Millennial Poverty: Assessing Generational Change and the State of the Safety Net

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Research Questions

• Is there evidence of generational change in the prevalence of poverty, deep poverty, or the overall income distribution?
• Is there evidence of generational change in the effectiveness and size of the safety net and its core components?
• Are there demographic differences in generational change in these outcomes?
Methodology

• Annual Social and Economic Supplement of the Current Population Survey
• (Anchored) Supplemental Poverty Measure (and its historical variants)
• Pool observations at 30 years old across individual survey years
• Descriptive analysis at present
Generational Differences

• Silent: Born 1938 to 1946; Age 30 1968 to 1976
• Boomer: Born 1947 to 1965; Age 30 1977 to 1995
• Generation X: Born 1966 to 1981; Age 30 1996 to 2011
• Millennials: Born 1982 to 1987; Age 30 2012 to 2017

• NOTES: Race/ethnicity begins in 1972, not 1968
• NOTES: Millennials will eventually be extended
Average Unemployment Rate by Generation

- Silent: 5.6
- Boomer: 6.9
- Generation X: 5.8
- Millennials: 6.1
Poverty rates are broadly similar across generations, though deep poverty is slightly higher among Millennials; Recent generations are more likely to be “near poverty” and more likely to be “far above poverty.”

- **Millennial**: 5.3% Deep Poverty, 10.1% Poverty, 31.7% Near Poverty, 22.5% Above Poverty, 30.4% Far Above Poverty
- **Generation X**: 4.6% Deep Poverty, 9.9% Poverty, 31.1% Near Poverty, 23.9% Above Poverty, 30.5% Far Above Poverty
- **Baby Boomers**: 4.2% Deep Poverty, 12.0% Poverty, 36.3% Near Poverty, 25.8% Above Poverty, 21.6% Far Above Poverty
- **Silent**: 4.0% Deep Poverty, 11.4% Poverty, 45.3% Near Poverty, 22.1% Above Poverty, 17.2% Far Above Poverty

Legend:
- **Blue**: Deep Poverty (<50%)
- **Orange**: Poverty (50% to 100%)
- **Gray**: Near Poverty (100% to 200%)
- **Yellow**: Above Poverty (200% to 300%)
- **Blue**: Far Above Poverty (>300%)
Millennial poverty would be higher absent tax credits and transfer programs.

<table>
<thead>
<tr>
<th>Generation</th>
<th>Anchored SPM poverty rate, pre-tax, pre-transfer</th>
<th>Anchored SPM poverty rate</th>
<th>Percentage reduction in poverty from taxes and transfers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Silent</td>
<td>14.9%</td>
<td>15.6%</td>
<td>-4.9%</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>17.3%</td>
<td>16.3%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Generation X</td>
<td>17.8%</td>
<td>14.6%</td>
<td>17.9%</td>
</tr>
<tr>
<td>Millennials</td>
<td>21.0%</td>
<td>15.4%</td>
<td>26.9%</td>
</tr>
</tbody>
</table>
Percent reduction in poverty from taxes and transfers by race/ethnicity

- **Silent**: White, NH - 6.0%, Black, NH - 3.0%, Hispanic - -1.9%
- **Baby Boomer**: White, NH - 6.5%, Black, NH - 12.1%, Hispanic - 0.2%
- **Generation X**: White, NH - 22.5%, Black, NH - 26.1%, Hispanic - 11.3%
- **Millennials**: White, NH - 32.4%, Black, NH - 30.3%, Hispanic - 26.1%
Millennials receive substantially more money from government assistance programs than any previous generation (2016 $)
Relative poverty reduction of specific programs

Silent Generation
- Cash Welfare: 4.0%
- Tax Credits: 0.5%
- SNAP: 0.9%
- Housing: 0.4%

Baby Boomers
- Cash Welfare: 4.4%
- Tax Credits: 2.5%
- SNAP: 3.6%
- Housing: 0.9%

Generation X
- Cash Welfare: 1.6%
- Tax Credits: 13.7%
- SNAP: 5.0%
- Housing: 2.6%

Millenials
- Cash Welfare: 1.4%
- Tax Credits: 16.8%
- SNAP: 8.5%
- Housing: 3.8%
Conclusions and next steps

• There is not much evidence that poverty has increased, some small evidence that deep poverty has increased across generations.
• However, this is largely because of the growing role of taxes and transfers (aka “the safety net”)
• The composition of the safety net and its effects are also changing over time.

• Next steps:
  • A closer look at the components of pre-tax/pre-transfer income and work
  • More detailed examination of other family members and cohabiting partners
  • Household income?