

# The Role of Government Transfers in the Black-White Child Poverty Gap

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Extensive progress has been made in the fight against child poverty over the past several decades.<sup>1</sup> However, there has been little headway made in narrowing the Black-White child poverty gap (i.e., the disparity in poverty rates between Black children and White children).<sup>2</sup> In 1970, Black children were more than three times as likely to live in poverty than White children, and, as discussed in this brief, the gap is nearly as large today.<sup>3</sup> The Black-White child poverty gap is often used as a tool to understand racial inequality in the United States,<sup>4</sup> and the size and persistence of the Black-White child poverty gap speaks to how deeply embedded racism is in our socioeconomic system. It also calls us to evaluate the role that social policy plays in closing it.

While there is ample research examining the effects of social policies and government transfers on raising incomes of children in poverty and reducing child poverty overall,<sup>5</sup> we focus on how effective these policies are at narrowing the Black-White child poverty gap.

Future research is needed to examine the question in the context of the changing policy landscape as the pandemic and recent racial justice protests have brought greater focus on social policies and their impact on racial inequality.

## Key Findings

- Government transfers and tax credits are effective in equalizing incomes of Black and White children in poverty, yet are entirely ineffective in closing the Black-White child poverty gap.
- Black children are nearly three times as likely to live in poverty than White children, both before *and* after accounting for government transfers and tax credits.
- Government transfers and tax credits impact Black and White children in poverty differently: in-kind transfers disproportionately benefit Black children while cash transfers and tax credits disproportionately reduce poverty and raise incomes for White children.

<sup>1</sup> Wimer, Fox, Garfinkel, Kaushal, and Waldfogel, "Progress on Poverty? New Estimates of Historical Trends."

<sup>2</sup> When writing about race, CPSP has chosen to capitalize 'White' along with 'Black' in official publications to signify that 'White' is a social category like other racial groups. Learn more in [appendix A](#).

<sup>3</sup> See Nolan, Garfinkel, Kaushal, Nam, Waldfogel and Wimer, "Trends in Child Poverty by Race/Ethnicity," for estimates of the Black-White child poverty gap in 1970.

<sup>4</sup> Parolin, "TANF and the Black-White Child Poverty Gap"; Iceland, "Racial and Ethnic Inequality in Poverty and Affluence"; Thiede, Kim, and Slack, "Marriage, Work, and Racial Inequalities in Poverty."

<sup>5</sup> Fox and Burns, *The Supplemental Poverty Measure: 2020*.



There have been many changes to our social programs over the better part of the past century, some of which have expanded access and some of which have constrained it.<sup>6</sup> Presently, as we examine these long-standing programs, we find that they fail to reduce the Black-White child poverty gap. We specifically examine the Black-White child poverty gap, as opposed to exploring the disparities in poverty rates between children of all racial and ethnic groups, because of its historical significance—it is indicative of the inequality between a group that has experienced systemic oppression and a group that has experienced systemic privilege.

In this brief, we analyze and explore:

1. Individual and combined effects of all anti-poverty policies on the income levels of Black children and White children living in poverty using a metric called the income-to-needs ratio.<sup>7</sup>
2. Impacts of government transfers on poverty rates of Black children and White children and the Black-White child poverty gap.
3. Differential effects by policy design, specifically at the role of cash transfers and tax credits versus in-kind benefits.

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## **The roots of the Black-White Child poverty gap and the role of social policy**

Economic inequality between Black people and White people in the United States is rooted in slavery.<sup>8</sup> Once slavery was abolished, most of the emancipated people were given no property, resources, or education, and the era of Black Codes and Jim Crow perpetuated the economic disparities between Black people and White people.<sup>9</sup> Expansions of the welfare state and of social programs in the 20<sup>th</sup> century also disproportionately benefited White Americans over Black Americans, thus failing to narrow income gaps between these groups.<sup>10</sup> For example, cash assistance programs such as Aid to Families with Dependent Children typically favored White mothers, while food stamps and Social Security favored those able to secure employment at a time when employment discrimination against Black people was rampant.<sup>11</sup>

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<sup>6</sup> Moffitt, “[The Deserving Poor, the Family, and the U.S. Welfare System.](#)”

<sup>7</sup> We also examine the impacts of social policies on the poverty gap and present these results in [appendix C](#).

<sup>8</sup> Walter, “[The Impact of Slavery on 20th-21st Century Black Progress.](#)”

<sup>9</sup> Solomon, Maxwell, and Castro, “[Systematic Inequality and Economic Opportunity.](#)”

<sup>10</sup> Katznelson, *[When Affirmative Action was White.](#)*

<sup>11</sup> During the 1940s, 50s, and 60s, Black people were slower to be hired and more likely to be working low-paying, non-unionized jobs. Additionally, many Black people worked domestic jobs that often did not qualify them for welfare. See Minoff, “[The Racist Roots of Work Requirements.](#)”

## *Methodology*

Our results rely on data from the Census Bureau’s Annual Social and Economic Supplement (ASEC) to the Current Population Survey (CPS). We use data collected from 2017–2019, with reference to calendar years 2016–2018; our findings thus rely on data from before the COVID-19 pandemic. We limited our analysis to children under the age of 18 and used reported racial and ethnic identities to classify children’s race and ethnicity. With the available variables in the data, we organized racial and ethnic identities into the following groups: American-Indian and Alaska Native (Non-Latino), Asian American/Pacific Islander, Black (Non-Latino), Latino, Multiracial (Non-Latino), and White (Non-Latino). See [appendix A](#) for questions regarding race and ethnicity that are asked on the CPS-ASEC, as well as a discussion of the terminology related to race and ethnicity used in this report. As discussed in the introduction, this paper focuses on the Black-White child poverty gap. Results for all races and ethnicities are provided in [appendix B](#).

The analysis uses the Supplemental Poverty Measure (SPM), which considers in-kind transfers and post-tax income when determining a family’s total resources. **In-kind transfers** refer to any transfer of income that can only be used to fulfill a specific need (e.g., food, housing, etc.). **Cash transfers** and **tax credits** are income sources that can be spent at the discretion of the recipient.

The in-kind transfers we analyze include:

- Supplemental Nutrition Assistance Program (SNAP)
- Housing subsidies
- Free and reduced school lunch
- Low-Income Home Energy Assistance Program (LIHEAP)
- Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

The cash transfers and tax credits we analyze include:

- Social Security (SS)
- Supplemental Security Income (SSI)
- Temporary Assistance for Needy Families (TANF)
- Unemployment Insurance (UI)
- Earned Income Tax Credit (EITC)
- Child Tax Credit (CTC)<sup>12</sup>

Our analysis examines the individual and combined effects of these various government transfers and tax credits using three different measures: the income-to-needs ratio, the poverty gap (see [appendix C](#)), and the poverty rate. The income-to-needs ratio and poverty gap analyses (which we discuss in more detail when presenting our results) are limited to children living in poverty *before* accounting for the impacts of government transfers and tax credits in an effort to examine how policies raise incomes of those experiencing poverty.

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<sup>12</sup> We analyze these policies as they were pre-pandemic. It is important to note that the effects of policies may look substantially different following the expansions of many programs under the government’s stimulus responses, including the American Rescue Plan.

## Findings

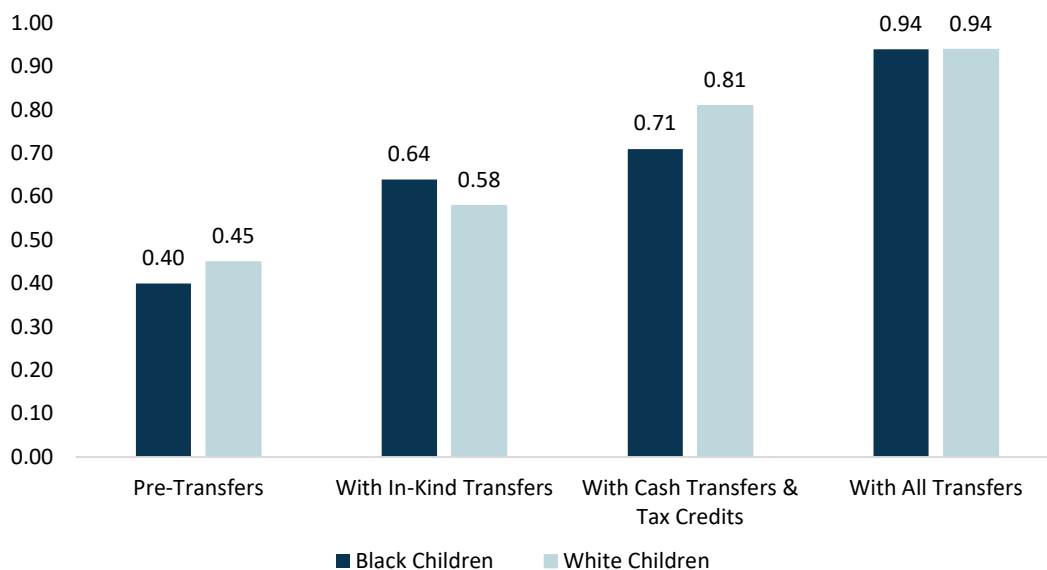
### How do government transfers and tax credits affect the income-to-needs levels of Black children and White children in poverty?

We begin by examining the impacts of government transfers and tax credits on the income-to-needs ratios of Black children and White children living in poverty. In figure 1, we show the income-to-needs ratios of Black children and White children before and after accounting for transfers<sup>14</sup> and tax credits (limiting our analysis to children who are in poverty *before* including these transfers and tax credits). The results show that before accounting for transfers and tax credits, the average income-to-needs ratio of White children in poverty (0.45) is 12.5 percent higher than that of Black children (0.40)—meaning White children in poverty are, on average, closer to the poverty threshold than Black children. After accounting for all government transfers (including tax credits), we find that the income-needs ratios of Black and White children are the same (0.94, or very close to the poverty line). Thus, transfers and tax credits are effective in equalizing the incomes of Black and White children living *in* poverty.<sup>15</sup>

#### What is the income-to-needs ratio?

The income-to-needs ratio expresses a family's income relative to their poverty threshold in the form of a ratio. For example, if income is equal to the poverty threshold, then the income-to-needs ratio is 1.00. An income-to-needs ratio below 1.00 means a family is living below the poverty line. For example, a family of four that resides in rental housing in Albuquerque, New Mexico has an SPM poverty threshold of about \$26,890.<sup>13</sup> If that family's total income is \$21,000, their income-to-needs ratio is 0.78 (i.e., the number you get when you divide their income by their poverty threshold). If you think of the poverty threshold as an indicator of the amount of income necessary to cover basic needs, a family's income-to-needs ratio conveys how far above or below a family is from that threshold.

**Figure 1. Income-to-needs ratios of children in poverty before and after accounting for government transfers and tax credits**



Source: Authors' calculations using 2017 to 2019 CPS-ASEC, retrieved from IPUMS-CPS.

<sup>13</sup> This poverty threshold pertains to 2019.

<sup>14</sup> By "transfers," we mean all of the government transfers we discussed in our methodology section.

<sup>15</sup> We also analyzed the impact of government transfers on the depth of poverty among Black children and White children (see [appendix C](#)), and the results were largely similar to our income-to-needs analysis.

While the income-to-needs ratios are the same after government transfers, it is important to understand which transfers and tax credits are most impactful for whom. After **in-kind benefits** (e.g., housing subsidies, food stamps) are included, Black children have an income-to-needs ratio that is higher than that of White children (an increase of 60 percent versus 28 percent). When **cash benefits and tax credits** are included instead, we see how they disproportionately aid White children (increasing the income-to-needs ratio of White children by 80 percent versus by 37.5 percent for Black children).

**What specific policies are driving the differences in the racial impact of in-kind versus cash transfers and tax credits?**

In table 1, we break down the effects of individual policies on the income-to-needs ratios for Black and White children in poverty, showing the percent increase in the income-to-needs ratio associated with each. Housing subsidies are the largest driver of in-kind benefits' greater impacts for Black children. Housing subsidies increase the income-to-needs ratio of Black children living in poverty by 25 percent, as opposed to 6.7 percent for White children. In part, Black children are more likely to benefit from housing subsidies than White children because they are more likely to live in metro areas where rents are higher.<sup>16</sup> Further, 18 percent of Black households are considered “extremely low-income” renters as opposed to just 6 percent of White households, which makes them more likely to qualify for housing subsidies.<sup>17</sup> On the other hand, among cash-based programs, we see that White children disproportionately benefit from Social Security. Past analyses have found that children of color are more likely to live in multigenerational homes that benefit from Social Security, but Black recipients receive on average \$2,330 less in annual Social Security payments than a White recipient.<sup>18</sup> This is one explanation as to why the income-to-needs ratio of White children is substantially higher than that of Black children when we only account for the impacts of cash transfers and tax credits. These findings lend themselves to a much broader examination of the virtues of in-kind benefits versus cash transfers and tax credits, discussed later.

**Table 1. The effects of individual policies on income-to-needs ratios of children in poverty**

| In-Kind Benefits     |  |                       | Cash Transfers and Tax Credits |  |                       |
|----------------------|--|-----------------------|--------------------------------|--|-----------------------|
|                      | <i>Black Children</i>                  | <i>White Children</i> |                                | <i>Black Children</i>                  | <i>White Children</i> |
| Policy               | Percentage Increase in Income-to-Needs |                       | Policy                         | Percentage Increase in Income-to-Needs |                       |
| Free & Reduced Lunch | 10.0%                                  | 6.7%                  | Child Tax Credit               | 12.5%                                  | 13.3%                 |
| Housing Subsidies    | 25.0%                                  | 6.7%                  | EITC                           | 25.0%                                  | 22.2%                 |
| LIHEAP               | 2.5%                                   | 0%                    | Social Security                | 25.0%                                  | 35.6%                 |
| SNAP                 | 25.0%                                  | 15.6%                 | SSI                            | 10.0%                                  | 8.9%                  |
| WIC                  | 2.5%                                   | 2.2%                  | TANF                           | 5.0%                                   | 2.2%                  |
|                      |  |                       | UI                             | 2.5%                                   | 2.2%                  |

Source: Authors' calculations using 2017-2019 CPS-ASEC, retrieved from IPUMS-CPS.

<sup>16</sup> Based on 2017-2019 CPS-ASEC data.

<sup>17</sup> Aurand, Emmanuel, Threet, Rafi, and Yentel, "The Gap: A Shortage of Affordable Homes."

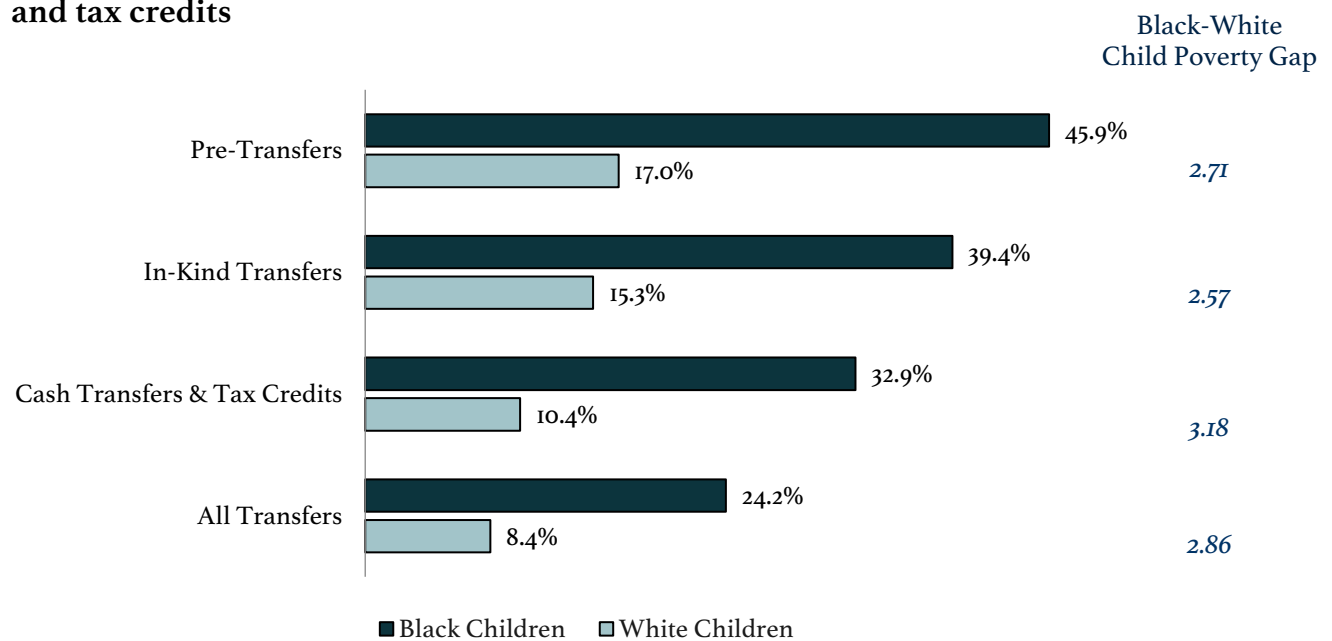
<sup>18</sup> Kijakazi, Smith, and Runes, "African American Economic Security and Social Security."

## How do government transfers and tax credits affect the Black-White child poverty gap?

While social policies play a role in equalizing the incomes of Black and White children in poverty, our next set of findings show that they do not narrow the Black-White gap in child poverty rates.<sup>19</sup> We define the Black-White child poverty gap as the ratio of the poverty rate of Black children to that of White children.

Before accounting for government transfers and tax credits, 46 percent of Black children in the United States were living in poverty in the years examined, compared to 17 percent of White children (figure 2). Thus, the child poverty rate of Black children (before tax credits and transfers) was 2.71 times that of White children.

**Figure 2. Child poverty rates before and after accounting for government transfers and tax credits**



Source: Authors' calculations using 2017-2019 CPS-ASEC

Similar to our previous analyses, the impacts of in-kind benefits versus cash transfers and tax credits vary. In figure 2, we see **cash transfers and tax credits** disproportionately benefiting White children (bringing the Black-White child poverty gap *up* to 3.18) and **in-kind transfers** disproportionately benefiting Black children (bringing the Black-White child poverty gap *down* to 2.57). After accounting for all transfers and tax credits, the Black-White child poverty gap is slightly larger than where it started, at 2.86. This result shows that, altogether, transfers and tax credits do not narrow the Black-White child poverty gap. If anything, they slightly exacerbate it.

<sup>19</sup> The poverty rate shows what percentage of a specified group is living below the SPM poverty threshold.

## How do government transfers and tax credits affect the poverty rates of Black children and White children?

A closer look shows that each individual policy benefits White children by the same amount or by more than Black children, with the exception of housing subsidies (table 2). Housing subsidies, an in-kind transfer, decrease the poverty rate for Black children at more than three times the rate of White children. The Earned Income Tax Credit, Social Security, and the Child Tax Credit—all cash transfers—do the most to reduce poverty rates among both groups, but do more for White children.

**Table 2. Effects of individual policies on the child poverty rate**

| In-Kind Benefits     |                       |                       | Cash Transfers and Tax Credits |                       |                       |
|----------------------|-----------------------|-----------------------|--------------------------------|-----------------------|-----------------------|
|                      | <i>Black Children</i> | <i>White Children</i> |                                | <i>Black Children</i> | <i>White Children</i> |
| Policy               | Percent Change        |                       | Policy                         | Percent Change        |                       |
| Free & Reduced Lunch | -2.6%                 | -2.8%                 | Child Tax Credit               | -8.0%                 | -11.0%                |
| Housing Subsidies    | -2.9%                 | -0.9%                 | EITC                           | -10.7%                | -14.1%                |
| LIHEAP               | -0.1%                 | -0.1%                 | Social Security                | -6.2%                 | -10.7%                |
| SNAP                 | -3.8%                 | -4.0%                 | SSI                            | -1.5%                 | -2.1%                 |
| WIC                  | -0.6%                 | -0.5%                 | TANF                           | -0.4%                 | -0.4%                 |
|                      |                       |                       | UI                             | -0.4%                 | -0.9%                 |

Source: Authors' calculations using 2017–2019 CPS-ASEC, retrieved from IPUMS-CPS.

## How could future policies affect the Black-White child poverty gap?

Policy reforms—specifically, those that expand eligibility, access, coverage, and benefit levels—can have a direct impact on the Black-White child poverty gap. Over the course of the COVID-19 pandemic, a range of temporary changes to cash and in-kind transfer programs extended eligibility to those historically left out, simplified access, extended the length of coverage, and increased benefit values. As a result, poverty rates—including child poverty rates for children across racial and ethnic groups—fell to historic lows despite a national and global economic crisis. Moving forward from the pandemic and building on this evidence, a set of federal policy proposals would expand and improve access to affordable child care, paid family leave, early childhood education, affordable housing, child nutrition assistance, child and family tax provisions, and more.<sup>20</sup>

<sup>20</sup> This suite of proposals formed the center of what was originally termed the American Families Plan (see, for example, Collyer, Curran, Hartley, Parolin, and Wimer, “[The Potential Poverty Reduction Effect of the American Families Plan](#)”) and, later, the Build Back Better legislation (a version of which passed the U.S. House of Representatives in November 2021). As of the time of writing, a combination of these proposals continues to be under consideration by Congress.

If these policy proposals are enacted (and if they reach all children proposed to be newly eligible), they could both contribute to meaningful reductions in overall child poverty and help close the persistent gap in Black-White child poverty. An example of a policy with the potential to do both is the expanded Child Tax Credit. Prior to the pandemic, the Child Tax Credit provided up to \$2,000 per child to qualifying families at tax time. Because the program structure conditioned the amount a family was able to receive on family earnings—and also required families to earn more with the addition of each child to the family to access the maximum benefit—it meant that families with low and moderate incomes were often left out of the full credit while families with higher incomes retained full access.<sup>21</sup> Overall, one-third of all children in the United States were excluded from the full Child Tax Credit.<sup>22</sup> However, one out of every two Black children and one out of every two Latino children were excluded from the full credit compared to one out of every four White children.<sup>23</sup>

The 2021 American Rescue Plan temporarily closed these gaps in coverage by making the Child Tax Credit fully refundable, meaning that nearly all families became eligible for the credit regardless of their income level. It also increased the annual credit levels to a maximum of \$3,000 per child for children ages 6-17 and \$3,600 per for children under age 6 and stipulated that the credit be paid out in monthly installments. Research reveals<sup>24</sup> that this policy change quickly resulted in lower child poverty, reduced food insufficiency, and improved family financial and material well-being. Estimates also show that an expanded Child Tax Credit could have a dramatic impact on the overall child poverty rate moving forward, with a particular impact on Black children who could see their poverty rate fall by more than 50 percent, if all children who are eligible for the expanded credit receive it.<sup>25</sup> As such, it is a reform that can narrow the Black-White child poverty gap, while also substantially reducing overall child poverty. As of the time of writing, the expanded Child Tax Credit was only in place for 2021. Without action to continue this expansion, the Child Tax Credit will return to its pre-pandemic parameters and one out of every two Black children will be once again be ineligible for the full credit. If the expanded Child Tax Credit is continued for longer and/or made permanent, however, it would mark a turning point in the way by which policy can function to narrow the substantial gap in poverty rates between Black and White children examined in this brief.

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<sup>21</sup> Curran and Collyer, “[Children Left Behind in Larger Families: The Uneven Receipt of the Federal Child Tax Credit by Children’s Family Size.](#)”

<sup>22</sup> Collyer, Harris, and Wimer, “[Left Behind: The One-Third of Children in Families Who Earn Too Little to Get the Full Child Tax Credit.](#)”

<sup>23</sup> Collyer, Wimer, and Harris, “[Earnings Requirements, Benefit Values, and Child Poverty under the Child Tax Credit.](#)”

<sup>24</sup> Curran, “[Research Roundup of the Expanded Child Tax Credit: The First 6 Months.](#)”

<sup>25</sup> See Center on Poverty and Social Policy at Columbia University, “[A Poverty Reduction Analysis of the American Family Act, HR 1560 in the 116th Congress](#)” for the potential anti-poverty impact of an expanded Child Tax Credit on its own using pre-pandemic data and Parolin, Collyer, Curran, and Wimer, “[The Potential Poverty Reduction of the American Rescue Plan](#)” for the potential anti-poverty impact of an expanded Child Tax Credit in 2021 in combination with the other components of the American Rescue Plan. Note that both of these estimates assume that all families who are eligible for the credit actually received (i.e., there is complete take-up).



## *Conclusion*

It is evident from our analysis that transfers and tax credits play a significant role in reducing child poverty for both Black children and White children, as well as child poverty overall. However, Black children remain overrepresented among children in poverty and the Black-White child poverty gap persists even after accounting for transfers and tax credits. After all transfers and tax credits, the income-to-needs ratios and poverty gaps among Black children and White children experiencing poverty are close to equal, but Black children remain significantly more likely to be in poverty in the first place. Additionally, we find that in-kind transfers disproportionately benefit Black children, while cash transfers and tax credits disproportionately benefit White children.

Generally, in-kind benefits serve a specific basic need, such as food or shelter, while cash transfers and tax credits can be used much more flexibly. In-kind benefits are inherently more paternalistic than cash benefits, with some proponents arguing that that the government restricts the spending of poor people in their “best interest.”<sup>26</sup> Additionally, in-kind benefits are thought to be more politically viable than cash transfers. Nonetheless, in-kind benefits constitute a major facet of the United States’ safety net and are of particular importance to the financial well-being of Black families experiencing poverty. These programs no doubt help families make ends meet, but their in-kind nature constrains the choices people are able to make for themselves and their families to a greater extent than the cash supports more common among White families experiencing poverty.

Moving forward, it is crucial to consider the disproportional impacts of policy choices, and how cash transfers and tax credits can be improved upon to promote accessibility and equity. While government transfers and tax credits work well in equalizing incomes of Black and White children living in poverty, they are entirely ineffective in closing the Black-White child poverty gap. If racial justice is to be prioritized in policy moving forward, thinking through how we narrow this gap should be a key focus.

## *Suggested Citation*

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## *Acknowledgements*

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<sup>26</sup> Currie and Gahvari, “Transfer in Cash and In Kind: Theory Meets the Data.”

## *Appendix A. Note on the definitions of race and ethnicity used in this report*

We used the following questions from the Current Population Survey to identify the race and ethnicity of respondents. As such, the racial and ethnic categories used in our analysis are based on self-identification. The head of the household or “reference person” would typically fill out the survey and answer questions in reference to children in the household.

1. Are you of Hispanic, Latino, or Spanish origin?
2. You may choose one or more races. For this survey, Hispanic origin is not a race. Are you White; Black or African American; American Indian or Alaska Native; Asian; OR Native Hawaiian or other Pacific Islander?

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We use responses to these questions to group individuals into the following categories:

- American Indian or Alaska Native, non-Latino
- Asian American or Pacific Islander, non-Latino
- Black, non-Latino
- Latino
- Multiracial or other, non-Latino
- White, non-Latino

### *Note on Latino*

In this brief, we use the term ‘Latino’ as opposed to ‘Hispanic’ or ‘Spanish origin’ because it is more inclusive of all people with origins in Latin America, including people with origins in Brazil and/or within many indigenous groups. Some people have adopted the term ‘Latinx’ to remove the gender binary implied in Latino(a), but it is not widely used in most settings. Therefore, we remain consistent with the Census Bureau’s wording and use the term Latino. In characterizing a diverse group of people, we acknowledge that individuals will self-identify in complex ways and as communities adopt new identities over time, we aim to update our language as needed.

### *Note on capitalization of racial groups*

In this brief, we capitalize ‘White’. There has been a general consensus among organizations, publications, and news outlets to capitalize ‘Black,’ as it refers to a racial and ethnic identity that many Americans share. There are differing viewpoints on whether to capitalize ‘White.’ After discussing, we chose to capitalize White, in order to be visually consistent and to signify that White is a social category like other racial groups. It is crucial that we recognize and understand how Whiteness functions in our society, especially in regards to institutional racism. When left uncapitalized, White can be relegated to the status quo. For these reasons, we capitalize ‘White’ as we do for other racial and ethnic groups.

### *Limitations*

To design and evaluate anti-racist policy solutions, it is important to understand who is helped or hurt by specific policy decisions. (See *why the Census asks about race*.) However, there are limitations in generalizing based on complex categories such as race. People are multidimensional and, if given the opportunity, would describe themselves in a multitude of ways. Racial identity is impacted by many factors, including regional and generational differences, as well as the unique circumstances of one’s background, such as country of origin or belonging to a multi-racial family. Thus, one’s interpretations of one’s race is subjective and, at times, it could signal the need to update our collective understanding of racial categories and the way questions are asked (*the Census has done so regularly since it began administering the survey in 1790*).

*Appendix B: All poverty rate results*

**Table B1. Child poverty rates by race and ethnicity**

|                                  | Poverty Rates<br>Pre-Transfers and<br>Tax Credits | Poverty Rates<br>Post-Transfers and<br>Tax Credits | Percent Reduction<br>in Poverty Rates Associated with<br>Transfers and Tax Credits |
|----------------------------------|---|--|--|
| American Indian or Alaska Native | 39.3%   | 18.5%  | 52.8%  |
| Asian American Pacific Islander  | 21.4%   | 13.5%  | 36.7%  |
| Black                            | 45.0%   | 24.2%  | 46.4%  |
| Latino                           | 40.8%   | 23.0%  | 43.6%  |
| Multiracial or another race      | 26.8%   | 12.4%  | 53.9%  |
| White                            | 16.6%   | 8.4%   | 49.3%  |
| Asian American Pacific Islander  | 21.4%   | 13.5%  | 36.7%  |
| Total                            | 27.5%   | 14.8%  | 46.2%  |

*Source: Authors' calculations using 2017–2019 CPS-ASEC, retrieved from IPUMS-CPS.*

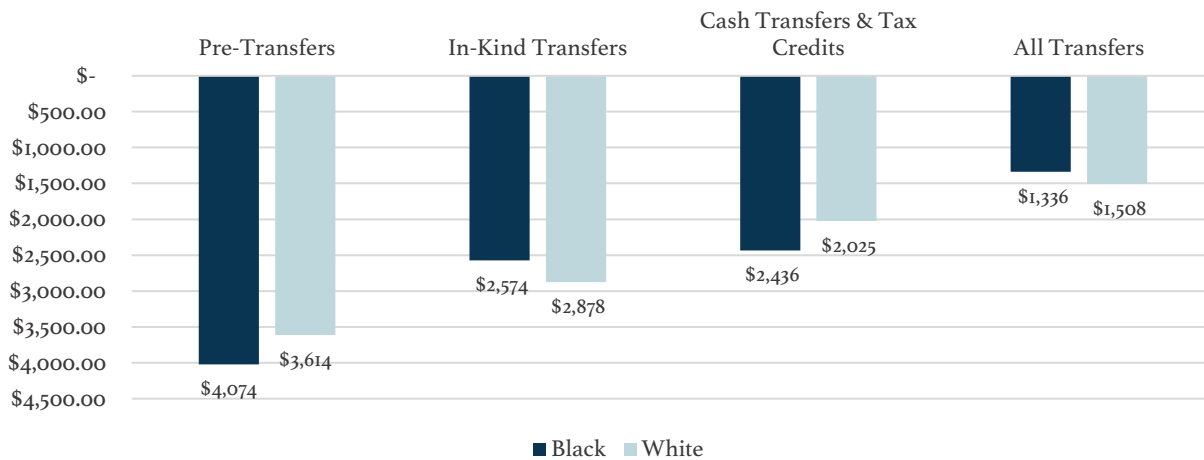
## Appendix C. Analysis of the poverty gap

### Poverty gap

We ran a third analysis that focused on the poverty gaps of Black and White children living in poverty. The poverty gap (at the individual family level) is the dollar amount needed for a family’s income to reach the poverty threshold (as opposed to the Black-White child poverty gap, which is the difference in poverty rates of Black children and White children). As an example, we can revisit our family of four renting a home in Albuquerque, New Mexico. With an SPM poverty threshold of about \$26,890 and an annual income of \$21,000, the family has a poverty gap of \$5,890. The poverty gap allows us to fully examine the depth of poverty for those who are experiencing it.

In figure C1 below, we see that before transfers and tax credits, the poverty gap of Black children is about \$400 further below the poverty threshold than that of White children, reflecting the fact that Black children are, on average, in deeper poverty. In-kind benefits then decrease the Black child poverty gap by nearly \$1,500 and significantly diminish the depth of poverty for Black children. While cash transfers and tax credits decrease poverty gaps even further for both groups, we see that they disproportionately benefit White children, and the discrepancy between the two groups returns to about \$400. After all transfers and tax credits are made, Black children are in a slightly better position than White children by just under \$200, though this discrepancy is not very large.<sup>27</sup>

**Figure C1. Poverty gap of children in poverty before and after accounting for transfers and tax credits**



Source: Authors’ calculations using 2017–2019 CPS-ASEC, retrieved from IPUMS-CPS.

<sup>27</sup> There are possible explanations for this outcome. The Supplemental Poverty Measure considers out-of-pocket medical expenses when measuring a family’s total resources. In a supplemental analysis, we found that White children are more likely to be in families with these expenses, which affects the results shown for the poverty gap. It is also important to note that White families may be more capable of paying out-of-pocket expenses simply because they have the cash and resources on hand to do so. Many who do not have the cash available to pay out-of-pocket medical expenses may avoid seeking medical care all together.

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The Center on Poverty and Social Policy at the Columbia School of Social Work produces cutting-edge research to advance our understanding of poverty and the role of social policy in reducing poverty and promoting opportunity, economic security, and individual and family-wellbeing. The center's work focuses on poverty and social policy issues in New York City and the United States. *For the latest policy briefs, go to [povertycenter.columbia.edu](http://povertycenter.columbia.edu) and follow us @CpspPoverty.*

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