)	5.1%	(1.2) [2.8, 7.5]	0.0%	24.2%	(2.4) [19.2, 29.1]	0.0%
Childcare expenses	5.1%	(1.2) [2.8, 7.5]	0.0%	24.2%	(2.4) [19.2, 29.1]	0.0%
Child support paid	5.1%	(1.2) [2.8, 7.5]	0.0%	24.2%	(2.4) [19.2, 29.1]	0.0%
FICA (federal payroll tax)	5.1%	(1.2) [2.8, 7.5]	0.0%	24.0%	(2.4) [19.2, 28.9]	-0.2%
Federal income tax (before credits)	5.1%	(1.2) [2.8, 7.5]	0.0%	23.7%	(2.5) [18.6, 28.8]	-0.5%
ALL FEDERAL TAXES	5.1%	(1.2) [2.8, 7.5]	0.0%	23.6%	(2.5) [18.6, 28.6]	-0.6%
State income tax (before credits)	5.1%	(1.2) [2.8, 7.5]	0.0%	24.0%	(2.5) [18.9, 29.0]	-0.2%
ALL FEDERAL + STATE TAXES	5.1%	(1.2) [2.8, 7.5]	0.0%	23.6%	(2.5) [18.6, 28.6]	-0.6%

* CI excludes point estimate for original rate.

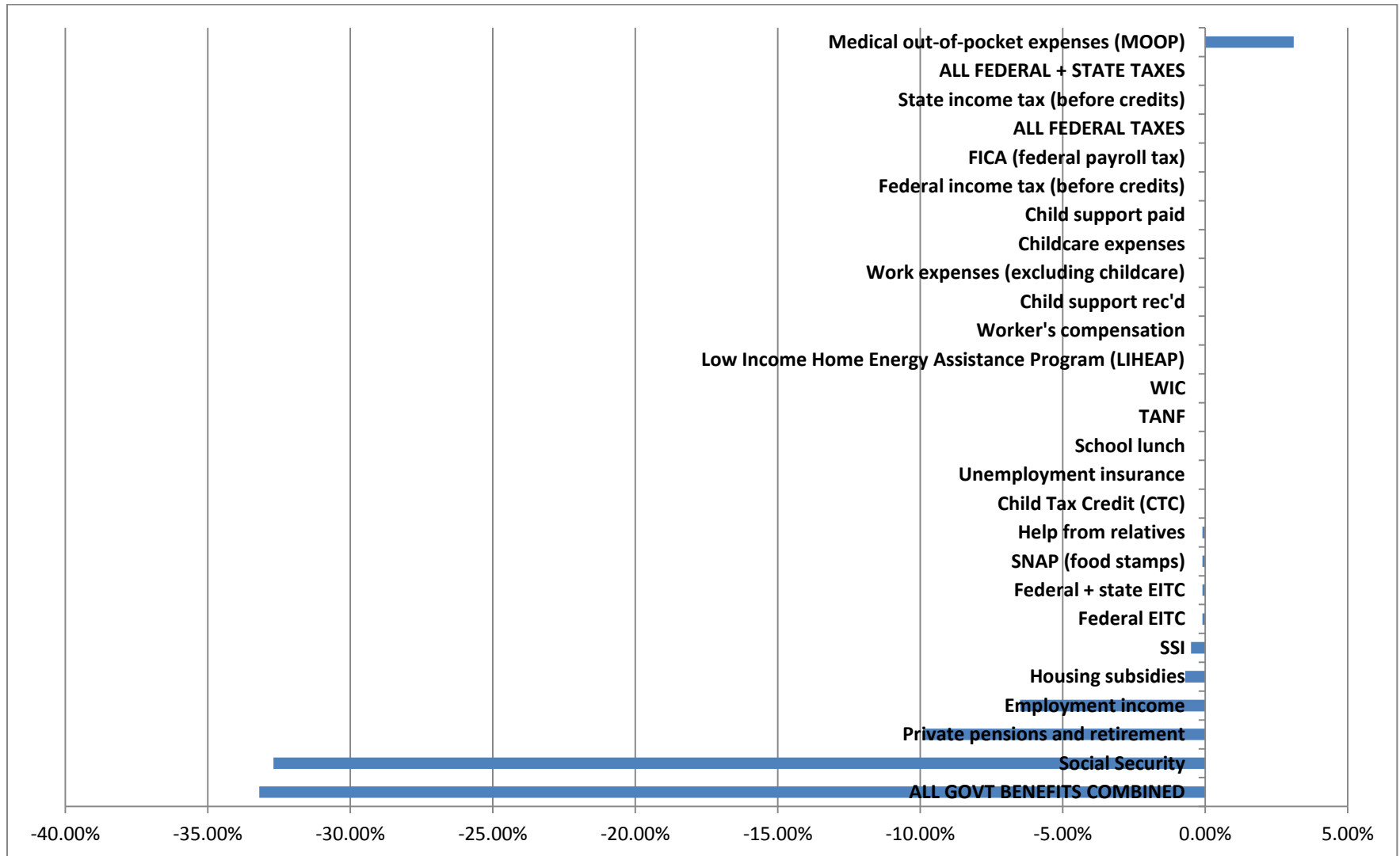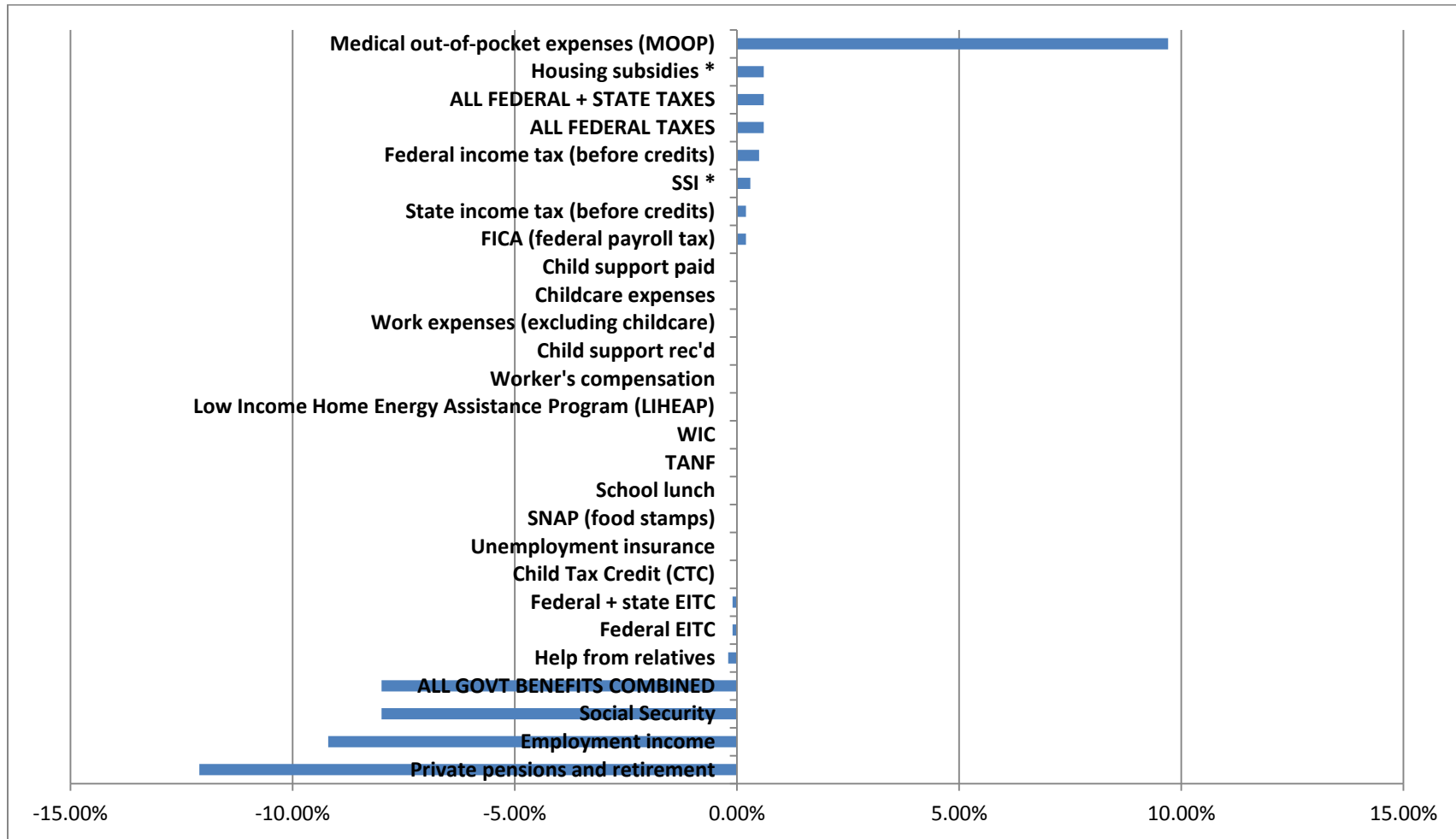Figure 2a. Impact of resource and expense components on **chronic SPM poverty rate, for seniors**.

Figure 2b. Impact of resource and expense components on **transient SPM poverty rate, for seniors**.

* Note that increase in transient poverty rate is due to shift from chronic to transient poverty.

Table 3. Transient and chronic SPM poverty rates after excluding specific components,
 for children.

	Chronic Poverty Rate	(se) [95% CI]	**Difference in rate**	**Transient Poverty Rate**	(se) [95% CI]	**Difference in rate**
SPM with all components	2.5%	(0.8) [0.8, 4.2]		20.6%	(1.8) [17.1, 24.1]	
Component excluded						
Federal EITC	4.3%	(0.9) [2.4, 6.1]	1.8%	23.3%	(1.9) [19.5, 27.2]	2.7%
Federal + state EITC	4.3%	(0.9) [2.5, 6.2]	1.8%	23.4%	(1.9) [19.6, 27.3]	2.8%
Child Tax Credit (CTC)	2.9%	(0.8) [1.3, 4.4]	0.4%	21.2%	(1.8) [17.6, 24.7]	0.6%
Social Security	3.6%	(0.9) [1.8, 5.4]	1.1%	21.4%	(1.8) [17.9, 24.9]	0.8%
SSI	2.8%	(0.8) [1.1, 4.5]	0.3%	21.1%	(1.9) [17.4, 24.8]	0.5%
Unemployment insurance	2.9%	(1.0) [1.0, 4.9]	0.4%	22.5%	(1.8) [18.9, 26.1]	1.9%
SNAP (food stamps)	3.7%	(0.9) [1.9, 5.5]	1.2%	22.0%	(1.8) [18.4, 25.6]	1.4%
Housing subsidies	4.6%	(1.2) [2.2, 7.1]	2.1%	19.7%†	(1.5) [16.7, 22.7]	-0.9%
School lunch	3.1%	(1.0) [1.2, 5.0]	0.6%	21.7%	(1.7) [18.2, 25.2]	1.1%
TANF	2.8%	(0.8) [1.2, 4.5]	0.3%	20.9%	(1.8) [17.3, 24.4]	0.3%
WIC	2.9%	(0.9) [1.1, 4.6]	0.4%	21.1%	(1.8) [17.6, 24.6]	0.5%
Low Income Home Energy Assistance Program (LIHEAP)	2.6%	(0.8) [0.9, 4.2]	0.1%	20.8%	(1.8) [17.3, 24.4]	0.2%
Worker's compensation	2.6%	(0.8) [0.9, 4.2]	0.1%	20.8%	(1.8) [17.2, 24.3]	0.2%
ALL GOVT BENEFITS COMBINED	11.4%*	(1.9) [7.6, 15.1]	8.9%	23.9%*	(1.8) [20.2, 27.6]	3.3%
Employment income	96.4%*	(0.7) [95.0, 97.8]	93.9%	3.0%*†	(0.6) [1.7, 4.3]	-17.6%
Private pensions and retirement	2.6%	(0.8) [0.9, 4.3]	0.1%	21.6%	(1.7) [18.3, 24.9]	1.0%
Help from relatives	2.6%	(0.8) [0.9, 4.3]	0.1%	22.7%	(1.9) [18.9, 26.4]	2.1%
Child support rec'd	3.0%	(0.8) [1.3, 4.8]	0.5%	22.8%	(1.9) [18.9, 26.7]	2.2%

* CI excludes point estimate for original rate.
†Note that drop in transient poverty rate is due to increase in chronic poverty rate.

Table 3 (cont'd).

	Chronic Poverty Rate	(se) [95% CI]	Difference in rate	Transient Poverty Rate	(se) [95% CI]	Difference in rate
SPM with all components	2.5%	(0.8) [0.8, 4.2]		20.6%	(1.8) [17.1, 24.1]	
Component excluded						
Medical out-of-pocket expenses (MOOP)	2.4%	(0.8) [0.8, 4.1]	-0.1%	17.6%	(1.8) [14.0, 21.2]	-3.0%
Work expenses (excluding childcare)	2.5%	(0.8) [0.9, 4.2]	0.0%	19.9%	(1.7) [16.5, 23.2]	-0.7%
Childcare expenses	2.5%	(0.8) [0.9, 4.2]	0.0%	20.0%	(1.7) [16.5, 23.4]	-0.6%
Child support paid	2.5%	(0.8) [0.9, 4.2]	0.0%	20.2%	(1.8) [16.7, 23.7]	-0.4%
FICA (federal payroll tax)	2.3%	(0.8) [0.7, 4.0]	-0.2%	18.6%	(1.7) [15.2, 22.1]	-2.0%
Federal income tax (before credits)	2.5%	(0.8) [0.9, 4.2]	0.0%	19.6%	(1.8) [16.1, 23.1]	-1.0%
ALL FEDERAL TAXES	2.3%	(0.8) [6.8, 4.0]	-0.2%	18.4%	(1.7) [15.0, 21.8]	-2.2%
State income tax (before credits)	2.5%	(0.8) [0.9, 4.2]	0.0%	20.4%	(1.8) [16.8, 23.9]	-0.2%
ALL FEDERAL + STATE TAXES	2.3%	(0.8) [0.7, 4.0]	-0.2%	18.3%	(1.7) [14.9, 21.7]	-2.3%

* CI excludes point estimate for original rate.

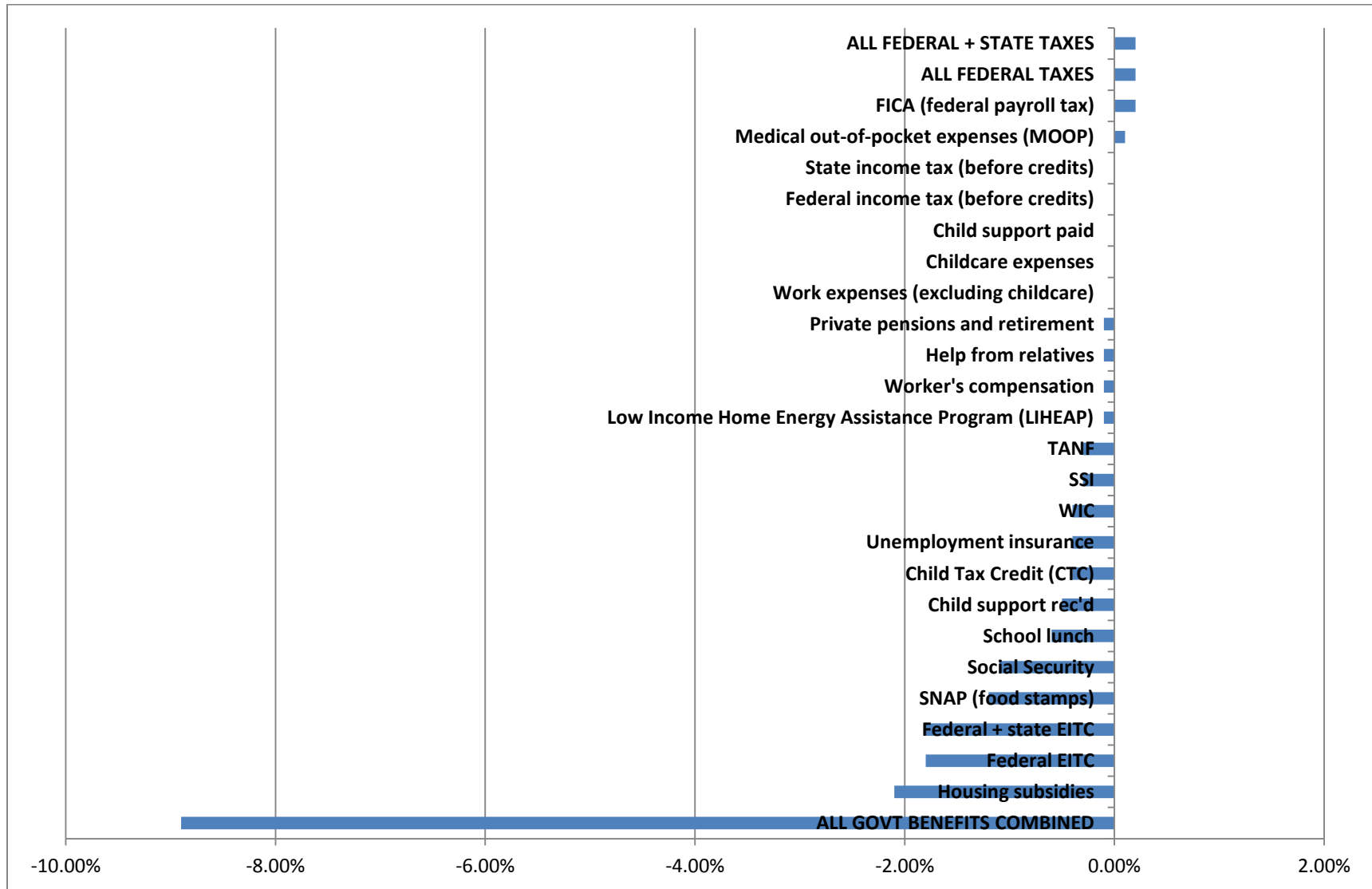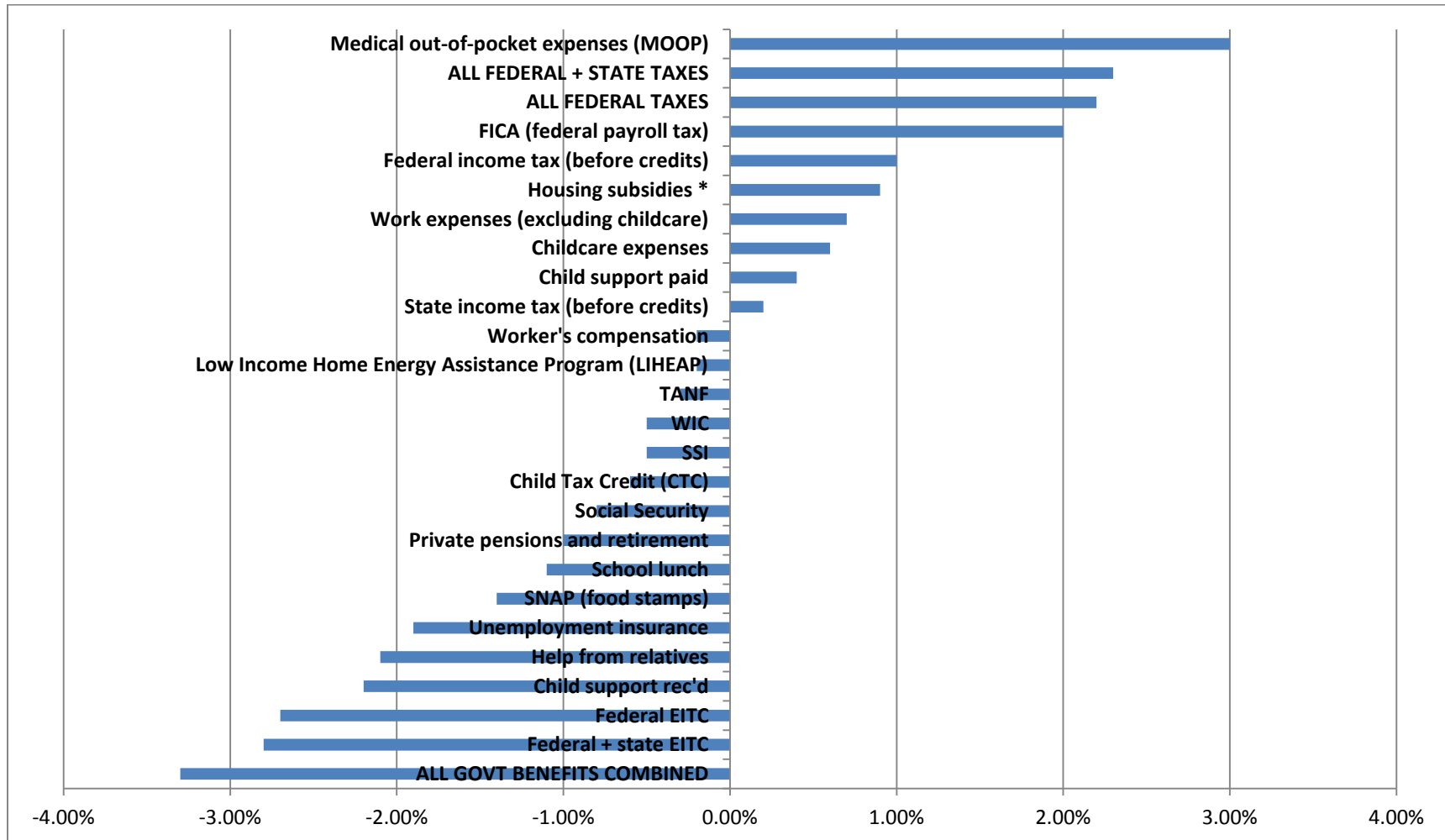Figure 3a. Impact of resource and expense components on **chronic SPM poverty rate, for children**.

Figure 3b. Impact of resource and expense components on **transient SPM poverty rate, for children**.

* Note that increase in transient poverty rate is due to shift from chronic to transient poverty.

Table 4. Transient and chronic poverty rates after excluding specific components,
for immigrants.

	Chronic Poverty Rate	(se) [95% CI]	Difference in rate	Transient Poverty Rate	(se) [95% CI]	Difference in rate
SPM with all components	10.2%	(3.2) [3.7, 16.6]		33.2%	(3.8) [25.4, 41.0]	
Component excluded						
Federal EITC	13.5%	(2.9) [7.6, 19.4]	3.3%	33.5%	(3.5) [26.4, 40.6]	0.3%
Federal + state EITC	13.7%	(2.8) [7.9, 19.5]	3.5%	33.5%	(3.5) [26.4, 40.6]	0.3%
Child Tax Credit (CTC)	10.9%	(2.7) [5.5, 16.4]	0.7%	33.7%	(3.7) [26.0, 41.3]	0.5%
Social Security	11.7%	(3.1) [5.4, 17.9]	1.5%	33.1%†	(3.4) [26.1, 40.2]	-0.1%
SSI	10.9%	(3.1) [4.6, 17.3]	0.7%	32.7%†	(3.8) [24.9, 40.6]	-0.5%
Unemployment insurance	11.4%	(3.3) [4.6, 18.3]	1.2%	35.5%	(3.4) [28.6, 42.5]	2.3%
SNAP (food stamps)	11.5%	(2.9) [5.6, 17.5]	1.3%	33.5%	(3.5) [26.4, 40.5]	0.3%
Housing subsidies	12.1%	(3.3) [5.4, 18.7]	1.9%	31.6%†	(3.3) [24.9, 38.4]	-1.6%
School lunch	12.2%	(3.5) [5.1, 19.3]	2.0%	32.8%†	(3.4) [25.8, 39.7]	-0.4%
TANF	10.4%	(3.2) [3.9, 16.9]	0.2%	33.1%†	(3.8) [25.4, 40.8]	-0.1%
WIC	11.0%	(3.1) [4.7, 17.2]	0.8%	32.9%†	(3.9) [25.0, 40.8]	-0.3%
Low Income Home Energy Assistance Program (LIHEAP)	10.2%	(3.2) [3.7, 16.6]	0.0%	33.4%	(3.8) [25.6, 41.1]	0.2%
Worker's compensation	10.2%	(3.2) [3.7, 16.7]	0.0%	33.7%	(3.8) [25.9, 41.6]	0.5%
ALL GOVT BENEFITS COMBINED	22.5%*	(4.2) [13.9, 31.2]	12.3%	32.3%*†	(3.6) [25.1, 39.6]	-0.9%
Employment income	98.4%*	(0.6) [97.2, 99.6]	88.2%	1.6%*†	(0.6) [0.4, 2.8]	-31.6%
Private pensions and retirement	10.2%	(3.2) [3.7, 16.6]	0.0%	33.4%	(3.8) [25.6, 41.3]	0.2%
Help from relatives	10.2%	(3.2) [3.7, 16.7]	0.0%	34.8%	(3.4) [27.7, 41.9]	1.6%
Child support rec'd	10.5%	(3.2) [4.0, 17.0]	0.3%	32.9%†	(3.7) [25.2, 40.6]	-0.3%

* CI excludes point estimate for original rate.
†Note that drop in transient poverty rate is due to increase in chronic poverty rate.

Table 4 (cont'd).

	Chronic Poverty Rate	(se) [95% CI]	Difference in rate	Transient Poverty Rate	(se) [95% CI]	Difference in rate
SPM with all components	10.2%	(3.2) [3.7, 16.6]		33.2%	(3.8) [25.4, 41.0]	
Component excluded						
Medical out-of-pocket expenses (MOOP)	9.4%	(3.0) [3.3, 15.5]	-0.8%	29.3%	(3.8) [21.5, 37.2]	-3.9%
Work expenses (excluding childcare)	10.0%	(3.2) [3.5, 16.5]	-0.2%	31.3%	(3.4) [24.2, 38.3]	-1.9%
Childcare expenses	10.2%	(3.2) [3.7, 16.6]	0.0%	32.8%	(3.7) [25.2, 40.5]	-0.4%
Child support paid	10.2%	(3.2) [3.7, 16.6]	0.0%	32.6%	(3.8) [24.9, 40.4]	-0.6%
FICA (federal payroll tax)	9.1%	(3.2) [2.6, 15.7]	-1.1%	29.3%	(3.2) [22.7, 35.9]	-3.9%
Federal income tax (before credits)	10.2%	(3.2) [3.7, 16.6]	0.0%	31.4%	(3.6) [24.0, 38.8]	-1.8%
ALL FEDERAL TAXES	9.1%	(3.2) [2.5, 15.7]	-1.1%	28.0%	(3.1) [21.6, 34.5]	-5.2%
State income tax (before credits)	10.2%	(3.2) [3.7, 16.6]	0.0%	33.1%	(3.8) [25.3, 40.9]	-0.1%
ALL FEDERAL + STATE TAXES	9.0%	(3.2) [2.4, 15.6]	-1.2%	28.1%	(3.1) [21.7, 34.5]	-5.1%

* CI excludes point estimate for original rate.

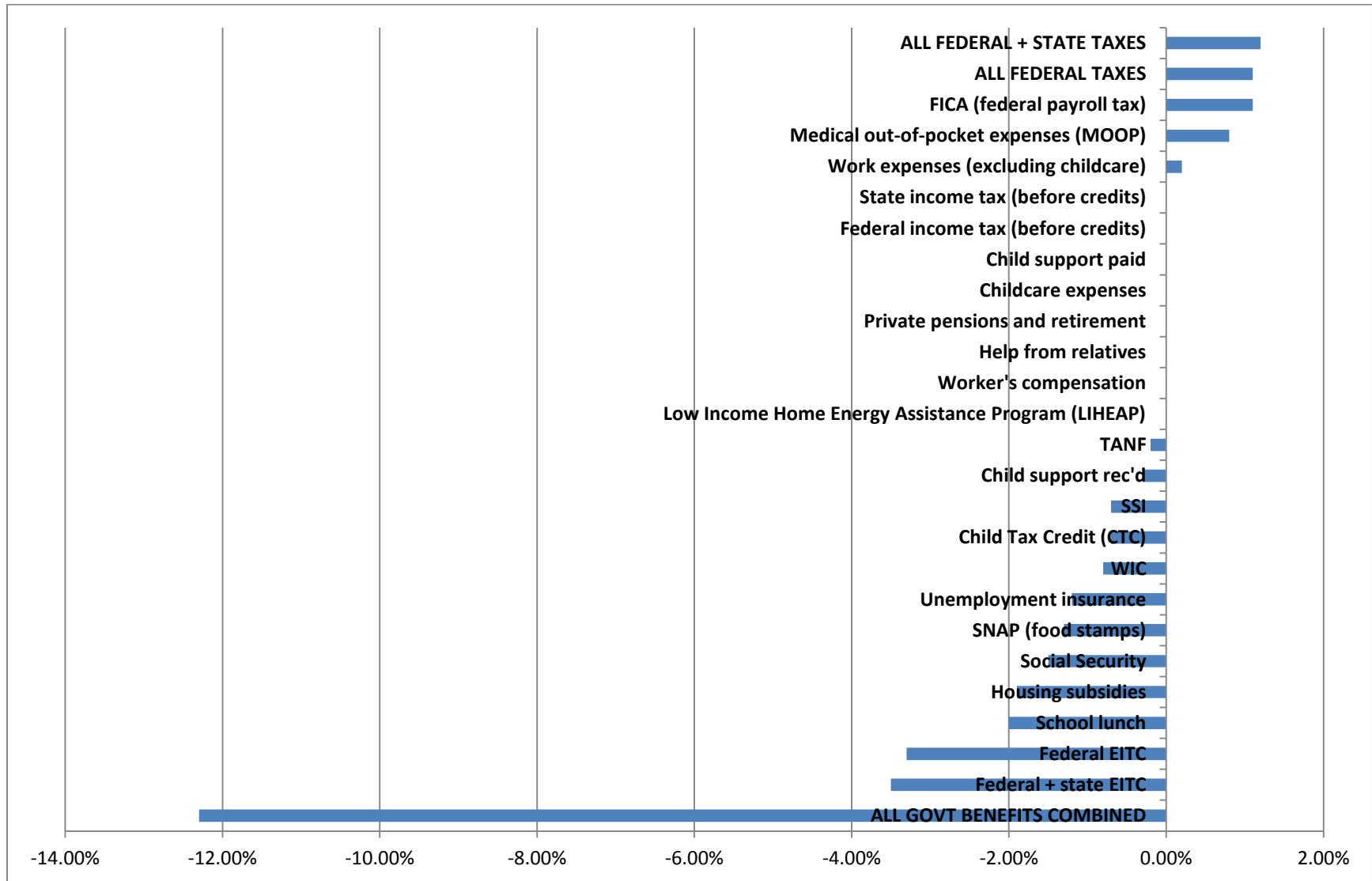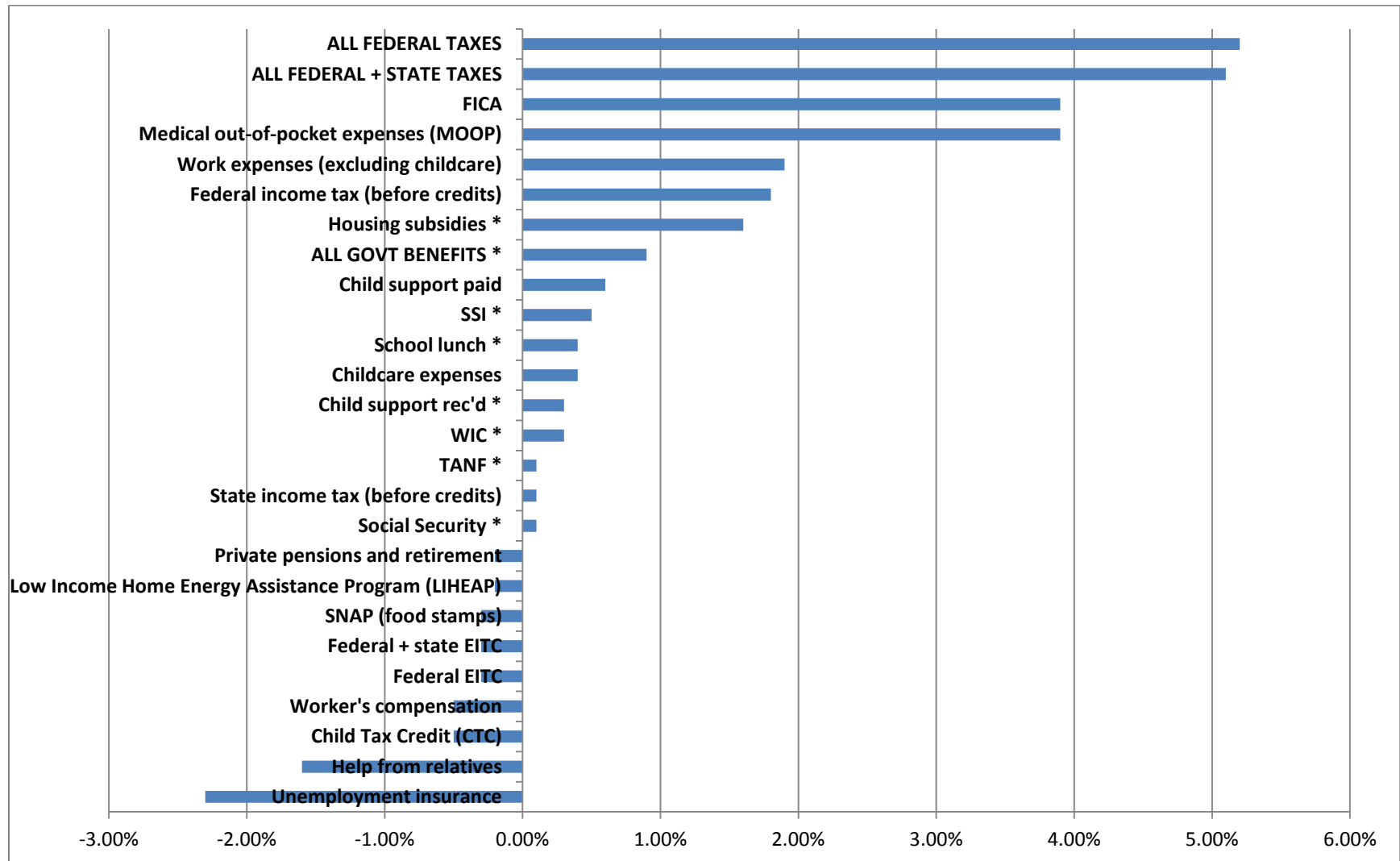Figure 4a. Impact of resource and expense components on **chronic SPM poverty rate, for immigrants**.

Figure 4b. Impact of resource and expense components on **transient SPM poverty rate, for immigrants**.

* Note that increase in transient poverty rate is due to shift from chronic to transient poverty.

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