
Poverty and Well-Being in the U.S.
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I. Measuring Poverty in India and the U.S.

- Deaton emphasizes such issues as
 - The growing discrepancy between household survey and national account consumption data.
 - The difference between income and consumption.
 - The choice of the poverty line and price index.
 - Alternative measures that rely on durables.
 - “These problems are far from unique to India.”
 - Many of the measurement issues are similar, though there are key differences such as the importance of agriculture in India.
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I. U.S. Poverty Measurement and Trends

- The official U.S. poverty measure is an absolute poverty measure.
 - The poverty line is based on consumption patterns in the 1960s.
 - It has been adjusted since 1965 using a price index.
 - The resource measure is pre-tax pre-transfer income.
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I. U.S. Poverty Measurement and Trends

- Official poverty fell in the 1960s, but is the same now as it was in the early 1970s. Why?
 - Little wage growth at the bottom.
 - The official measure does not reflect most of the key policy changes of the period: increases in kind transfers of food, housing, health insurance; earnings subsidies through the tax system.
 - The price index used overstates inflation by more than one percent per year.
 - Better measures show a sharp decline in absolute poverty.
 - Such measures also indicate that the level of poverty is much lower due to transfers.
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I. Introduction

- Question
 - How has well-being changed for single mothers since the early 1990s?
 - Do changes differ across the distribution?
 - Why look at full distribution?
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I. Introduction

- To determine how well-being has changed we will examine:
 - Changes in income and consumption
 - Changes in components of consumption
 - Changes in time use
 - Changes in health insurance coverage
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I. Introduction

- We use data from:
 - Consumer Expenditure Survey (1993-2003)
 - American Housing Survey (1993-2003)
 - National Time-Use Survey (1993)
 - American Time-Use Survey (2003)
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II. Background

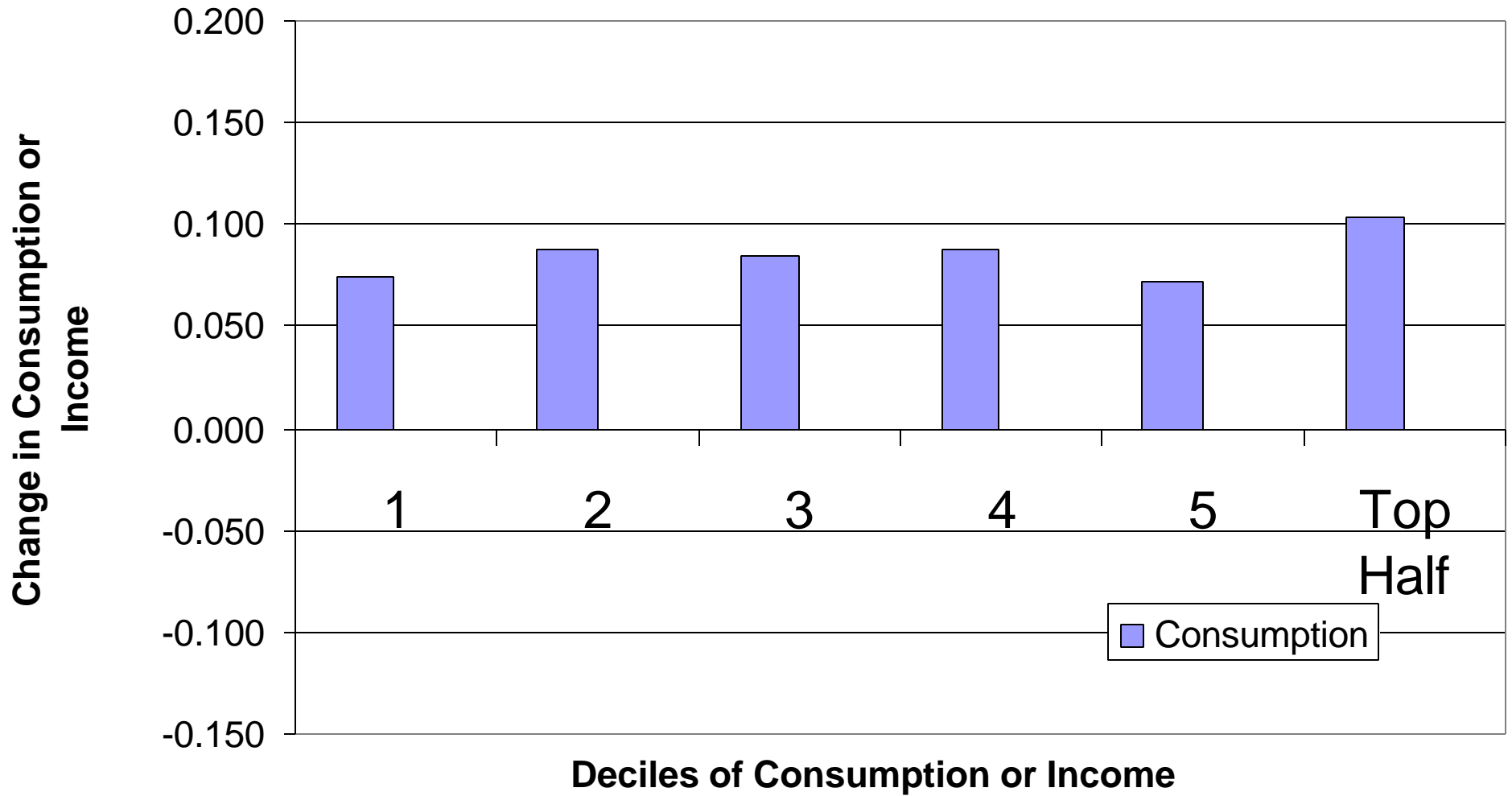
- Income vs. Consumption as measures of well-being (Meyer and Sullivan, 2003)
 - Expenditures exceed income for families with few resources.
 - Conceptual issues favor consumption.
 - Reporting issues are more split.
 - Consumption is more strongly associated with other measures of well-being.
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III. Changes in Income and Consumption

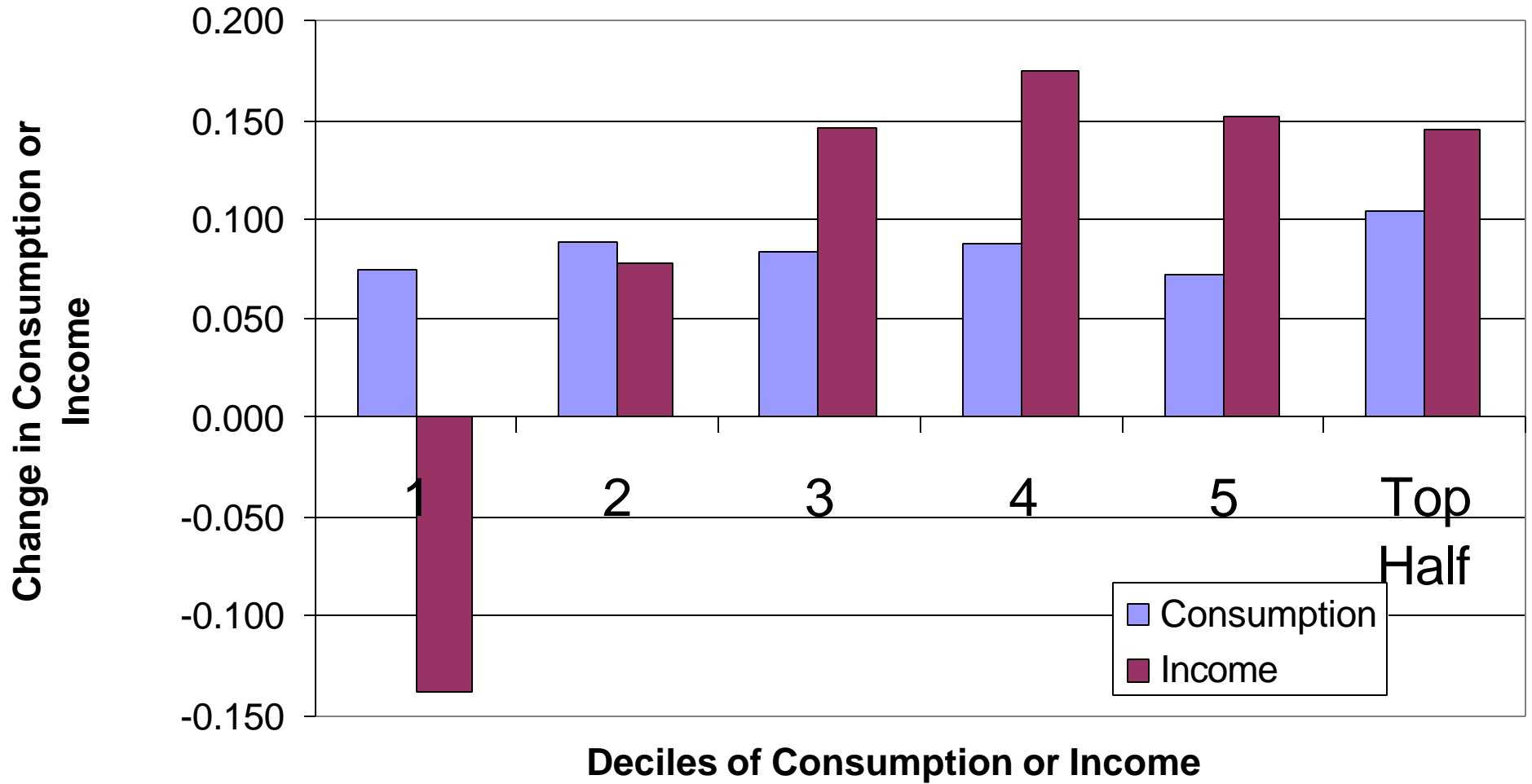
- What are the patterns for income and consumption?



Changes in Mean Consumption and Income by Decile, Single Mothers, 1993-1995 to 1997-2000



Changes in Mean Consumption and Income by Decile, Single Mothers, 1993-1995 to 1997-2000

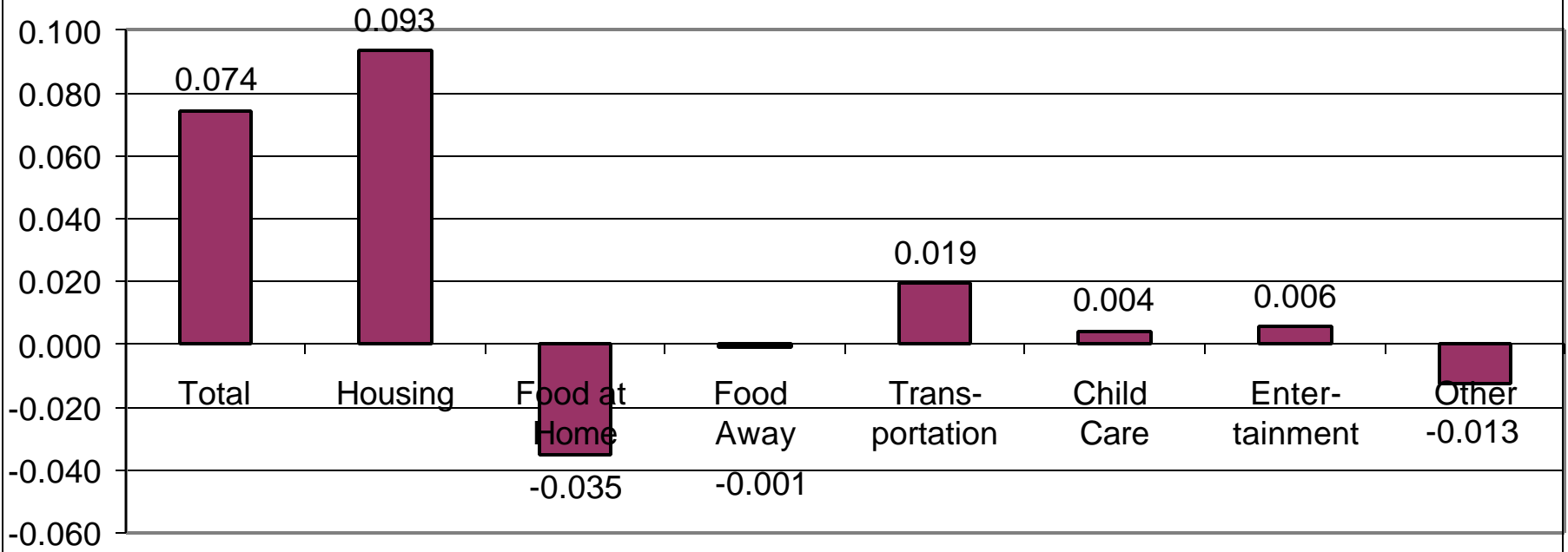


V. Changes in Components of Consumption

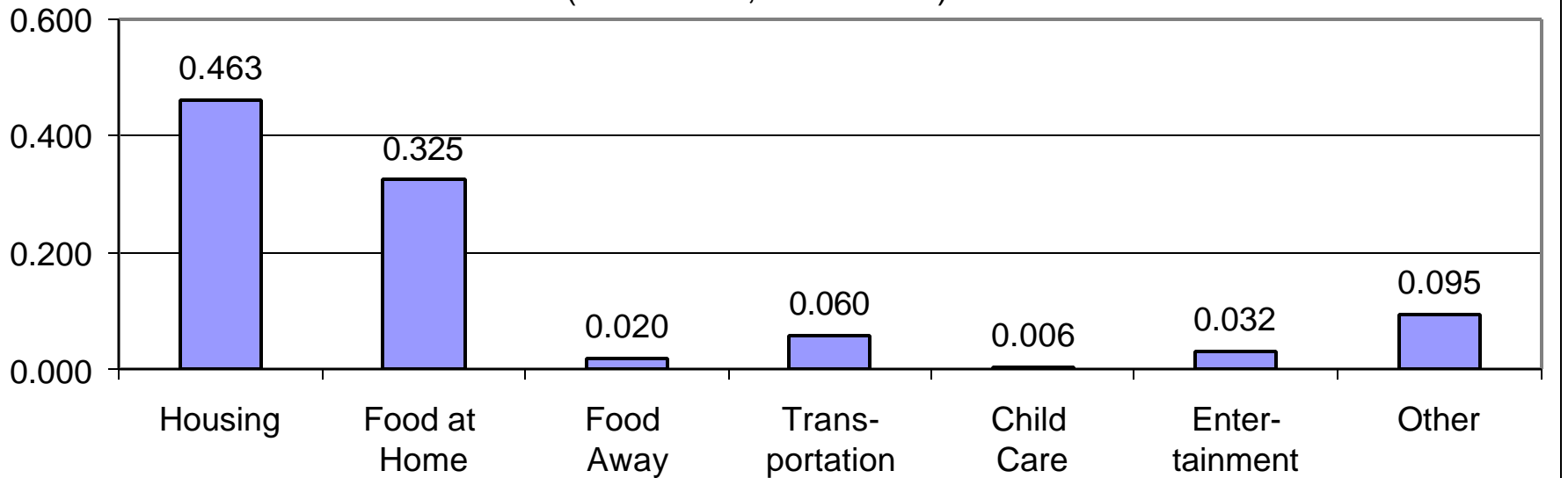
- Do changes in consumption reflect changes in material well-being?
 - Looking at the components of consumption can help address this question.



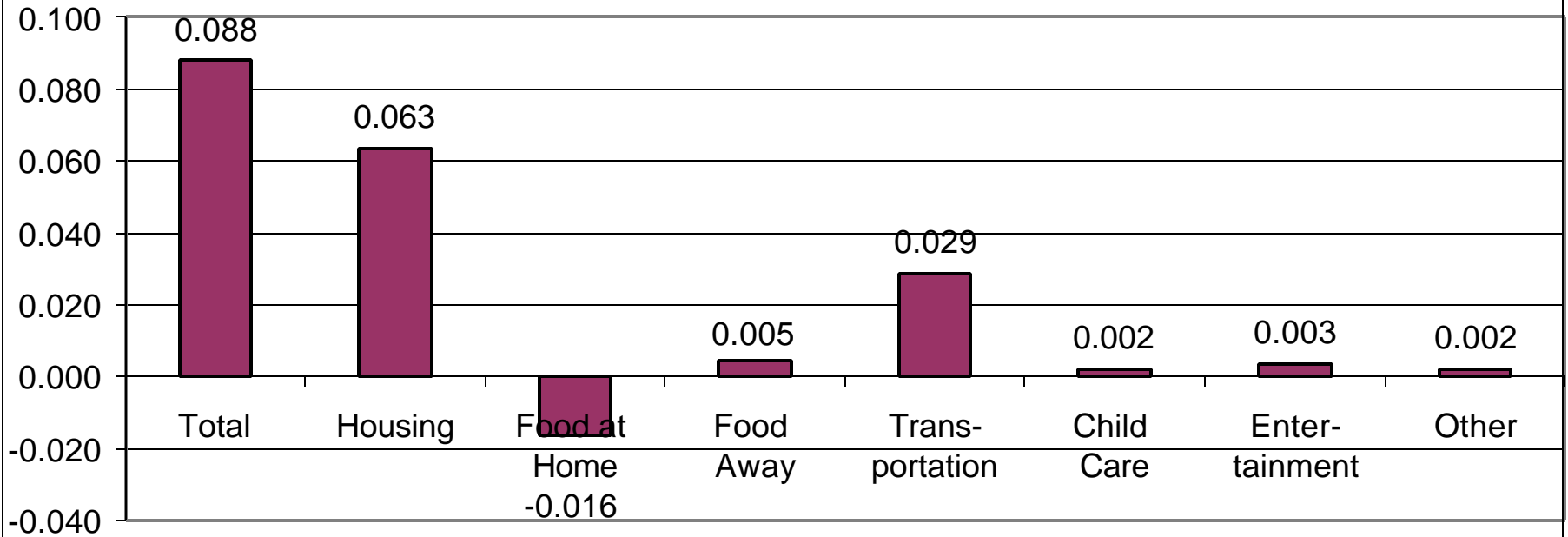
Contribution to Total ? (1993-1995 to 1997-2000): Bottom Decile



Mean Share (1993-1995, 1997-2000): Bottom Decile



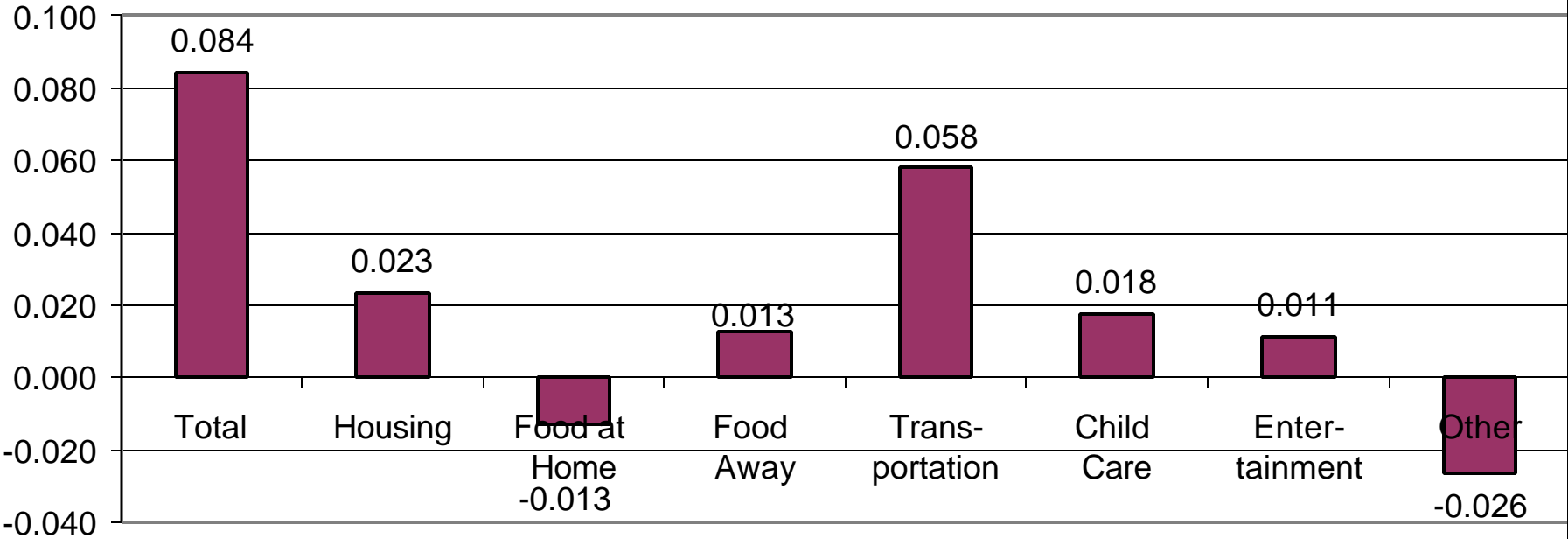
Contribution to Total ? (1993-1995 to 1997-2000): Second Decile



Mean Share (1993-1995, 1997-2000): Second Decile



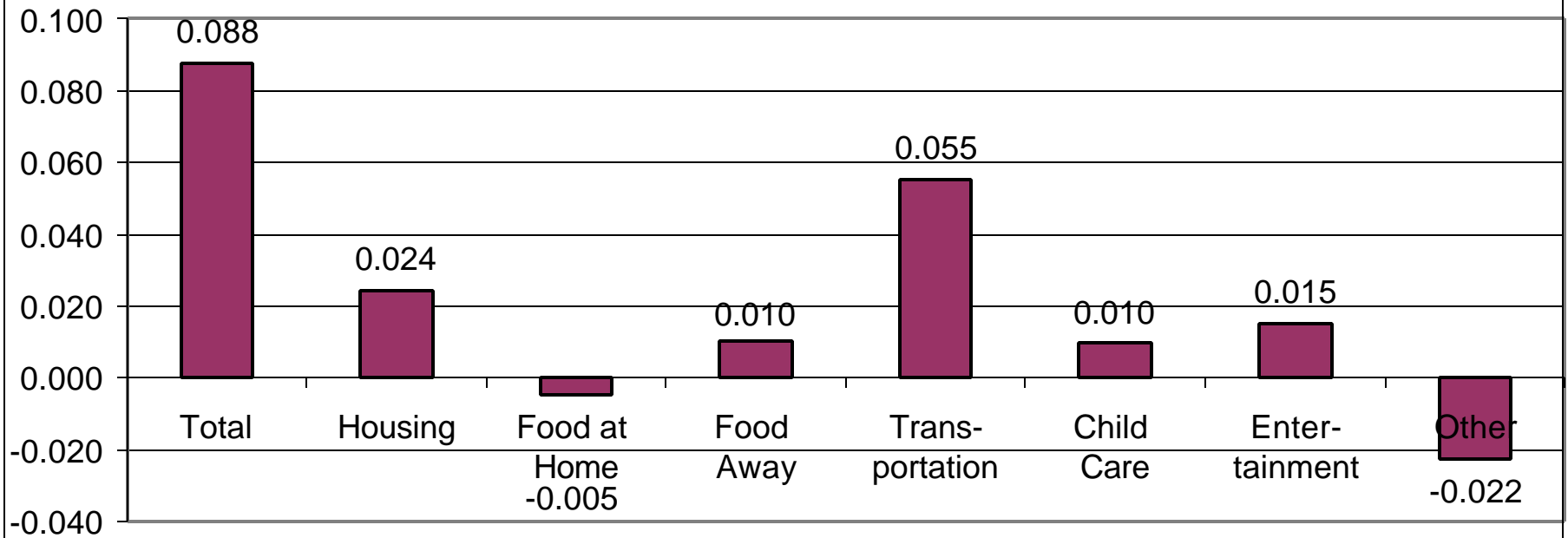
Contribution to Total ? (1993-1995 to 1997-2000): Third Decile



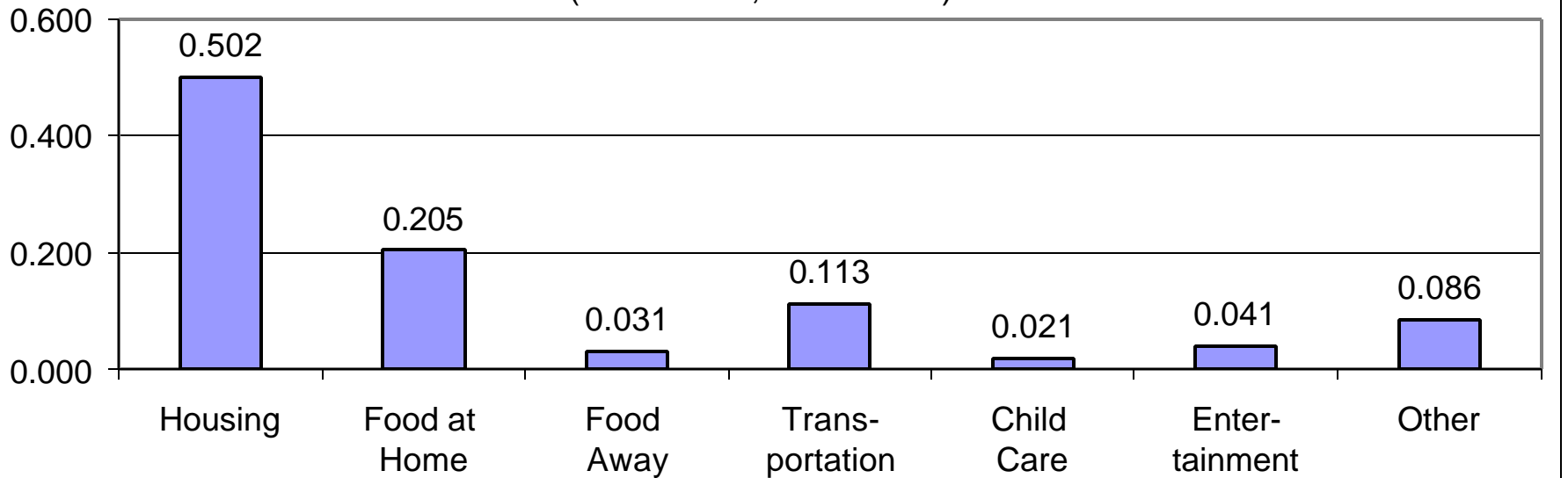
Mean Share (1993-1995, 1997-2000): Third Decile



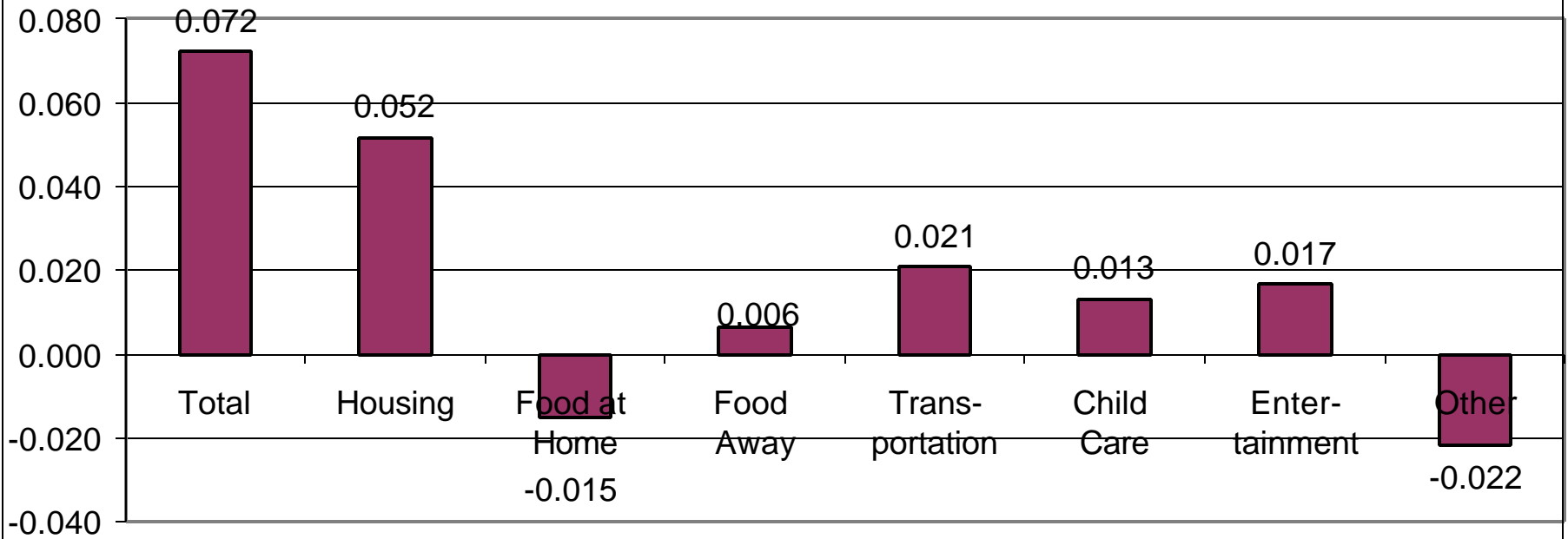
Contribution to Total ? (1993-1995 to 1997-2000): Fourth Decile



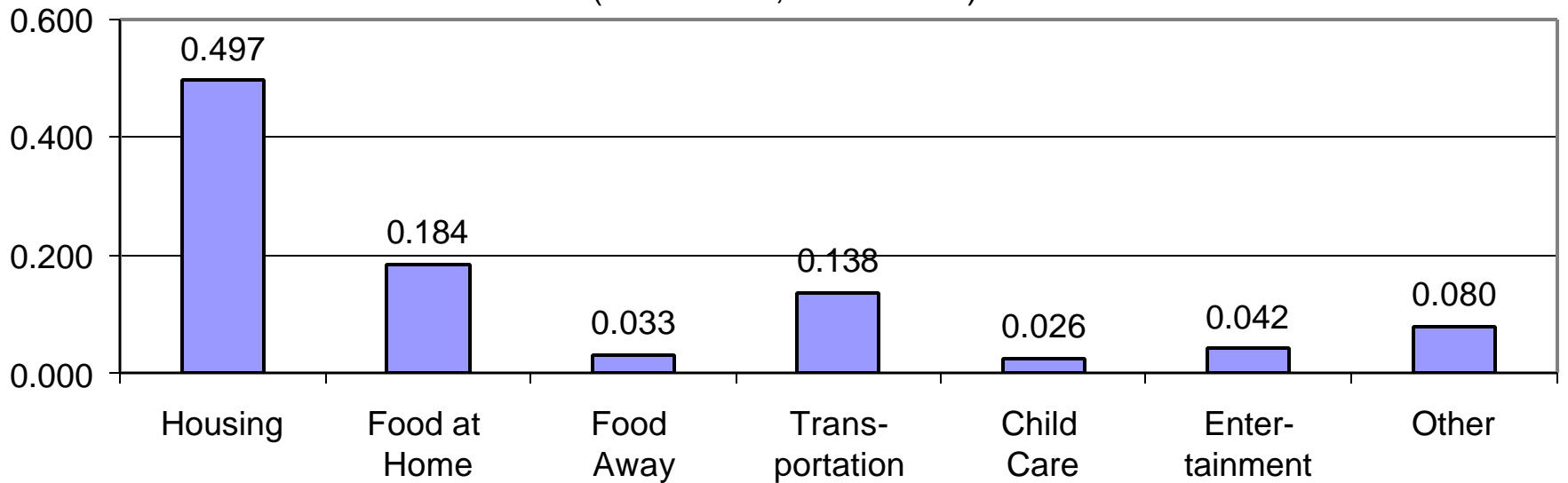
Mean Share (1993-1995, 1997-2000): Fourth Decile



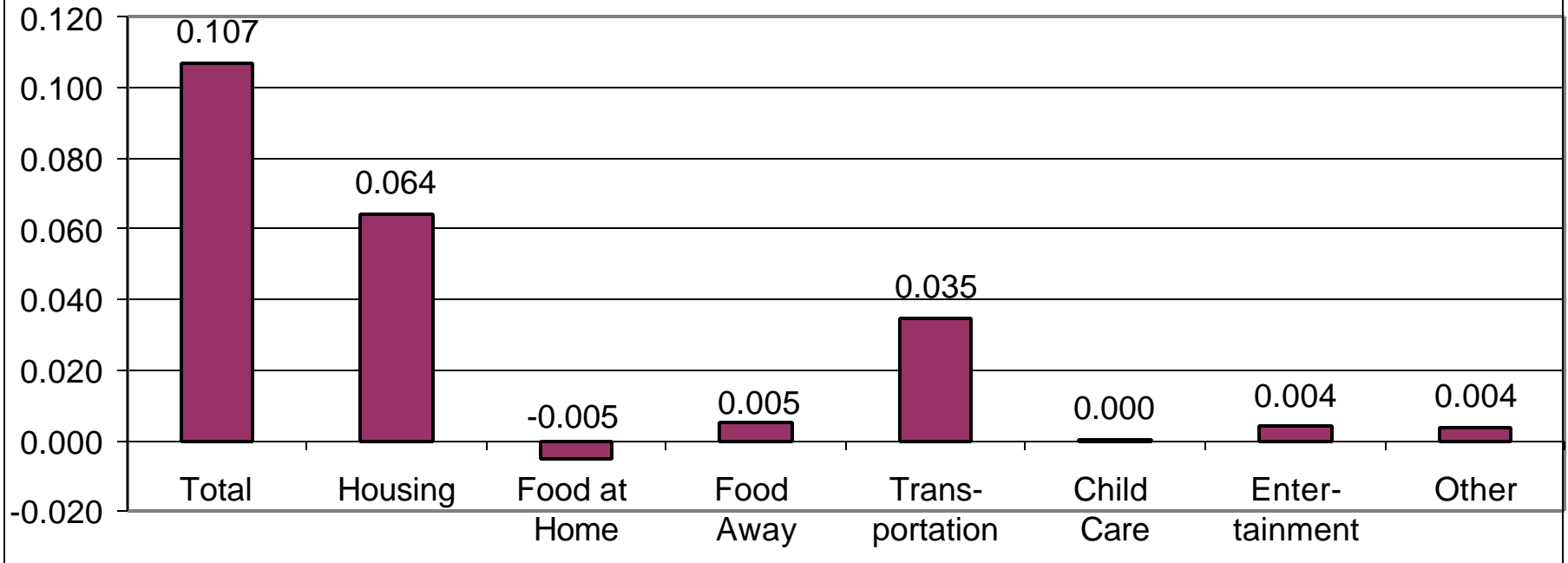
Contribution to Total ? (1993-1995 to 1997-2000): Fifth Decile



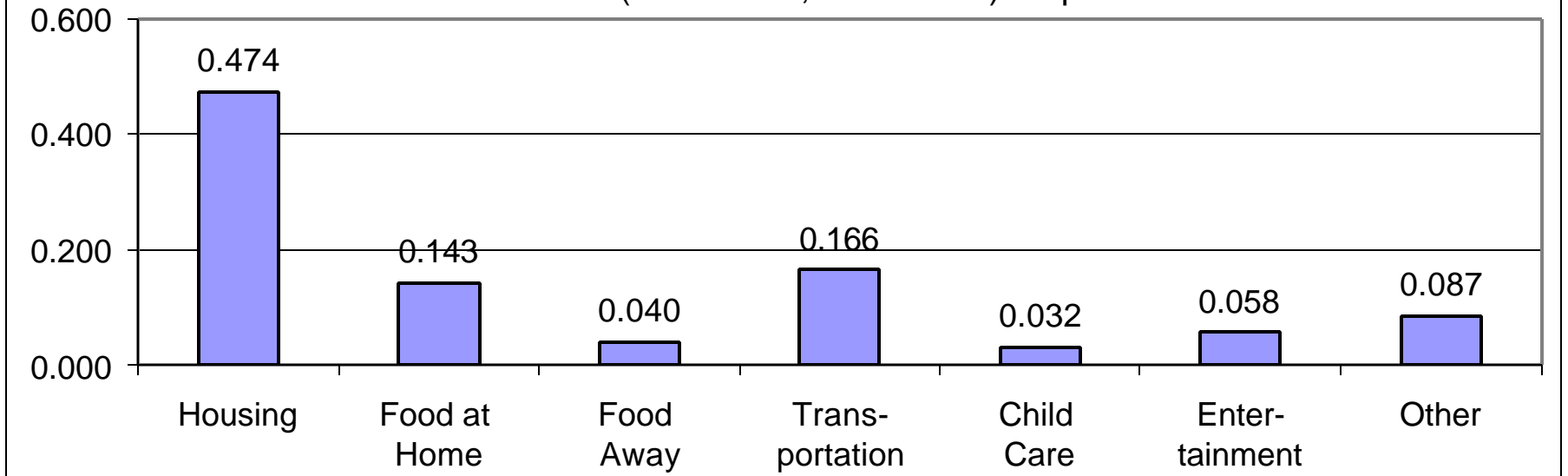
Mean Share (1993-1995, 1997-2000): Fifth Decile



Contribution to Total ? (1993-1995 to 1997-2000): Top Half



Mean Share (1993-1995, 1997-2000): Top Half



V. Changes in Components of Consumption

- Work expenses clearly play a role
 - About 10% of the increase in consumption in the bottom half could be due to increased transportation related work expenses.
- What's going on with housing?



Table 3

Trends in the Share of Single Mothers in Public or Subsidized Housing, Homeownership, and Rent by Consumption Decile, 1993-2003, Single Mothers, Consumer Expenditure Survey

	1993- 1995 (1)	1997- 2000 (2)	2001- 2003 (3)	(2) - (1) (4)	(3) - (1) (5)	1993- 1995 (6)	1997- 2000 (7)	2001- 2003 (8)	(7) - (6) (9)	(8) - (6) (10)
Panel A: Share in Public or Subsidized Housing, All Single Mothers						Panel B: Homeownership Rates, All Single Mothers				
Consumption Deciles										
First	0.436	0.459	0.513	0.023	0.078	0.028	0.046	0.038	0.018	0.010
Second	0.366	0.413	0.402	0.047	0.036	0.070	0.078	0.093	0.009	0.024
Third	0.351	0.367	0.367	0.016	0.016	0.124	0.161	0.136	0.038	0.012
Fourth	0.267	0.313	0.307	0.046	0.040	0.168	0.195	0.230	0.027	0.062
Fifth	0.229	0.225	0.245	-0.003	0.016	0.172	0.262	0.270	0.090	0.098
Top Half	0.086	0.093	0.114	0.007	0.028	0.471	0.536	0.541	0.066	0.070
N	3,098	4,483	4,137			3,098	4,483	4,137		

Table 3

Trends in the Share of Single Mothers in Public or Subsidized Housing, Homeownership, and Rent by Consumption Decile, 1993-2003, Single Mothers, Consumer Expenditure Survey

	Panel C: Imputed Rental Value, Non-Home Owning Single Mothers in Public or Subsidized Housing					Panel D: Out of Pocket Rent, Non- Home Owning Single Mothers Not in Public or Subsidized Housing				
	1993- 1995	1997- 2000	2001- 2003	(2)/(1)	(3)/(1)	1993- 1995	1997- 2000	2001- 2003	(7)/(6)	(8)/(6)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Consumption Deciles										
First	2,755	3,160	3,579	1.147	1.299	2,313	2,921	3,044	1.263	1.316
Second	3,803	4,643	4,719	1.221	1.241	3,695	4,369	4,339	1.183	1.175
Third	4,861	5,386	5,692	1.108	1.171	5,551	5,224	5,571	0.941	1.004
Fourth	6,070	6,032	6,486	0.994	1.069	5,805	6,005	6,537	1.034	1.126
Fifth	6,776	6,857	7,237	1.012	1.068	6,394	6,813	7,308	1.066	1.143
Top Half	8,457	9,387	9,710	1.110	1.148	8,704	9,757	9,867	1.121	1.134
N	592	959	890			1,606	1,965	1,750		

VI. Changes in Housing Quality

- Does the increase in spending on housing reflect an increase in housing quality?



Table 4

Trends in Housing Characteristics by Consumption Decile, 1993-2003, Single Mothers, Consumer Expenditure Survey

	1993- 1995	1997- 2000	2001- 2003	(2) - (1) (4)	(3) - (1) (5)	1993- 1995	1997- 2000	2001- 2003	(7) - (6) (9)	(8) - (6) (10)
	Panel A: Number of Rooms					Panel B: Number of Bedrooms				
First	4.379	4.156	4.203	-0.223	-0.177	2.240	2.078	2.133	-0.162	-0.107
Second	4.419	4.373	4.438	-0.045	0.019	2.214	2.203	2.232	-0.011	0.018
Third	4.579	4.723	4.637	0.145	0.058	2.225	2.306	2.335	0.081	0.110
Fourth	4.758	4.815	4.917	0.057	0.159	2.348	2.365	2.421	0.017	0.072
Fifth	5.068	5.064	5.274	-0.003	0.206	2.452	2.465	2.527	0.013	0.074
Top Half	5.978	6.134	6.309	0.157	0.331	2.820	2.972	2.990	0.152	0.170
	Panel C: Number of Bathrooms					Panel D: Air Conditioning				
First	1.025	1.052	1.076	0.027	0.051	0.449	0.534	0.657	0.085	0.208
Second	1.085	1.115	1.144	0.031	0.059	0.478	0.557	0.608	0.079	0.130
Third	1.169	1.195	1.191	0.025	0.022	0.468	0.588	0.665	0.120	0.198
Fourth	1.220	1.215	1.302	-0.005	0.082	0.524	0.644	0.681	0.120	0.157
Fifth	1.310	1.314	1.371	0.004	0.061	0.563	0.673	0.724	0.110	0.162
Top Half	1.635	1.742	1.788	0.107	0.153	0.661	0.723	0.790	0.063	0.129

Table 4

Trends in Housing Characteristics by Consumption Decile, 1993-2003, Single Mothers,
Consumer Expenditure Survey

	1993- 1995	1997- 2000	2001- 2003	(2) - (1) (4)	(3) - (1) (5)	1993- 1995	1997- 2000	2001- 2003	(7) - (6) (9)	(8) - (6) (10)
Panel E: Central Air					Panel F: Dishwasher					
First	0.220	0.268	0.390	0.048	0.170	0.133	0.113	0.161	-0.020	0.028
Second	0.228	0.329	0.347	0.101	0.119	0.139	0.190	0.201	0.050	0.062
Third	0.203	0.386	0.401	0.183	0.197	0.159	0.215	0.231	0.055	0.072
Fourth	0.288	0.419	0.472	0.131	0.184	0.193	0.234	0.342	0.041	0.149
Fifth	0.351	0.449	0.476	0.097	0.124	0.240	0.292	0.361	0.051	0.121
Top Half	0.474	0.527	0.570	0.052	0.096	0.505	0.593	0.604	0.088	0.100
Panel G: Washing Machine					Panel H: Dryer					
First	0.395	0.427	0.487	0.032	0.091	0.219	0.280	0.371	0.061	0.153
Second	0.544	0.540	0.560	-0.004	0.016	0.431	0.369	0.474	-0.062	0.042
Third	0.555	0.569	0.572	0.015	0.017	0.439	0.439	0.514	0.001	0.075
Fourth	0.556	0.570	0.644	0.014	0.088	0.472	0.479	0.571	0.007	0.099
Fifth	0.610	0.621	0.683	0.010	0.073	0.518	0.554	0.621	0.036	0.103
Top Half	0.753	0.789	0.812	0.036	0.059	0.701	0.747	0.778	0.046	0.077

Table 5: Trends in Housing Characteristics, 1993-2003, Single Mothers without a High School Degree, American Housing Survey

	1993- 1995	1997- 1999	2001- 2003	(2) - (1)	(3) - (1)
	(1)	(2)	(3)	(4)	(5)
Number of rooms	4.609	4.582	4.589	-0.026	-0.019
Number of bathrooms	1.087	1.108	1.117	0.022	0.030
Number of bedrooms	2.253	2.327	2.301	0.075	0.049
Unit has a working stove or range	0.989	0.990	0.993	0.000	0.004
Unit has a working dishwasher	0.140	0.153	0.187	0.013	0.047
Unit has working washer	0.520	0.526	0.576	0.006	0.056
Unit has working clothes dryer	0.309	0.366	0.420	0.057	0.111
Unit has working garbage disposal	0.198	0.175	0.250	-0.023	0.051
Unit has central air or room air	0.549	0.650	0.739	0.101	0.190
All toilets not working	0.110	0.091	0.070	-0.018	-0.040
Water leak from inside	0.178	0.183	0.154	0.004	-0.024
Water leak from outside	0.150	0.118	0.127	-0.032	-0.022

VII. Changes in Well-Being

- Other evidence of changes in well-being
 - Consumption of non-market time



Table 6

The Value of a Representative Single Mother's Non-Market Time that Equates Utility Before and After Welfare Reform

Panel A: 1993-1995 to 1997-2000

	Consumption Deciles		
	Change in Mean		(1)/(2)
	Consumption	Hours Change	
(1)	(2)	(3)	
First	\$ 640	351.21	\$ 1.82
Second	\$ 1,071	427.80	\$ 2.50
Third	\$ 1,245	477.31	\$ 2.61
Fourth	\$ 1,522	486.94	\$ 3.13
Fifth	\$ 1,463	360.72	\$ 4.06
Top Half	\$ 3,769	129.85	\$ 29.02

Table 7

Hours per Week Spent in Market and Non-Market Work Among Women,
1993 and 2003, Time Use Surveys (NTUS & ATUS)

	Single Mothers			Diff-in-Diff:	
	1993	2003	(2) - (1)	Relative Change	
	(1)	(2)	(3)	Single, No Kids	Married Mothers
	(10)	(11)			
Total Market Work	24.46	27.45	3.00	3.32	3.37
Direct Market Work	21.78	25.34	3.56	3.46	3.20
Total Non-Market Work	23.70	17.76	-5.95	-5.23	-6.75
Food Prep & Housework	13.67	11.38	-2.28	-1.64	-2.86
Shopping & Obtaining	9.27	5.78	-3.49	-3.66	-4.16
Total Non-Work Time	119.84	122.79	2.95	1.91	3.38
Leisure	111.54	108.88	-2.66	-3.32	2.75
Child Care	5.19	9.43	4.25	5.23	-0.56
Education	0.96	1.48	0.52	1.02	1.28

VII. Changes in Well-Being

- Other evidence of changes in well-being
 - Consumption of non-market time
 - Health insurance coverage and health spending



Table 8

Trends in Health Spending and Health Insurance Coverage by Consumption Decile, 1993-2003, Single Mother Families, Consumer Expenditure Survey

	1993- 1995	1997- 2000	2001- 2003	(2) - (1)	(3) - (1)	1993- 1995	1997- 2000	2001- 2003	(7) - (6)	(8) - (6)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Panel A: Fraction of Individuals Covered by Private Health Insurance						Panel B: Fraction of Individuals Covered by Medicaid				
Consumption Deciles										
First	0.037	0.144	0.162	0.106	0.124	0.663	0.598	0.525	-0.065	-0.138
Second	0.130	0.201	0.232	0.071	0.102	0.660	0.535	0.462	-0.125	-0.198
Third	0.170	0.303	0.284	0.132	0.113	0.591	0.447	0.411	-0.144	-0.180
Fourth	0.318	0.421	0.412	0.103	0.094	0.450	0.353	0.311	-0.097	-0.139
Fifth	0.441	0.481	0.474	0.040	0.033	0.279	0.259	0.285	-0.020	0.006
Top Half	0.673	0.702	0.663	0.029	-0.011	0.127	0.089	0.122	-0.039	-0.006

Table 8

Trends in Health Spending and Health Insurance Coverage by Consumption Decile, 1993-2003, Single Mother Families, Consumer Expenditure Survey

	1993- 1995	1997- 2000	2001- 2003	(2) - (1)	(3) - (1)	1993- 1995	1997- 2000	2001- 2003	(7) - (6)	(8) - (6)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Panel C: Fraction of Individuals that are Uninsured						Panel D: Health Expenditures				
	1993- (1)	1997- (2)	2001- (3)	(2) - (1) (4)	(3) - (1) (5)	1993- (6)	1997- (7)	2001- (8)	(7) / (6) (9)	(8) / (6) (10)
Consumption Deciles										
First	0.220	0.275	0.279	0.055	0.059	96.4	157.7	219.1	1.636	2.273
Second	0.165	0.263	0.277	0.098	0.112	159.5	307.9	478.0	1.930	2.997
Third	0.202	0.269	0.282	0.067	0.080	207.7	492.9	501.6	2.373	2.414
Fourth	0.238	0.256	0.264	0.018	0.026	493.5	706.0	698.8	1.431	1.416
Fifth	0.278	0.288	0.243	0.010	-0.035	780.2	922.5	765.2	1.182	0.981
Top Half	0.199	0.213	0.220	0.014	0.020	1716	1808	1834	1.054	1.069

VIII. Conclusions

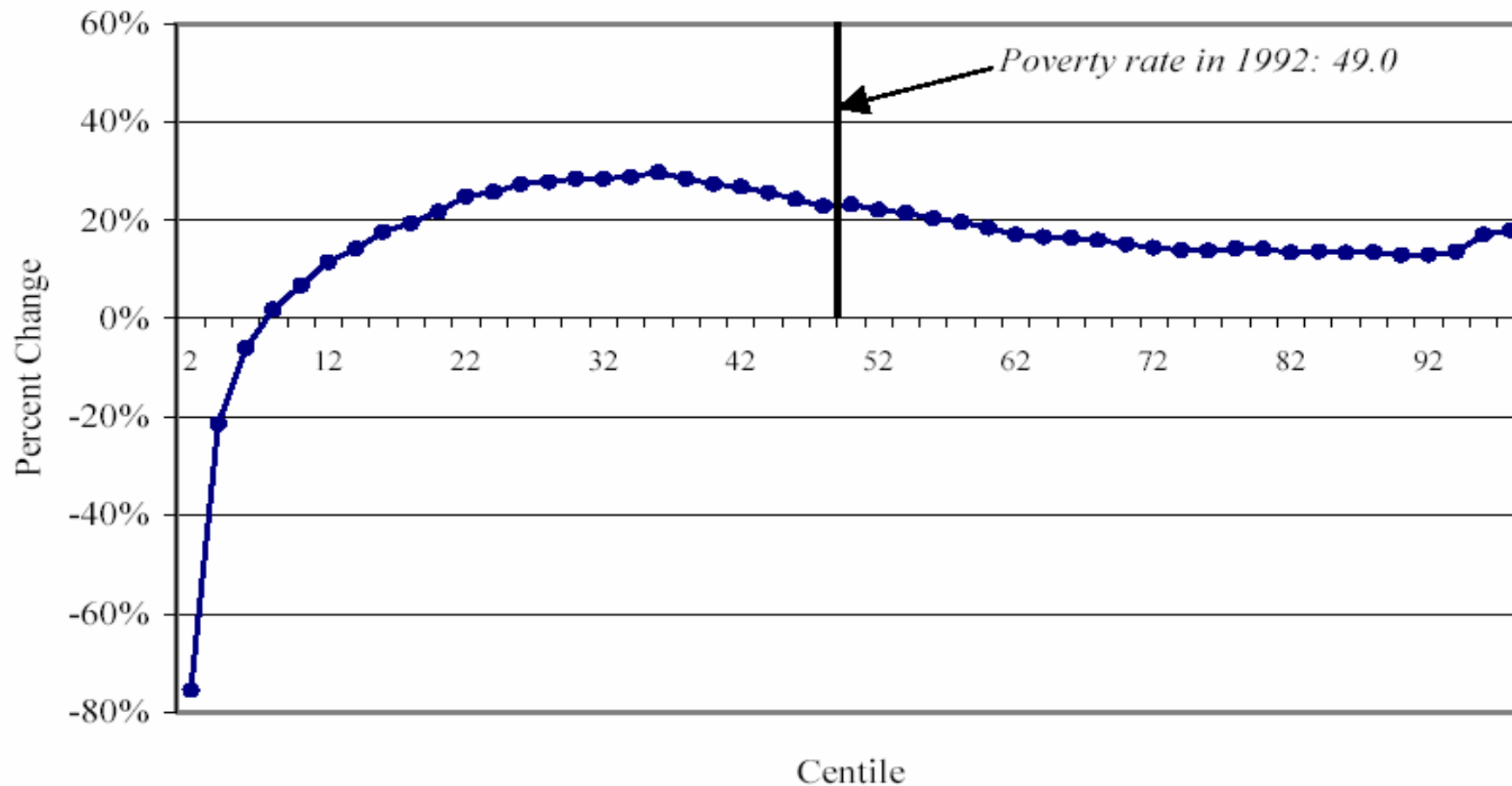
- Income and consumption give very different views of recent trends.
 - We argue that the consumption evidence should be preferred.
 - Disaggregated consumption gives a complicated picture of changes for single mothers.
 - Housing conditions have improved modestly.
 - There is some suggestion of greater resources being devoted to work expenses.
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VIII. Conclusions

- Non-market time has fallen sharply.
 - Consumption has not increased enough to offset this time loss.
 - The fraction uninsured has grown.
 - Going forward: Explain the puzzling difference at the bottom.
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Figure 1

Percent Change in Income-to-Needs Ratio by Centile of Income-to-Needs: 1992-95 to 1997-2000
Children without Both Parents Present, from Blank and Schoeni (2003)



Notes: Income-to-needs is the ratio of before tax money income to the poverty line for each family.

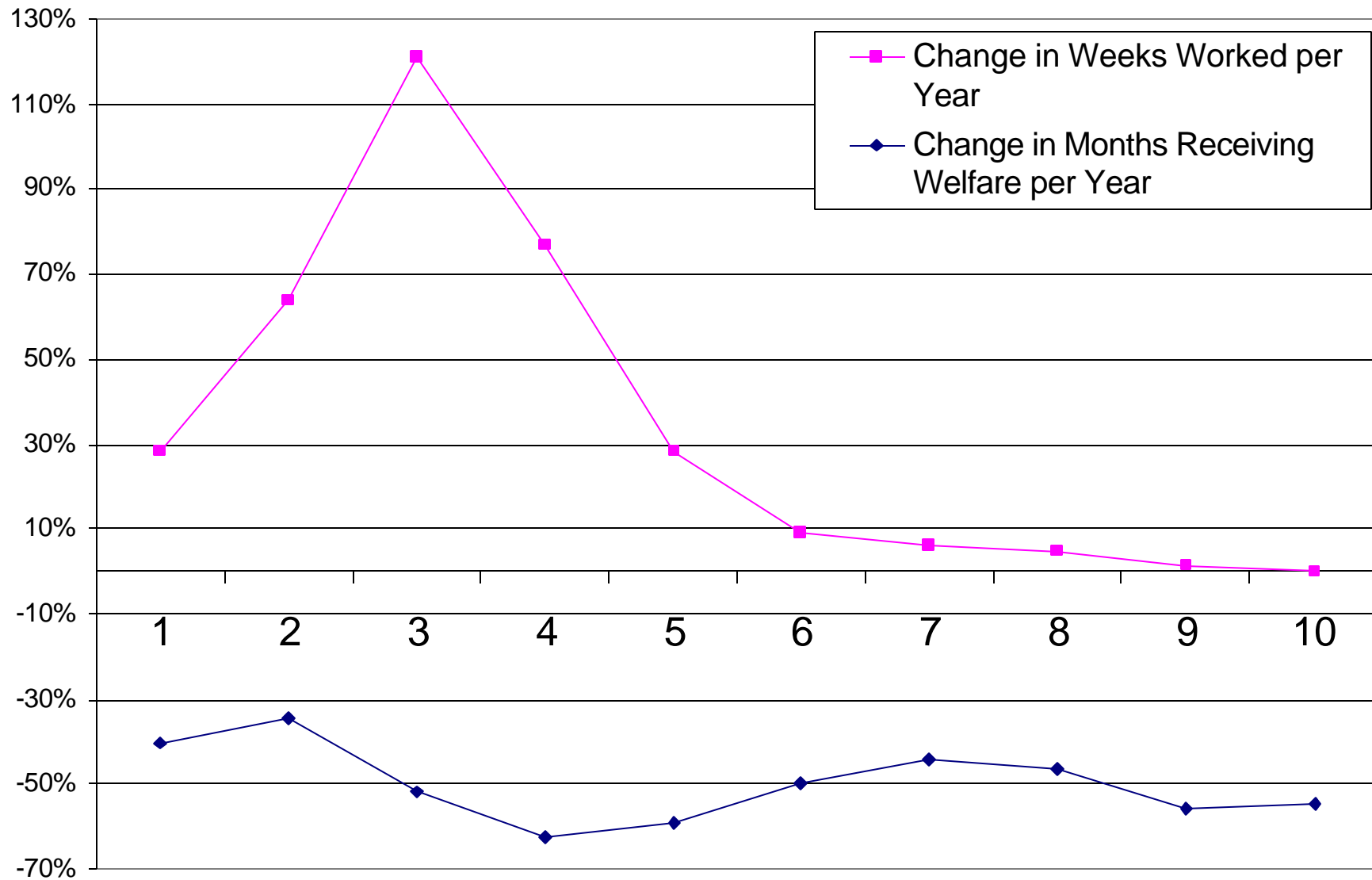
Table 6

The Value of a Representative Single Mother's Non-Market Time that Equates Utility Before and After Welfare Reform

Panel B: 1993-1995 to 2001-2003

	Consumption Deciles		
	Change in Mean		
	Consumption (1)	Hours Change (2)	(1)/(2) (3)
First	\$ 1,089	574.80	\$ 1.89
Second	\$ 1,508	625.47	\$ 2.41
Third	\$ 1,685	525.40	\$ 3.21
Fourth	\$ 2,056	492.01	\$ 4.18
Fifth	\$ 1,894	313.37	\$ 6.04
Top Half	\$ 2,403	61.41	\$ 39.13

Changes in Employment and Welfare Receipt by Income Decile, 1993-1995 to 1997-2000, Single Mothers, Current Population Survey



IV. Why do the Trends Differ?

- Changing demographics can explain differences in the 3rd, 4th, and 5th deciles.
- Differences at the bottom are a puzzle
 - Changes in under-reporting rates are likely to play an important role.