

Factors Influencing Transitions Into and Out of Near Poverty: 2004-2012¹

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Abstract

Media outlets and the public have shown an increased interest in the vulnerability of the near poor, or those living just above the official poverty threshold (DeParle, Gebeloff, and Tavernise, 2011; Dvorak 2012, Editorial; Short and Smeeding 2012; Tavernise, DeParle, and Gebeloff 2011). Similar to those in poverty, individuals living just above poverty face some of the same stresses of economic instability caused by job loss, ill health, and fluctuations in housing and food costs. This paper examines the factors associated with transitions into and out of near poverty. It takes advantage of the interview structure of the Current Population Survey Annual Social and Economic Supplement (CPS ASEC), which allows us to link the same individual across annual waves to generate a series of two-year panels covering 2004-2012.

We examine both the proportion of individuals whose status changes as well as identify characteristics associated with these transitions. Specifically, we report trends of individuals transitioning into and out of near poverty from above and below. We define near poverty as those individuals between 100 and 125 percent of the official poverty threshold. About 20 percent of individuals in near poverty in the first year stay in near poverty in the second year. Over half of individuals in near poverty in the first year exit into above near poverty while 27 percent of individuals in near poverty exit near poverty into poverty. Rates of entry into near poverty differ. Ten percent of individuals beginning in poverty move to near poverty, and 3 percent of individuals beginning above near poverty fall into near poverty. Transition models of entering or exiting near poverty reveal the importance of education, labor force status, homeownership, and marriage as well as changes in labor force status.

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Introduction

Prior research identified differences in rates of those living near poverty based on the definition of near poor (100-133 percent, 100-150 percent, 100-200 percent) (Heggeness and Hokayem 2012). In that paper, we showed that the rates of those living near poverty have remained relatively stable over the past four decades no matter what definition of near poor is used and even as the poverty rate changed. Given that the rates of those living near poverty have remained stable over time, a follow up question from our previous paper was to understand the extent of change within the near poor population. In other words, do individuals in near poor status stay in their near poor status or is the relative stability of the near poor rate due to the same number of individuals entering near poverty as exiting each year.

In this paper, we take advantage of the interview structure of the Current Population Survey (CPS) to generate 2-year CPS ASEC panels from 2004 to 2012 and examine the extent to which individuals in a particular near poverty status in year one stayed in that status during year two or transitioned into an alternative status. We define near poverty as those individuals living between 100 and 125 percent of the official poverty threshold. Besides examining near poverty entry and exit rates, we also estimate models of transition. Specifically, we estimate the following transition models: (1) Enter near poverty from above near poverty, (2) Enter near poverty from poverty, (3) Exit near poverty to above near poverty, and (4) Exit near poverty to poverty.

Background

The dynamics of those individuals living just above poverty has been of interest to researchers since the development of the modern day definition of poverty (Orshansky 1966;

Eckholm 2006; Ben-Shalom, Moffitt, and Scholz 2011; Short and Smeeding 2012). The concern for this group is repeated today in the media and other public venues (DeParle, Gebeloff, and Tavernise 2011; Dvorak 2012; Editorial: The Poor, the Near Poor, and You 2011; Short and Smeeding 2012; Tavernise, DeParle, and Gebeloff 2011). To date, however, only a handful of research exists examining the long-term trends in demographic and socioeconomic characteristics of this group (Ben-Shalom, Moffitt, and Scholz 2011; Heggeness and Hokayem 2012; Smeeding 2006).

Defining the Near Poor

Research on the near poor typically does not define the near poor consistently (Ziliak 2003; Ben-Shalom, Moffitt, and Scholz 2011; Neumark, Schweitzer, and Wascher 2005; Short and Smeeding 2012). For example, Short and Smeeding consider those with modest incomes to be living between 100 to 200 percent of poverty, whereas Ben-Shalom, Moffitt, and Scholz define the near poor as those living between 100 and 150 percent of poverty. In some cases, the near poor are intertwined with the working poor or working class, when in fact over half of all poor individuals aged 25 to 54 were in the labor force in 2010, along with approximately 70 percent of the near poor (authors' calculations in Table 2, Bansak and Raphael 2008).

Mollie Orshansky is most known as a federal employee of the Social Security Administration (SSA) who in the 1960s developed the modern day poverty measure. Less well known is the fact that she also expressed interest in the near poor, even during the development of the official poverty measure in the 1960s. Orshansky, in a 1966 Social Security Bulletin article, discusses the SSA's two levels of poverty thresholds. They are the "economy" level, which includes just those living under poverty thresholds, and the "low-income" level, which includes both those living under poverty thresholds and those living under 133 percent of poverty thresholds. In this

Bulletin, she defines the near poor as those living 100 to 133 percent of the poverty thresholds (Orshansky 1966).

In January 1969, an interagency Poverty Level Review committee, formed to study price and geographic adjustments related to the poverty measure, proposed to index poverty thresholds to the Consumer Price Index and set farm thresholds at 85 percent of nonfarm thresholds. The committee also agreed to compute additional poverty tabulations for 125 percent of poverty thresholds (Fisher 1992), slightly lower than Orshansky's original 133 percent of poverty thresholds for the near poor.

Later that year, the Bureau of the Budget issued a memorandum directing all Federal Executive Branch agencies to use thresholds with the CPI and farm adjustments (Fisher 1992). This memorandum established the Orshansky poverty thresholds with these adjustments as the federal government's official poverty thresholds. The memorandum did not include Mollie Orshansky's "low-income" level definition of the near poor. Instead, there was a provision to publish statistics on the population below 125 percent of the poverty threshold, recognizing that this level was essentially the same as the SSA low-income index (Fisher 1992).

By 1971, the Census Bureau's Current Population Reports included tables about persons below the "near poverty" level using this 125 percent of poverty threshold definition (Table 9, U.S. Census Bureau 1971). The Census Bureau generated tables on those living from 100 to 125 percent of poverty in their P60 poverty reports from 1971 until the mid 1980s. Detailed tables are now available on the Census Bureau website (www.census.gov). To be consistent with the

Census Bureau's 30 year definition and reporting of those living near poverty, this paper defines the near poor using the 125 percent definition.²

Transitions

Bane and Ellwood (1986) use the PSID to examine dynamics of poverty spells by identifying the length of time (or spell) individuals spend below 125 percent of the official poverty line. They characterize events leading to the beginning and ending of spells of poverty, finding that most individuals who fall below 125 percent of poverty stay there for a short time. However, they do find that there is a small proportion of individuals living below 125 percent of poverty who will have very long spells of poverty status before exiting. Additionally, they find that family structure and life cycle events were associated with a spell below 125 percent of poverty thresholds nearly half of the time. Surprisingly, a decrease in a householder's income is responsible for only a handful of cases falling below the 125 threshold. Increasing earnings of all household members was the primary route for escaping a life below the 125 percent threshold. They also find that those living below 125 percent of poverty were a heterogeneous group.

Iceland (1997) also uses the PSID to identify factors associated with movements above and below the 125 percent of poverty threshold. He finds that those with higher levels of education are more likely to exit poverty and that the longer one is in poverty, the less likely they are to exit. While the Bane and Ellwood (1986) and Iceland (1997) studies examine transitions into and out of a 125 percent poverty threshold, they did not examine transitions below the official poverty threshold. Our study attempts to understand transitions into below poverty thresholds, as well as above 125 percent of poverty thresholds.

² The authors have conducted an extensive analysis of individuals living near poverty using different threshold assumptions (100-133 percent, 100-150 percent, and 100-200 percent of the poverty thresholds). For more information on alternative definitions, see our paper, Heggeness and Hokayem (2012), available on-line at: <http://www.census.gov/hhes/www/poverty/publications/WP2013-02.pdf>.

Stevens (1999) uses the same PSID data to show that while individuals may transition quickly into and out of poverty, they also easily transition back into poverty once they are out. Therefore, the expected time in poverty for individuals starting a poverty spell is actually greater than identified by Bane and Ellwood. She finds that reliance on single-spell measures into and out of poverty overstates mobility into and out of poverty.

Cappellari and Jenkins (2002) find similar results using household survey data from the British Household Panel Survey. They find that the poor are a heterogeneous group, where poor is defined as those individuals living at 60 percent below the median income for individuals in the survey. Of those individuals identified in poverty, poverty persistence (or staying in poverty) is higher for those households with female householders, multi-family households, and more children. Entrance into poverty was higher for younger householders with low educational attainment, not working fulltime, and of an ethnic minority background. Of interest in these studies is the fact that individuals come from heterogeneous groups and that the studies find significant movement into and out of poverty.

Anderson (2011) studies transitions into and out of poverty and the duration of poverty spells using the Survey of Income and Program Participation (SIPP). She focuses on data collected in the first 36 months of the 2004 Panel of the SIPP (covering January 2004 to December 2006) and makes comparisons to data collected for January 2001 to December 2003 in the 2001 SIPP Panel. Among the people in poverty in January and February 2004, 23.1 percent remained in poverty throughout the next 34 months. Of the people in poverty in 2004, 41.6 percent were not in poverty in 2006 but more than half of those who exited poverty continued to have income less than 150 percent of their poverty threshold. For those in poverty for 2 or more

consecutive months from 2004 to 2006, the median length of a poverty spell was 4.5 months. Almost half of all spells (47.7 percent) ended within 4 months while 12.4 percent of spells lasted more than 24 months.

Considerations of the Matched CPS Microdata

Are the matched cross-sections from the Current Population Survey (CPS) a useful data source for examining transitions into and out of near poverty? Researchers have used the CPS matched sample to identify changes in employment and income volatility (Goldberg et al. 1999; Peracchi and Welch 1995; Ziliak, Hardy, and Bollinger 2011). While researchers have studied the dynamics of work and income using the matched CPS, it is important to understand the ways in which the matched sample might influence the results of the study.

Peracchi and Welch (1995) address this issue as it pertains to labor market outcomes and wages. They find that the matched CPS can be used to analyze short-run labor force dynamics. They also identify important aspects for consideration when using the matched samples. First, the matched and unmatched samples differ in important ways. Those individuals who attrit are younger, and exit the panel due to issues related to schooling, family formation, and job search. These factors bias results of labor force participation and wages. They find that median wages are higher in the matched sample than the full sample. We can assume then that the matched samples also produce biased measures of poverty, given that poverty status is derived from wage and income data. The differences between the matched ASEC sample and the full ASEC sample are addressed below.

Data Construction and Description

We use the U.S. Census Bureau's Current Population Survey (CPS) Annual Social and Economic Supplements (ASEC) micro data from 2005 to 2013, referring to calendar years 2004

to 2012.³ The CPS ASEC is a nationally representative sample of the non-institutionalized civilian U.S. population. While the CPS is a monthly survey, the CPS ASEC, also known as the March supplement, collects extensive information on social characteristics, earnings, income, and program participation once a year. It interviews approximately 100,000 households annually.

The CPS uses a rotating sample design where a household address is in the sample for 4 months, out for 8 months, and back in for 4 months (4-8-4 design). Approximately one-half of a sample is included in two consecutive ASEC interviews. This sample design allows the matching of households and individuals from one ASEC interview to the next. The CPS does not follow households or individuals if they move, so it is possible for residents of a CPS address to change from one year to the next, implying an individual match rate of lower than 50 percent. We use the following procedure to perform the match.⁴ We form an initial match based on the following variables: household identifier, household number, month in sample (months 1-4 for the first year; months 5-8 for the second year), line number, and gender. The 4-8-4 sample design means individuals in month 1 will match to month 5, month 2 will match to month 6, month 3 will match to month 7, and month 4 will match to month 8. We check this initial match with additional criteria for age, race, and state of residence. If the individual's age falls or increases by more than two years (due to the timing of the interviews), we drop the individual. If the individual's race or state of residence changes, we drop the individual. Table 1 presents the number of matches and match rate for each two-year wave (8 waves). The match rate is based on the person count in the first year. The match rate is about 31 percent across most of the waves.

³ Data are subject to error arising from a variety of sources. For more information on sampling and non-sampling error, see <http://www.census.gov/prod/techdoc/cps/cpsmar13.pdf> (accessed November 15, 2013). We begin our analysis with ASEC 2005, the first year replicate weights are available.

⁴There are other ways to perform the match. Feng (2001) and Feng (2008) use probabilistic matching while Crag (2013) uses distance-based matching.

Table 2 presents selected demographic characteristics of the matched sample and the full ASEC sample, treating the matched sample as a panel and the full ASEC sample as a repeated cross section. On average, the matched sample is older by over three years which corroborates Peracchi and Welch (1995).⁵ The distribution of education across categories for the matched sample differs from the distribution for the full ASEC sample. The matched sample is comprised of more individuals with a college degree and less individuals with less than a high school education. Individuals in the matched sample are more likely to own a home (78.2 percent vs 69.2 percent) and are less likely to have migrated (5.5 percent vs. 12.5 percent). The average family income for the matched sample is \$77,512 while the average family income for the full ASEC sample is \$72,473. Perracchi and Welch (1995) also find higher median wages in their matched sample. This difference in average family income is also reflected in lower poverty and near poverty rates for the matched sample. Individuals in the matched sample are also less likely to participate in public assistance programs with the exception of housing subsidies.

Figure 1 displays trends in poverty and near poverty for the matched sample over the time period 2004-2012 (treating the matched sample as a panel). This time period spans the Great Recession. The poverty rate begins at about 10.2 percent in 2004, falls to 9.5 percent in 2007, and increases to 11.5 percent in 2012 for a change of 1.3 percentage points between 2004 and 2012. While the near poverty rate is 3.8 percent in 2004 and 4.1 percent in 2012, this difference is not statistically significant.

Transitions

⁵ All comparative statements in this section and the remainder of the paper have undergone statistical testing, and unless otherwise noted, all comparisons are statistically significant at the 10 percent significance level.

Table 3 gives simple two-year transition probabilities across the three mutually exclusive categories from all waves of the matched sample. The three categories include poverty (below the poverty threshold), near poverty (100-125% of the poverty threshold), and above near poverty (above 125% of the poverty threshold). Each row of the table shows the status in the first year of the survey while each column shows the status in the second year of the survey conditional on year 1 status. All probabilities in a row sum to 100. The table shows that 20 percent of individuals who are near poverty in year 1 stay in near poverty in year 2. Over half of individuals in near poverty move out of near poverty into above near poverty while 27 percent of individuals in near poverty exit near poverty into poverty. Entering near poverty is a less regular occurrence. Individuals who are in poverty in year 1 face a 10 percent chance of being in near poverty in year 2, and individuals who are above near poverty in year 1 face a 3 percent chance of being in near poverty in year 2. An overwhelming 93 percent of individuals beginning above near poverty stay above near poverty.

Figures 2 and 3 show the entry rate into near poverty and the exit rate out of near poverty conditional on year 1 status for each set of matched years. Figure 2 gives the entry rate from above near poverty and the entry rate from below poverty. Likewise, Figure 3 gives the exit rate from near poverty into above near poverty and into below poverty. The change in the near poverty entrance rate between 2004 and 2011 is not statistically significant. However, there are changes to note in exit rates during the Great Recession. The exit rate to below poverty begins at about 24 percent in 2004, rises to almost 32 percent in 2009, and falls to 26 percent in 2011.⁶

⁶ The change in the exit rate to below poverty between 2004 and 2011 is not statistically significant.

We see a mirror image in the exit rate to above near poverty. The exit rate to above near poverty starts at almost 56 percent, falls to 49 percent in 2009, and rises to 53 percent in 2011.⁷

Factors Determining Near Poverty and Near Poverty Transitions

In this section we present a model of near poverty followed by models of transitions into and out of near poverty. For near poverty we estimate the following probit model of near poverty status, treating the matched sample as a panel:

$$NP_{i,t} = X_{i,t}\beta + u_{i,t}$$

where $NP_{i,t}$ represents an individual i 's near poverty status (100-125%) in year t and $X_{i,t}$ is a vector of individual characteristics from Table 2 (age, race, gender, education, etc...) including the state unemployment rate to control for macroeconomic conditions. For transitions into and out of near poverty we also estimate a probit model but with the following specification, treating the matched sample as a pooled cross-section:

$$\Delta NP_i = X_{1,i}\beta + \Delta X_i + u_i$$

ΔNP_i represents an individual i 's transition into or out of near poverty, $X_{1,i}$ is a vector of individual characteristics in Year 1, and ΔX_i is the change in an individual's characteristic from Year 1 to Year 2. We consider changes in labor force participation (enter labor force and exit labor force) and the change in the state unemployment rate. We estimate separately 4 transition models representing 4 mutually exclusive outcomes: (1) Enter near poverty from above near poverty, (2) Enter near poverty from poverty, (3) Exit near poverty to above near poverty, and (4) Exit near poverty to poverty.

⁷ The change in the exit rate to above near poverty between 2004 and 2011 is not statistically significant.

Table 4 presents the probit estimation of near poverty status.⁸ The table reports the estimated coefficient and its marginal effect. The sign of the coefficients gives the direction of the association between a variable and near poverty while the marginal effect gives the effect and direction of a one-unit change in the variable on the probability of being near poor. The coefficient of -0.393 for in the labor force means an individual in the labor force is less likely to be near poor relative to an individual who is not in the labor force. The marginal effect of -0.0223 implies an individual in the labor force is 2.2 percentage points less likely to be near poor relative to an individual not in the labor force, holding all other factors constant. Adults are less likely to be near poor compared to seniors while women are more likely to be near poor than men. Blacks are more likely to be near poor than whites. Education seems to insulate against near poverty as individuals with some college or who have completed college face a lower likelihood of being near poor relative to individuals with high school diploma. Homeowners are also less likely to be near poor by about 2.0 percentage points. Married individuals are also less likely to be near poor by 1.5 percentage points compared to single, never married individuals.

Table 5 shows the probit estimation of transition models into near poverty from both above near poverty and poverty. While women face an insignificant effect of entering near poverty from above near poverty, women face a higher likelihood of entering near poverty from poverty than men. Individuals with less than a high school education have a higher probability of entering near poverty via both types of transitions than individuals with a high school diploma. Having education beyond high school lowers the probability of both transitions. Cappellori and Jenkins (2002) qualitatively find similar education effects. Entering the labor force shields against entering near poverty from above near poverty. Exiting the labor force has a positive

⁸ Children are excluded from all models due to the age restriction on educational attainment.

association with entering near poverty from above near poverty and below near poverty.

Homeownership and marriage also shield against entering near poverty from above and below.

Unlike Table 5, Table 6 displays the probit estimation of transition models out of near poverty to both above near poverty and poverty. Blacks are more likely to exit near poverty to poverty than whites by 0.1 percentage point. Adults are more likely to exit near poverty to poverty than seniors, and women are more likely to exit near poverty to poverty than men. Again, education seems to mitigate against exiting near poverty to poverty. Individuals with more education (some college and college) have a lower likelihood of exiting near poverty to poverty than individuals with a high school diploma. Homeowners, married, and those entering the labor force also have a reduced likelihood of exiting near poverty to poverty than their respective reference groups. Those exiting the labor force are more likely to exit near poverty to poverty.

Conclusion

This paper examines the extent to which individuals transition into and out of near poverty using a feature of the Current Population Survey that allows the matching of individuals in two consecutive ASEC interviews. We examine these transitions over the time period 2004-2012. About 20 percent of individuals in near poverty in the first year stay in near poverty in second year. We find that over half of individuals in near poverty in the first year exit into above near poverty while only 27 percent of individuals in near poverty exit near poverty into poverty. Rates of entry into near poverty differ. Ten percent of individuals beginning in poverty move to near poverty, and 3 percent of individuals beginning above near poverty fall into near poverty. Transition models of entering or exiting near poverty reveal the importance of education, labor force status, homeownership, and marriage as well as changes in labor force status.

A limitation of this study is the extent to which the near poor or the low income population in general are in the matched sample. Given the transient nature of this population, it is possible that the near poor who move from one year to the next are not in the matched sample. A simple comparison of migration rates between the matched sample and the full ASEC sample shows the matched sample is less likely to move (5.5 percent vs. 12.5 percent).

Future work will consider the effect of other changes in the family or household that may influence near poverty transitions. A change in family structure or the addition of extra adults in the household, or “household sharing”, are very likely to affect these transitions (Mykyta and Macartney 2012). Future work should also consider alternative poverty measures. This paper uses the official poverty measure to classify the near poor. Heggeness and Hokayem (2012) document the differing near poverty rates due to the NAS and SPM poverty measures, so it would be useful to examine transitions into and out of near poverty using these alternative measures. It would also be valuable to track transitions for this group using the Survey of Income and Program Participation (SIPP) data. Unlike the ASEC, the SIPP follows movers.

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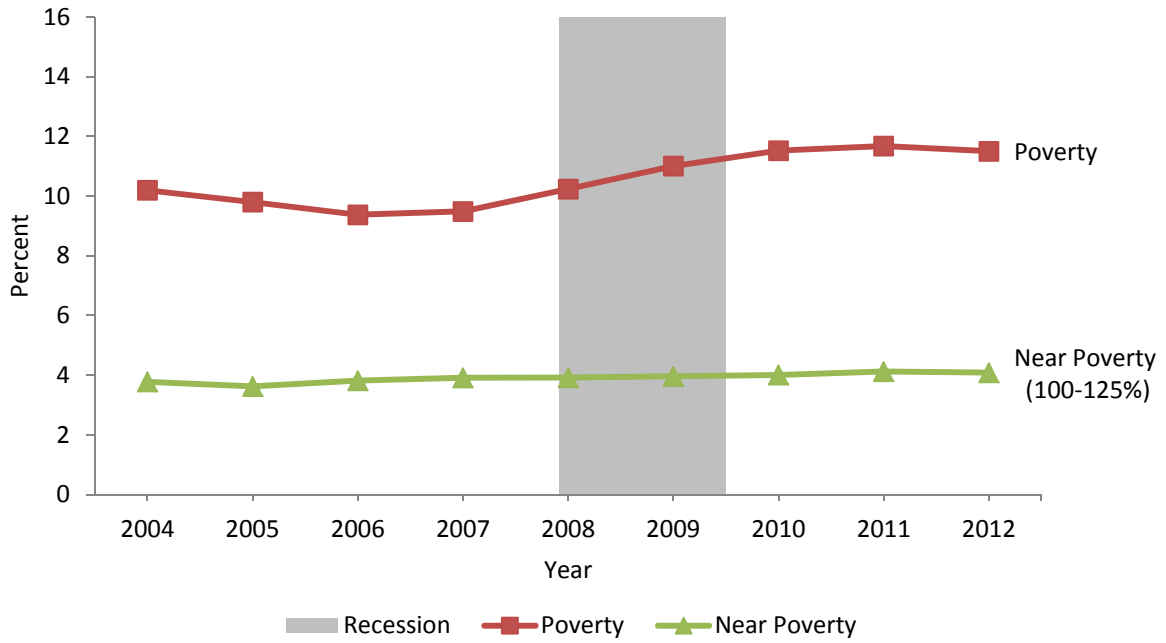
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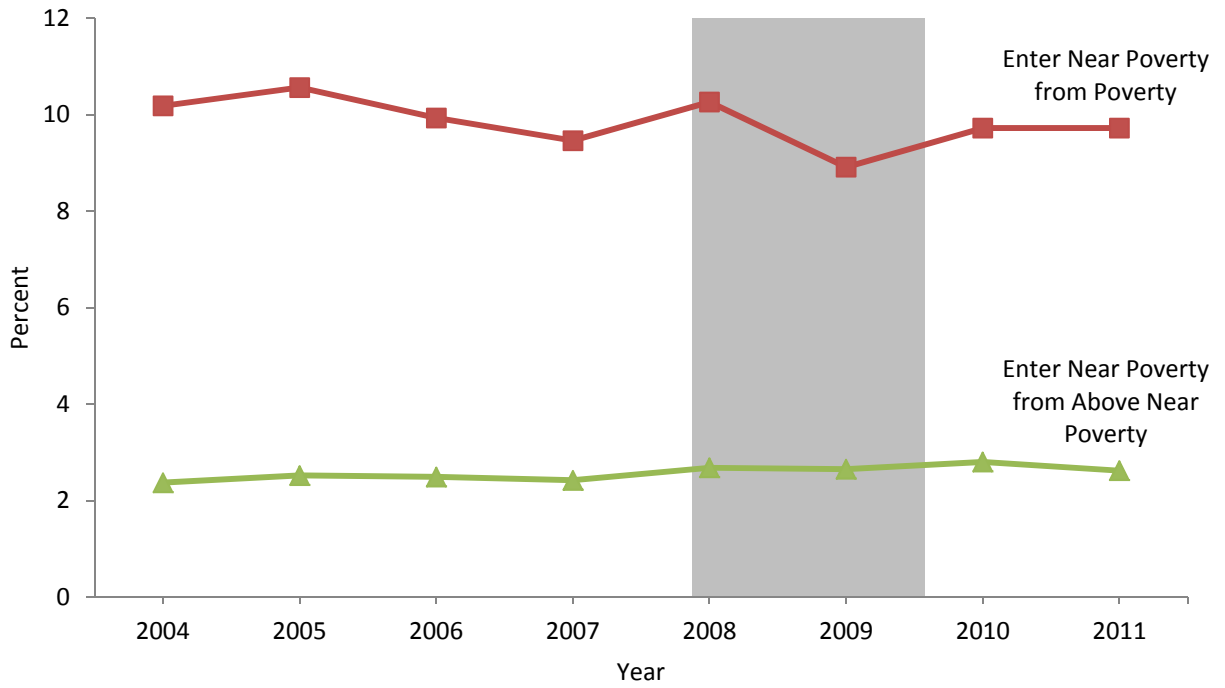
Figure 1: Poverty and Near Poverty Rates in Matched Sample



Note: Recession shaded in gray.

Source: U.S. Census Bureau, Current Population Survey, 2005-2013 Annual Social and Economic Supplement. For information on sampling and nonsampling error, see <www.census.gov/prod//techdoc/cps/cpsmar13.pdf>.

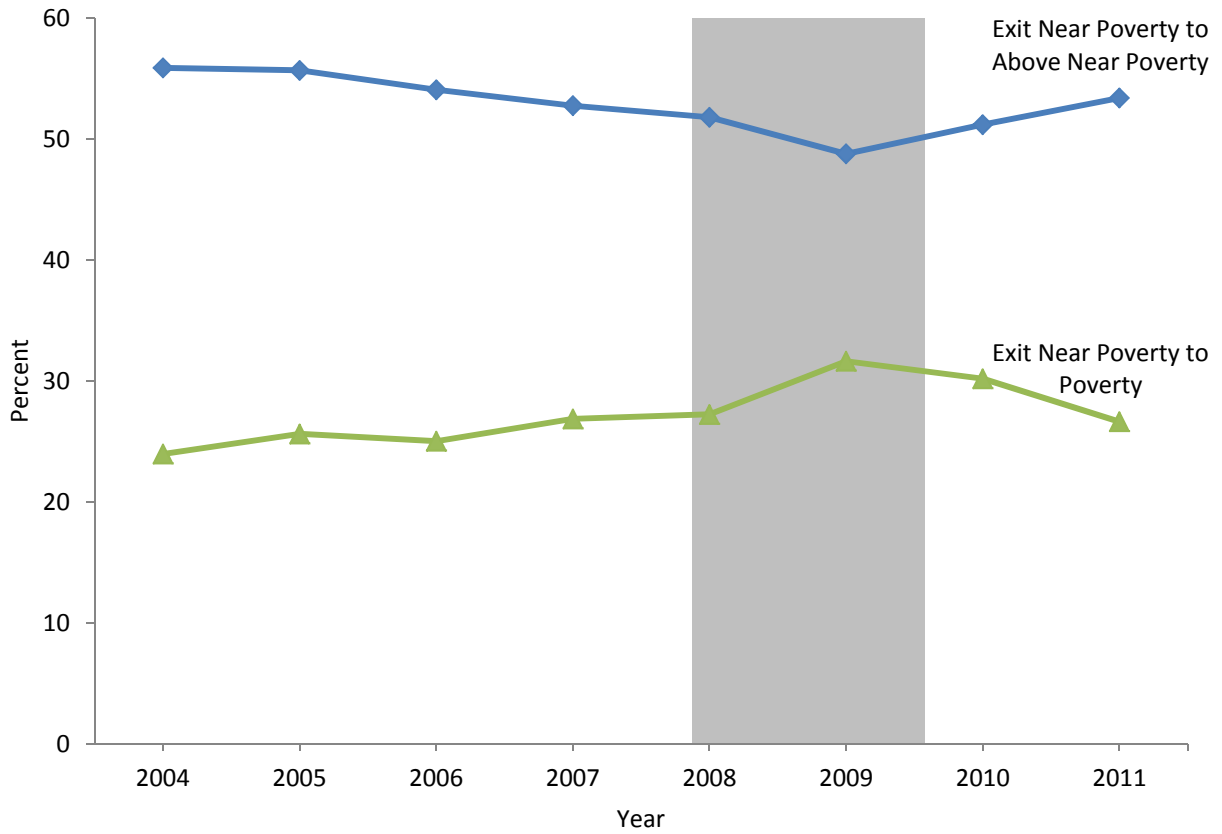
Figure 2: Entry Rates Into Near Poverty



Note: Recession shaded in gray.

Source: U.S. Census Bureau, Current Population Survey, 2005-2013 Annual Social and Economic Supplement. For information on sampling and nonsampling error, see <www.census.gov/prod//techdoc/cps/cpsmar13.pdf>.

Figure 3: Exit Rates Out of Near Poverty



Note: Recession shaded in gray.

Source: U.S. Census Bureau, Current Population Survey, 2005-2013 Annual Social and Economic Supplement. For information on sampling and nonsampling error, see <www.census.gov/prod//techdoc/cps/cpsmar13.pdf>.

Table 1: ASEC Sample Match Rates

ASEC Reference Years	Person Count (First ASEC Reference Year)	Number of Matches	Match Rate (%)
2004-2005	210,648	62,404	30
2005-2006	208,562	62,086	30
2006-2007	206,639	63,949	31
2007-2008	206,404	63,364	31
2008-2009	207,921	64,770	31
2009-2010	209,802	64,665	31
2010-2011	204,983	63,213	31
2011-2012	201,398	62,736	31

Source: U.S. Census Bureau, Current Population Survey, 2005-2013 Annual Social and Economic Supplement. For information on sampling and nonsampling error, see <www.census.gov/prod//techdoc/cps/cpsmar13.pdf>.

Table 2: Selected Characteristics of Matched Sample and ASEC Full Sample (ASEC 2005-2013)

Characteristic	Matched Sample		ASEC Full Sample		Test for Difference
	Mean	Std. Error	Mean	Std. Error	
Age	40.2	(0.029)	36.8	(0.002)	***
Child (%)	21.7	(0.048)	24.5	(0.012)	***
Adult (%)	62.9	(0.053)	62.8	(0.014)	***
Senior (%)	15.4	(0.040)	12.7	(0.009)	***
Gender (%)					
Male	48.3	(0.041)	49.0	(0.008)	***
Female	51.7	(0.041)	51.0	(0.008)	***
Race (%)					
White	83.7	(0.079)	80.8	(0.035)	***
Black	10.7	(0.058)	12.9	(0.009)	***
Other	5.6	(0.067)	6.3	(0.039)	***
Education (%)					
Less than high school	11.8	(0.101)	13.3	(0.088)	***
High School	31.4	(0.133)	31.1	(0.105)	***
Some College	26.3	(0.109)	26.0	(0.082)	***
College	30.5	(0.158)	29.6	(0.127)	***
Marital Status (%)					
Married	45.9	(0.121)	41.3	(0.089)	***
Separated or Divorced	9.6	(0.067)	9.6	(0.053)	
Widowed	38.7	(0.046)	44.3	(0.028)	***
Single, never married	5.8	(0.083)	4.7	(0.053)	***
In labor force (%)	51.5	(0.087)	50.7	(0.055)	***
Home owner (%)	78.2	(0.175)	69.2	(0.171)	***
Migrate (from one year ago) (%)	5.5	(0.054)	12.5	(0.078)	***
Region					
Northeast	19.1	(0.075)	18.1	(0.017)	***
Midwest	23.3	(0.072)	21.8	(0.018)	***
South	35.8	(0.107)	36.8	(0.023)	***
West	21.8	(0.086)	23.4	(0.017)	***
Household Size	3.2	(0.006)	3.3	(0.005)	***
Poverty Rate (%)	10.5	(0.098)	13.7	(0.087)	***
Near Poverty Rate (%)	3.9	(0.042)	4.5	(0.036)	***
Family Income	77512	(294)	72473	(228)	***
Public Assistance Programs (%)					
Public Assistance	1.5	(0.031)	2.1	(0.034)	***
Food Stamps/SNAP	7.6	(0.095)	10.0	(0.086)	***
Housing Subsidies	4.6	(0.118)	4.2	(0.085)	***
Energy Assistance	2.5	(0.044)	2.8	(0.040)	***

Earned Income Tax Credit	5.3	(0.034)	6.4	(0.029)	***
School Lunch Program	33.6	(0.286)	38.8	(0.223)	***
WIC	12.2	(0.167)	14.8	(0.128)	***
Observations	1,014,374		1,656,357		

Standard errors are estimated using replicate weights (Fay's method). *** p<0.01, ** p<0.05, * p<0.1

Source: U.S. Census Bureau, Current Population Survey, 2005-2013 Annual Social and Economic Supplement. For information on sampling and nonsampling error, see <www.census.gov/prod//techdoc/cps/cpsmar13.pdf>.

Table 3: Two-Year Transition Probabilities Into and Out of Near Poverty

Year 1 Status	Year 2 Status (percent)			Row Sum
	Poverty (Below 100%)	Near Poverty (100-125%)	Above Near Poverty (Above 125%)	
Poverty (Below 100%)	55 (0.47)	10 (0.27)	35 (0.46)	100
Near Poverty (100-125%)	27 (0.64)	20 (0.52)	53 (0.70)	100
Above Near Poverty (Above 125%)	5 (0.06)	3 (0.05)	93 (0.08)	100

Source: U.S. Census Bureau, Current Population Survey, 2005-2013 Annual Social and Economic Supplement. Standard errors (in parentheses) are estimated using replicate weights (Fay's method). For information on sampling and nonsampling error, see <www.census.gov/prod/techdoc/cps/cpsmar13.pdf>.

Table 4: Model of Near Poverty

VARIABLES	Coef. Est.	Marg. Eff.
Age		
Adult	-0.0476*** (0.0106)	-0.00267*** (0.000705)
Senior	Reference Group	
Gender		
Female	0.0345*** (0.00743)	0.00194*** (0.000377)
Male	Reference Group	
Race		
Black	0.0498*** (0.0106)	0.00279*** (0.000788)
Other Race	0.0160 (0.0160)	0.000936 (0.00123)
White	Reference Group	
Education		
Less than High School	0.227*** (0.00972)	0.0129*** (0.000640)
High School	Reference Group	
Some College	-0.128*** (0.00926)	-0.00727*** (0.000528)
College	-0.437*** (0.0113)	-0.0248*** (0.000711)
Marital Status		
Married	-0.271*** (0.0107)	-0.0154*** (0.000791)
Sep/Divorced	0.105*** (0.0124)	0.00593*** (0.000813)
Single, Never Married	Reference Group	
Widow	0.133*** (0.0152)	0.00754*** (0.00102)
In labor force	-0.393*** (0.00839)	-0.0223*** (0.000574)
Household Size	0.0493*** (0.00238)	0.00280*** (0.000187)
Homeowner	-0.350*** (0.00827)	-0.0199*** (0.000663)
Region		
Northeast	Reference Group	
Midwest	0.0292** (0.0116)	0.00161* (0.000964)
South	0.121*** (0.0106)	0.00682*** (0.000760)
West	0.0623*** (0.0116)	0.00350*** (0.000832)
State Unemployment Rate	0.00418*** (0.00147)	0.000239** (0.000115)
Constant	-1.366*** (0.0196)	
Observations	672,439	

Table reports probit model estimates and marginal effects. Standard errors are estimated using replicate weights (Fay's method). *** p<0.01, ** p<0.05, * p<0.1 Note: Children are excluded from the model due to the age restriction on educational attainment. Source: U.S. Census Bureau, Current Population Survey, 2005-2013 Annual Social and Economic Supplement. For information on sampling and nonsampling error, see <www.census.gov/prod//techdoc/cps/cpsmar13.pdf>.

Table 5: Enter Near Poverty from Above Near Poverty and from Poverty

VARIABLES	Enter Near Poverty from Above Near Poverty		Enter Near Poverty from Poverty	
	Coef. Est.	Marg. Eff.	Coef. Est.	Marg. Eff.
Year 1 Values				
Adult	-0.0862*** (0.0174)	-0.00354*** (0.000814)	0.197*** (0.0271)	0.00252*** (0.000372)
Female	0.00954 (0.0124)	0.000391 (0.000418)	0.0678*** (0.0183)	0.000857*** (0.000181)
Black	0.0547*** (0.0179)	0.00228** (0.000952)	0.0805*** (0.0237)	0.00102*** (0.000367)
Other	-0.0262 (0.0264)	-0.00102 (0.00137)	0.0322 (0.0384)	0.000446 (0.000705)
Less than High School	0.124*** (0.0168)	0.00514*** (0.000776)	0.242*** (0.0219)	0.00310*** (0.000345)
Some College	-0.115*** (0.0155)	-0.00478*** (0.000646)	-0.121*** (0.0229)	-0.00153*** (0.000299)
College	-0.365*** (0.0182)	-0.0151*** (0.000789)	-0.413*** (0.0307)	-0.00526*** (0.000362)
Married	-0.136*** (0.0187)	-0.00567*** (0.000827)	-0.316*** (0.0251)	-0.00405*** (0.000381)
Separated/Divorced	0.0789*** (0.0220)	0.00329*** (0.000909)	0.0851*** (0.0273)	0.00108*** (0.000377)
Widow	0.107*** (0.0260)	0.00443*** (0.000999)	0.0870** (0.0367)	0.00112** (0.000462)
In labor force	-0.283*** (0.0152)	-0.0117*** (0.000663)	-0.461*** (0.0210)	-0.00590*** (0.000338)
Household Size	0.0301*** (0.00399)	0.00125*** (0.000234)	0.0473*** (0.00546)	0.000606*** (9.28e-05)
Homeowner	-0.187*** (0.0145)	-0.00769*** (0.000714)	-0.358*** (0.0192)	-0.00458*** (0.000334)
Midwest	-0.0225 (0.0194)	-0.000932 (0.000991)	0.00658 (0.0286)	6.44e-05 (0.000503)
South	0.0826*** (0.0174)	0.00342*** (0.000848)	0.113*** (0.0253)	0.00143*** (0.000457)
West	0.0381** (0.0192)	0.00154 (0.000987)	0.0569** (0.0283)	0.000701 (0.000488)
State Unemployment Rate	0.00790*** (0.00256)	0.000322** (0.000149)	0.000999 (0.00364)	1.25e-05 (5.72e-05)
Change from Year 1 to Year 2				
Enter Labor Force	-0.117*** (0.0349)	-0.00482*** (0.00139)	-0.0508 (0.0419)	-0.000650 (0.000548)
Exit Labor Force	0.333*** (0.0254)	0.0138*** (0.00108)	0.176*** (0.0439)	0.00228*** (0.000557)
Change in State Unemp. Rate	0.00591 (0.00432)	0.000239 (0.000235)	-0.0137** (0.00648)	-0.000176 (0.000109)
Constant	-1.724*** (0.0334)		-2.119*** (0.0480)	
Observations	334,046		334,046	

Table reports probit model estimates and marginal effects. See Table 4 for reference groups. Standard errors are estimated using replicate weights (Fay's method). *** p<0.01, ** p<0.05, * p<0.1

Source: U.S. Census Bureau, Current Population Survey, 2005-2013 Annual Social and Economic Supplement. For information on sampling and nonsampling error, see <www.census.gov/prod/techdoc/cps/cpsmar13.pdf>.

Table 6: Exit Near Poverty to Above Near Poverty and to Poverty

VARIABLES	Exit Near Poverty to Above Near Poverty		Exit Near Poverty to Poverty	
	Coef. Est.	Marg. Eff.	Coef. Est.	Marg. Eff.
Year 1 Values				
Adult	-0.0939*** (0.0188)	-0.00347*** (0.000760)	0.109*** (0.0252)	0.00148*** (0.000327)
Female	0.0148 (0.0129)	0.000541 (0.000385)	0.0592*** (0.0178)	0.000803*** (0.000184)
Black	0.00399 (0.0193)	8.11e-05 (0.000796)	0.0784*** (0.0234)	0.00106*** (0.000404)
Other	0.0327 (0.0268)	0.00121 (0.00150)	0.0413 (0.0362)	0.000575 (0.000749)
Less than High School	0.144*** (0.0173)	0.00533*** (0.000674)	0.240*** (0.0216)	0.00324*** (0.000310)
Some College	-0.0978*** (0.0161)	-0.00363*** (0.000661)	-0.106*** (0.0225)	-0.00143*** (0.000342)
College	-0.353*** (0.0193)	-0.0131*** (0.000730)	-0.387*** (0.0302)	-0.00524*** (0.000416)
Married	-0.214*** (0.0189)	-0.00794*** (0.000786)	-0.309*** (0.0239)	-0.00415*** (0.000350)
Separated/Divorced	0.0566** (0.0222)	0.00204** (0.000824)	0.0476* (0.0273)	0.000644* (0.000351)
Widow	0.131*** (0.0267)	0.00480*** (0.00110)	-0.0283 (0.0351)	-0.000370 (0.000512)
In labor force	-0.244*** (0.0158)	-0.00901*** (0.000636)	-0.488*** (0.0209)	-0.00661*** (0.000406)
Household Size	0.0486*** (0.00396)	0.00179*** (0.000212)	0.0540*** (0.00525)	0.000730*** (9.90e-05)
Homeowner	-0.221*** (0.0147)	-0.00817*** (0.000719)	-0.352*** (0.0186)	-0.00477*** (0.000313)
Midwest	0.0337* (0.0203)	0.00121 (0.000854)	0.0604** (0.0277)	0.000808* (0.000483)
South	0.116*** (0.0184)	0.00424*** (0.000888)	0.109*** (0.0250)	0.00146*** (0.000430)
West	0.0794*** (0.0201)	0.00289*** (0.000890)	0.0415 (0.0276)	0.000547 (0.000472)
State Unemployment Rate	-0.00299 (0.00272)	-0.000110 (0.000127)	0.0166*** (0.00362)	0.000225*** (5.89e-05)
Change from Year 1 to Year 2				
Enter Labor Force	0.0123 (0.0334)	0.000408 (0.00117)	-0.169*** (0.0454)	-0.00230*** (0.000637)
Exit Labor Force	-0.0411 (0.0330)	-0.00150 (0.00112)	0.381*** (0.0346)	0.00517*** (0.000556)
Change in State Unemp. Rate	-0.00322 (0.00453)	-0.000119 (0.000217)	0.0128** (0.00593)	0.000173* (9.42e-05)
Constant	-1.725*** (0.0352)		-2.158*** (0.0462)	
Observations	334,046		334,046	

Table reports probit model estimates and marginal effects. See Table 4 for reference groups. Standard errors are estimated using replicate weights (Fay's method). *** p<0.01, ** p<0.05, * p<0.1

Source: U.S. Census Bureau, Current Population Survey, 2005-2013 Annual Social and Economic Supplement. For information on sampling and nonsampling error, see <www.census.gov/prod/techdoc/cps/cpsmar13.pdf>.