The Change in Poverty from 1995 to 2016 among Single-Parent Families

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Whether poverty has risen or fallen over time is a key barometer of societal progress. Between 1970 and 2020, the official poverty rate in the United States fell by just 1.2 percentage points (9.5 percent), suggesting limited economic gains for the disadvantaged despite large investments in anti-poverty programs. In contrast, several recent studies have found much larger declines in poverty. These studies rely on broader resource measures and/or correct for some of the bias in inflation measures when updating poverty thresholds. However, these estimates of changes in poverty over time continue to rely on surveys that suffer from substantial and growing income misreporting, leaving uncertain the true decline in poverty in the United States over time.

Our research is the first to use comprehensive income data to examine changes in poverty over time in the United States. By "comprehensive," we mean survey data linked to an extensive set of administrative tax and program records, such as those of the Comprehensive Income Dataset (CID) project. Using the CID allowed us to correct for measurement error in survey-reported income while continuing to use the family unit identified using surveys as the group sharing that income. We focused on individuals in single-parent families in 1995 and 2016, providing a two-decade-plus assessment of the change in poverty for this policy-relevant subpopulation. Single parents were greatly affected by welfare reform policies in the 1990s that imposed work requirements in the main cash welfare program and rewarded work through refundable tax credits. Single parents are also targeted by many current and proposed policies, including a 2021 proposal to replace the existing child tax credit with a child allowance for all low- and middle-income families regardless of earnings.

We find that single-parent-family poverty, after accounting for taxes and nonmedical in-kind transfers, declined

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by 62 percent between 1995 and 2016 using the CID. In contrast, it fell by only 45 percent using survey data alone. Moreover, while survey-reported deep poverty among single-parent families increased over this time period, linked survey and administrative data reveal that this misleading result is due to declining survey quality. Linked CID data show that deep poverty decreased between 1995 and 2016. Our research builds on previous efforts to use linked survey and administrative data to improve our understanding of poverty, economic well-being, and the effects of government programs at a point in time.

It is worth noting caveats to our estimates that, on net, have likely understated the true decline in single-parent poverty over time. First, the CID incorporates earnings from both administrative data and the survey (to reflect informal earnings not reported on tax forms), but because survey respondents have become less likely to report their earnings, we captured a smaller share of total earnings and thus income over time. Second, there are many income sources for which we were unable to bring in administrative data to correct for increased survey underreporting over time. A notable example is Temporary Assistance for Needy Families, which is targeted to single-parent families. On the other hand, we included administrative Supplemental Nutrition Assistance Program data for 2016 but not 1995, which may have had the effect of overstating the decline in single-parent poverty over time.

NOTE

This research brief is based on Kevin Corinth, Bruce D. Meyer, and Derek Wu, "The Change in Poverty from 1995 to 2016 among Single Parent Families," NBER Working Paper no. 29870, March 2022. A condensed version of this working paper was published in the May 2022 issue of the *American Economic Association Papers and Proceedings*.