

CHAPTER

Beyond the Myths: A Clearer Path to Poverty Alleviation in America

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Beyond the Myths: A Clearer Path to Poverty Alleviation in America

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ABSTRACT

We seek to reset the national conversation about poverty by dispelling persistent myths and defining a clear, evidence-based agenda for alleviation. Over the past four decades, poverty in America has fallen markedly, and anti-poverty policies have significantly improved the material well-being of vulnerable households. We document these gains using appropriately constructed measures of income, earnings, and consumption poverty, and other indicators of material conditions. We also describe evidence showing that major programs have improved long-term outcomes for poor children, helping to break intergenerational cycles of poverty. Yet much work remains. We reject the simplistic view that cash transfers alone can solve poverty. While income support is vital, such an approach fails to address poverty's deeper roots. To confront the complexity of poverty, we propose an agenda centered on equipping people to thrive—by strengthening their skills, building strong families, removing individual barriers to flourishing, and boosting mobility for children born into poverty. These priorities reflect the best available evidence of what works to empower people to provide for themselves and their families and to enable upward mobility and long-term self-sufficiency.

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Introduction

The conversation about poverty in this country is often counterproductive due to persistent myths and misconceptions about what it is, how it has changed, and how effective efforts to fight it have been. These myths have resulted in a lack of clarity about what the goals of poverty alleviation should be and how to achieve those goals. We aim to advance the conversation by clarifying the most substantive misconceptions and by articulating a clear goal for poverty alleviation, distinguishing between the short-run goal of providing a safety net to ensure people can satisfy basic needs and the more ambitious goals of helping individuals become economically stable and self-sufficient and ensuring that future generations have an opportunity to flourish. We then outline a set of priorities for an evidence-based path to poverty alleviation in America.

Despite decades of research and measurable progress in domestic poverty reduction, several persistent misconceptions continue to shape public discourse and policy choices. These misconceptions include: (1) poverty has not declined; (2) anti-poverty programs are ineffective; and (3) just giving people money is a way to solve poverty. This paper refutes these claims, drawing on the most recent and compelling evidence.

Much of the confusion arises from a lack of common understanding about what we are talking about when we talk about “poverty.” An important distinction exists between “poverty” as it is measured in official statistics, and what most people mean when they talk about fighting poverty. First, the official poverty measure is outdated in a way that makes it meaningless for tracking changes over time and hard to interpret as a point-in-time measure. Alternative measures are more useful for understanding the extent of deprivation in this country and how it has changed over time. Second, beyond issues of measurement, policy discussions about poverty alleviation should do more than just aim to provide sufficient resources to meet basic needs. Rather, we should have a loftier, more affirmative goal—to help people achieve economic security and stability without needing to rely heavily on government assistance. This goal affirms people’s dignity and economic value to society.

“Poverty in this country has fallen significantly over the past half-century, and this decline is due, in no small part, to both expansions and reforms to the social safety net.”

Our position on poverty in America can be summarized as follows: Poverty is widespread and complex. Poverty exacts a high toll on those living in it. It is bad for the country’s moral and economic fiber and impedes both individual human flourishing and aggregate economic productivity. Poverty in this country has fallen

significantly over the past half-century, and this decline is due, in no small part, to both expansions and reforms to the social safety net. Since the early 1990s, economic self-sufficiency among economically disadvantaged groups has increased, in part because key anti-poverty programs have been reformed to encourage or even require work. Furthermore, our nation's anti-poverty programs have meaningfully improved the prospects for children born into poverty, thereby disrupting the intergenerational transmission of poverty. But there remains much more to do, as millions of Americans are unable to meet their economic needs without substantial government support, and as being born into a poor family greatly impedes economic prospects.

To eradicate poverty will require much more than just giving people money. It will require dedicated and often costly investments in people and families. In this paper, we propose an anti-poverty agenda that focuses on investing in people and families. To that end, we propose prioritizing advancing skills and education, building strong families, addressing individual barriers to flourishing, and boosting upward mobility for poor children. Importantly, this agenda is intended to complement, not supplant, efforts to promote and sustain strong economic growth and widespread opportunities for well-paid jobs.

1. Misconception 1: The US has made little progress at reducing poverty.

Policymakers and pundits have for many years claimed that poverty has not fallen. In his last State of the Union address in 1988, Ronald Reagan famously stated, “My friends, some years ago, the Federal Government declared war on poverty, and poverty won.” Since then, many have echoed these sentiments about continued efforts to reduce poverty. Recently, sociologist Matthew Desmond, in his widely heralded 2023 book *Poverty, by America*, claimed that “when it comes to poverty reduction, we have had fifty years of nothing” (26).

The claim that poverty has not fallen is typically made to support an ideological or political position. Those on the right have followed Reagan's example by using the stubbornness of official poverty statistics to argue against the maintenance or expansion of government anti-poverty programs, claiming that the billions of dollars we have spent on expansions to Medicaid, the Supplemental Nutrition Assistance Program (SNAP), and the Earned Income Tax Credit (EITC) have not been effective at reducing poverty. For instance, Michael Tanner (2012) of the CATO Institute relies on the long-run patterns of the official poverty rate to argue that our anti-poverty programs are a failure.

On the left, claims that the economic conditions of the “have-nots” have not improved are used to support calls for fundamental reforms to our nation's capitalist system. For example, Desmond (2023b) uses this claim as motivation for his view that even

though we have increased spending on anti-poverty programs, poverty persists because “we have not confronted the unrelenting exploitation of the poor in the labor, housing and financial markets.” According to Desmond, efforts to reduce poverty in America have failed because of a decline in unions and worker power, a proliferation of bank fees and predatory landlord practices, and Americans’ choice to purchase cheap goods made by exploited labor. As Desmond sees it, many of us benefit from these conditions, so we choose to allow them to persist.

Claims that poverty has not fallen rely on faulty statistics based on the Official Poverty Measure (OPM), which for decades has remained stubbornly high. For example, the official poverty rate in 2014 was 14.8 percent, which is higher than the official rate in 1967. But this official measure is riddled with flaws that have been well understood for decades, and it is wholly inappropriate to use it as the basis for claims about poverty trends (see, for instance, Citro and Michael 1995; Blank 2008; Meyer and Sullivan 2012; and Renwick and Fox 2016).

In brief, three key limitations to the OPM make it useless for tracking progress over time:

First, by definition, when calculating household income, it includes cash transfers that are delivered through benefit programs, like TANF or unemployment insurance, but not in-kind transfers, including SNAP, housing subsidies, and Medicaid. It also fails to capture income received by households in the form of tax credits, including the EITC. Excluding these in-kind transfers and tax credits is particularly problematic because the delivery mechanism of redistributive transfers has shifted over time. In particular, the official measure fails to capture the material assistance delivered through the very tax-and-transfer programs that have been expanded over the past four decades. Second, by definition, the OPM imposes a changing standard of what it means to be poor over time, because the official poverty thresholds are adjusted each year using a price index that is known to overstate inflation (the Consumer Price Index for Urban Consumers, or CPI-U). Consequently, the official threshold for getting out of poverty is rising by more than true inflation (Meyer and Sullivan 2012). Third, the OPM income calculations rely on income as reported in household surveys, not in administrative data, and research has established that these survey data significantly underreport household income and that the underreporting has worsened over time. Underreporting is particularly pronounced for means-tested transfer programs (Meyer et al. 2015; Meyer and Mittag 2019).

Because of these issues, most academics, pundits, and policymakers give little credence to this outdated measure, turning instead to more accurate indicators of changes in poverty based on more comprehensive measures of income, as captured by the Census Bureau’s Supplemental Poverty Measure (SPM) or by a measure of consumption poverty. We take this approach in the next section.

1.1 *A more accurate picture reveals that poverty has declined over the past four decades.*

In this section, we present evidence of US poverty trends over the past four decades using two measures of poverty—an anchored Supplemental Poverty Measure (SPM) based on reported income and a consumption poverty measure. Both measures more accurately capture household well-being than the OPM does, and their construction incorporates insights and lessons from research on poverty measurement.

The Census Bureau has been releasing an unanchored SPM since 2011, and this measure addresses many of the problems with the OPM. The SPM is based on a much more comprehensive definition of income that includes most of the largest non-cash benefits like SNAP (though it does not include Medicaid or other health-coverage programs). It is a post-tax measure of household income, so it includes income received through refundable tax credits like the EITC and CTC and subtracts taxes paid. We anchor the SPM to avoid “moving the goalposts” of the poverty thresholds. The census SPM is not an absolute measure of poverty. Rather, it is based on thresholds that are deliberately adjusted over time for changes in spending patterns, not just for inflation. We construct a version of the SPM that is anchored to 1980 and adjusted to match the official rate of 13 percent in that year. This approach allows us to track trends in poverty over time while keeping the goalposts constant in real terms.¹

Figure 1 plots annual rates of poverty between 1980 and 2023 for the anchored SPM, alongside the OPM for the sake of comparison. It also plots poverty rates based on a consumption poverty measure that we describe below. As can be seen clearly in figure 1, the anchored SPM indicates that US poverty has substantially fallen over the past four-plus decades, falling from 13 percent in 1980 (by construction) to 9.1 percent in 2000 to 6.1 percent in 2023.

We additionally track poverty using a consumption-based measure, because consumption is arguably a better measure of household economic well-being than even the anchored SPM. In terms of measurement, it is well understood that income is generally underreported in survey data. While consumption is also underreported

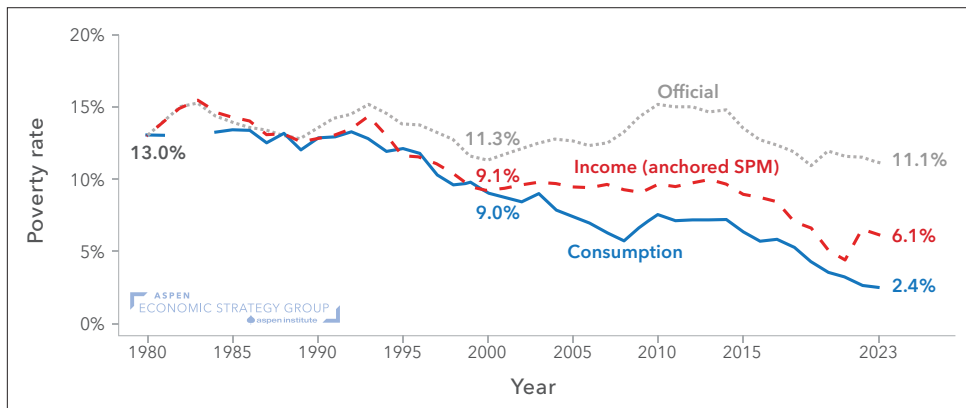
1 Anchoring the SPM in this way follows Wimer et al. (2016; 2024). We construct our anchored version by taking the 1980 SPM thresholds from Wimer et al. (2024) and multiplying these thresholds by a scale factor (0.946) to get the anchored SPM rate and the OPM rate that year to match. We then adjust these thresholds over time using the PCE (Personal Consumption Expenditures), which arguably is a more appropriate adjustment for inflation than either the CPI-U used in the OPM or the CPI-U-RS (Consumer Price Index Research Series) used by Wimer et al. (2016) (see Meyer and Sullivan 2012; Moulton 2018). Some readers might be curious about how different price indices would change the estimated trends, and in particular, about Jaravel (2024)’s observation that households in the bottom quintile face greater inflation than higher-income households because of different spending patterns. He estimates that the CPI-U for the bottom quintile increased by about 0.4 percentage points more on average than the overall CPI-U annually over the past four decades. Research implies that the overall CPI-U overstates actual inflation by 0.8 percentage points (Meyer and Sullivan 2012); a price index that was adjusted downward for this upward bias, but then adjusted upward for the higher rate of inflation for the bottom income quintile, would, on net, have grown by 0.4 percentage points less than the CPI-U over this period. Note that we use the PCE, which grew by 0.3 percentage points less than the CPI-U each year. All else equal, a higher estimated rate of inflation leads the estimated decline in poverty to be smaller in magnitude. Consequently, if we were to use the distribution-specific CPI-U proposed by Jaravel (2024) instead of the PCE, our estimated decline in poverty would be even greater.

in surveys, evidence indicates that for the most economically disadvantaged families, consumption is more accurately reported than income. Moreover, estimates of consumption poverty are more consistent with other indicators of economic well-being, both at a point in time as well as seen in changes over long periods (Fisher et al. 2009; Meyer and Sullivan 2003 and 2011).

Another reason that consumption is arguably a better measure of material well-being than income is because it captures the increases in consumption that are facilitated by in-kind transfers, either directly (say, the value of publicly provided housing) or by relaxing the family's budget constraint. It also reflects the insurance value of anti-poverty programs; for instance, by protecting families from large out-of-pocket medical spending, Medicaid enables them to consume other goods and services. Income also fails to reflect economic well-being for those who smooth consumption by relying on savings or by borrowing. This point is particularly important when income is fluctuating noticeably.² Our consumption-based measures of poverty come from the Consumption and Income Poverty Dashboard available at <https://poverty measurement.org/dashboard> (Han et al. 2023).

As can be seen in figure 1, consumption poverty also fell substantially between 1980 and 2023, falling from 13 percent in 1980 (by construction) to 9 percent in 2000 and to 2.4 percent in 2010. In contrast, the official rate fell by less than 2 percentage points between 1980 and 2023, erroneously suggesting that long-run progress has been minimal.

Figure 1: Income (official and SPM) and consumption poverty, 1980-2023



Notes: Income Poverty rates are an anchored version of the census's Supplemental Poverty Measure (SPM), based on data from IPUMS CPS (Flood et al. 2024) and Wimer et al. (2024). Consumption poverty is calculated using the Consumer Expenditure Survey. Both measures are anchored to the official rate in 1980, and thresholds are adjusted annually using the PCE. See text for more details.

2 For more details on the conceptual benefits of consumption, see Cutler and Katz 1991; Poterba 1991; Slesnick 1993; and Meyer and Sullivan 2003, 2011, and 2012.

The narrative about poverty trends told by the anchored SPM and the consumption measure is very different than the misleading narrative suggested by the OPM. Since 1980, income poverty measured using the anchored SPM has fallen by 6.9 percentage points (53 percent) and consumption poverty has fallen by 10.6 percentage points (81 percent). A leading explanation for why consumption and income poverty diverged so noticeably after the early years of the first decade of the 2000s is that the underreporting of income seems to have gotten appreciably worse. If one were to account for this underreporting, the decline in income poverty would likely be even greater (Meyer and Sullivan 2012; Corinth et al. 2022). Consumption poverty rose much more noticeably than income poverty during the Great Recession, reflecting a correspondence between this measure of household economic well-being and the business cycle. These metrics also show that during the COVID pandemic, both income poverty (measured with the SPM, not OPM) and consumption poverty fell, on account of fiscal transfers. When those COVID-era transfers ended, income poverty rose, but consumption poverty did not. Han et al. (2024) show that this finding can be explained by household consumption smoothing—in 2021, savings increased among low-consumption households.

This evidence of declining poverty over the past four decades is not new; it has been shown in many recent academic studies (Meyer and Sullivan 2012; Burkhauser et al. 2024; Wimer et al. 2016) and has been highlighted in official reports (e.g., Duncan and Le Menestrel 2019). We also see a growing consensus among policymakers, from both sides of the aisle, that poverty has fallen. In fact, this long-run decline in poverty was highlighted in the *Economic Report of the President* under both Obama (Council of Economic Advisers 2014) and Trump (Council of Economic Advisers 2019).

Because policymakers often focus on levels of poverty, it is important to recognize that the levels of poverty reported in figure 1 for any given year are an artifact of which year we use to anchor the thresholds. We anchor the rates in 1980 so that they are the same for all measures initially, making it easier to see differences in the changes over the entire period. We are not advocating for a particular year of anchoring; rather, our intention is to be transparent and facilitate appropriate interpretation. To that end, note that because we are anchoring in 1980, we are fixing the standard for what it means to be poor based on the standard in 1980. When anchoring in 1980, we find that in 2023, 2.4 percent of all individuals in the US are consumption-poor and 6.1 percent are income-poor. If, however, we had anchored both measures to the official rate in 2023, poverty in that year would have been 11.1 percent, but poverty in previous years would have been much higher.

Again, the choice of anchoring seems like a technical point, but it is material to the claims that are often made about poverty in the US. For instance, Burkhauser et al. (2024) show that very little poverty in the US today is based on poverty estimates

produced by anchoring their “full-income poverty measure” to the official rate in 1963. They are calculating poverty by fixing the standard to the standard in 1963, so their poverty threshold for a family with two adults and two kids in 2023 is \$23,264, which is 25 percent lower than the official threshold for a family of four for that year.³ An appropriate interpretation of their finding is that very few people have extremely low income in the US today. And furthermore, even with a different base year of anchoring, the results from Burkhauser et al. reinforce the key takeaway from figure 1: Poverty in the US has fallen sharply over time.

Though the level of poverty differs across groups, a pronounced decline in poverty is evident for most demographic groups. In figure 2, we present poverty rates from 1980 to 2023 by age group for both income poverty (figure 2a) and consumption poverty (figure 2b). These results show that poverty has declined noticeably for all age groups. For both measures, the percentage-point decline is greater for those over 65 and children than for working-age adults. Between 1980 and 2023, child poverty fell by more than 69 percent for both measures. The most noticeable difference across measures is for those 65 and over; income poverty for this group fell by 8.4 percentage points (54 percent), while consumption poverty fell by 16 percentage points (91 percent).

“Between 1980 and 2023, child poverty fell by more than 69 percent.”

For both measures, we see a convergence of poverty rates across age groups. In 1980, the consumption poverty rate for those over 65 and for children was more than 6 percentage points greater than the rate for working-age adults. By 2023, consumption poverty for children was only 1.5 percentage points greater than that for working-age adults, and the rate for the elderly was lower than that for adults. This convergence in poverty across groups reflects how the social safety net has expanded—in particular, Social Security benefits that predominantly target the elderly have grown, as have tax-and-transfer programs that target families with children.

The largest decline in poverty over the past four decades has occurred for unmarried parents, the overwhelming majority being unmarried mothers. Figure 3 reports income poverty by family type. Among people living in unmarried-parent family, income poverty fell from 39 percent in 1980 to 10 percent in 2023. The percentage-point declines in poverty for other family types are quite modest in comparison, but these changes are off a much lower base. While poverty for those in unmarried-parent families fell throughout this period, the largest decline occurred during the 1990s, during the period of national welfare reform and large expansions in the Earned Income Tax Credit. It has been well documented that both of those efforts led to

3 For this calculation, we adjust the official nonfarm male head threshold in 1963 to 2023 dollars using the PCE.

increased employment among single mothers, a point we return to below. In addition, research has shown that the material circumstances of single-parent families, as measured by consumption, housing quality, health insurance coverage, and other indicators, improved significantly after welfare reform (Han et al. 2021).

Figure 2: Income (SPM) and consumption poverty by age group, 1980–2023

Figure 2a: Income (SPM) poverty

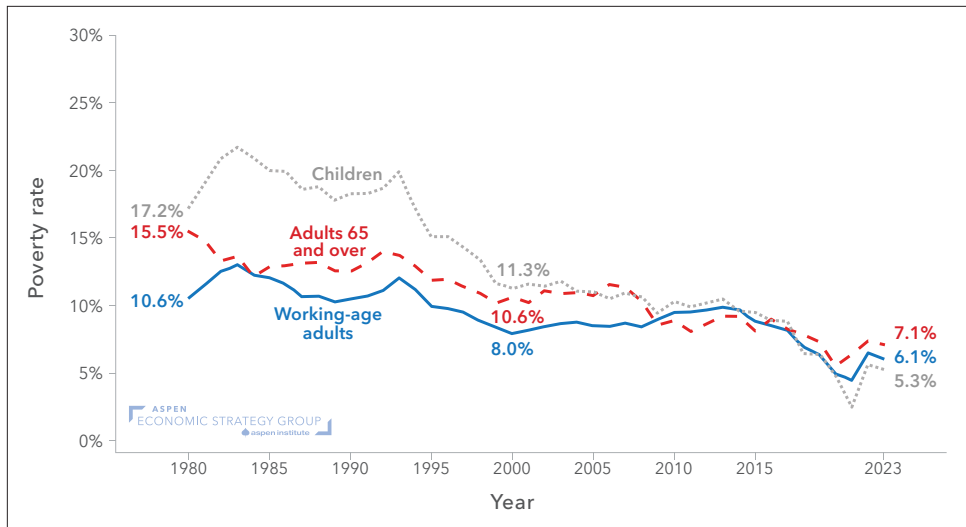
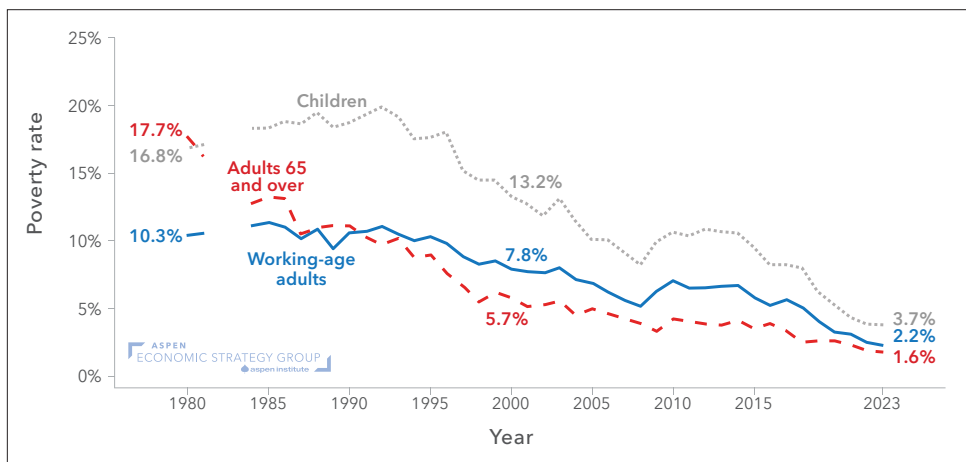
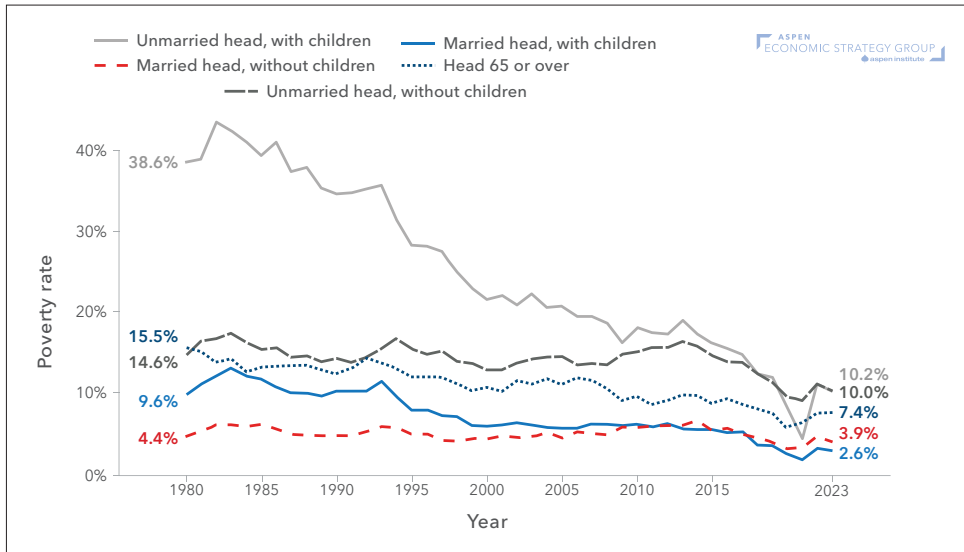


Figure 2b: Consumption poverty



Notes: See notes to figure 1. The break in the series in the 1980s is because consumption data are not available for 1982 and 1983 in the Consumer Expenditure Survey.

Figure 3: Income (anchored SPM) poverty by family type, 1980-2023

Notes: Poverty is calculated as in figure 1. Family types are determined by the presence of children and the marital status and age of the head of the SPM resource unit (which is technically a broader unit than a family since it includes unmarried or unrelated cohabiting adults and their children). The “married head” category includes heads with either present or absent spouses, and the “unmarried head” category includes both unpartnered and cohabiting heads. If the head is 65 or over, then the unit is included in the “head 65 or over” category regardless of marital status or presence of children.

1.2 Other metrics also show an improvement in material well-being.

The strong evidence of improved economic circumstances for disadvantaged individuals and families as indicated by poverty statistics is corroborated by other indicators of material well-being. Some of the clearest evidence comes from data on housing conditions, which have improved noticeably over the past four decades for those at the bottom of the income distribution.

In figure 4, we report changes in various indicators of living conditions of those in the bottom 20 percent of the income distribution, such as unit size, access to amenities, and indicators of poor conditions such as having a water leak.⁴ We also report these characteristics for the middle 20 percent of the income distribution for comparison. All seven indicators of housing conditions indicate improvements for low-income households between 1980 (or 1985 if 1980 data are not available) and 2021, and in nearly all cases the improvement is greater for those at the bottom than for the middle class. Square footage of the living units for those in the bottom 20 percent grew

⁴ These results are from Meyer and Sullivan 2024, which uses data from the American Housing Survey.

by 10 percent. The fraction of low-income families with central air conditioning more than quadrupled, and there were sharp increases in the presence of appliances such as dishwashers and clothes dryers. For this same period, there were sharp declines for low-income households in housing issues such as water leaks. For most of these measures, the conditions for the bottom in 2021 were better than those for the middle class in 1980.

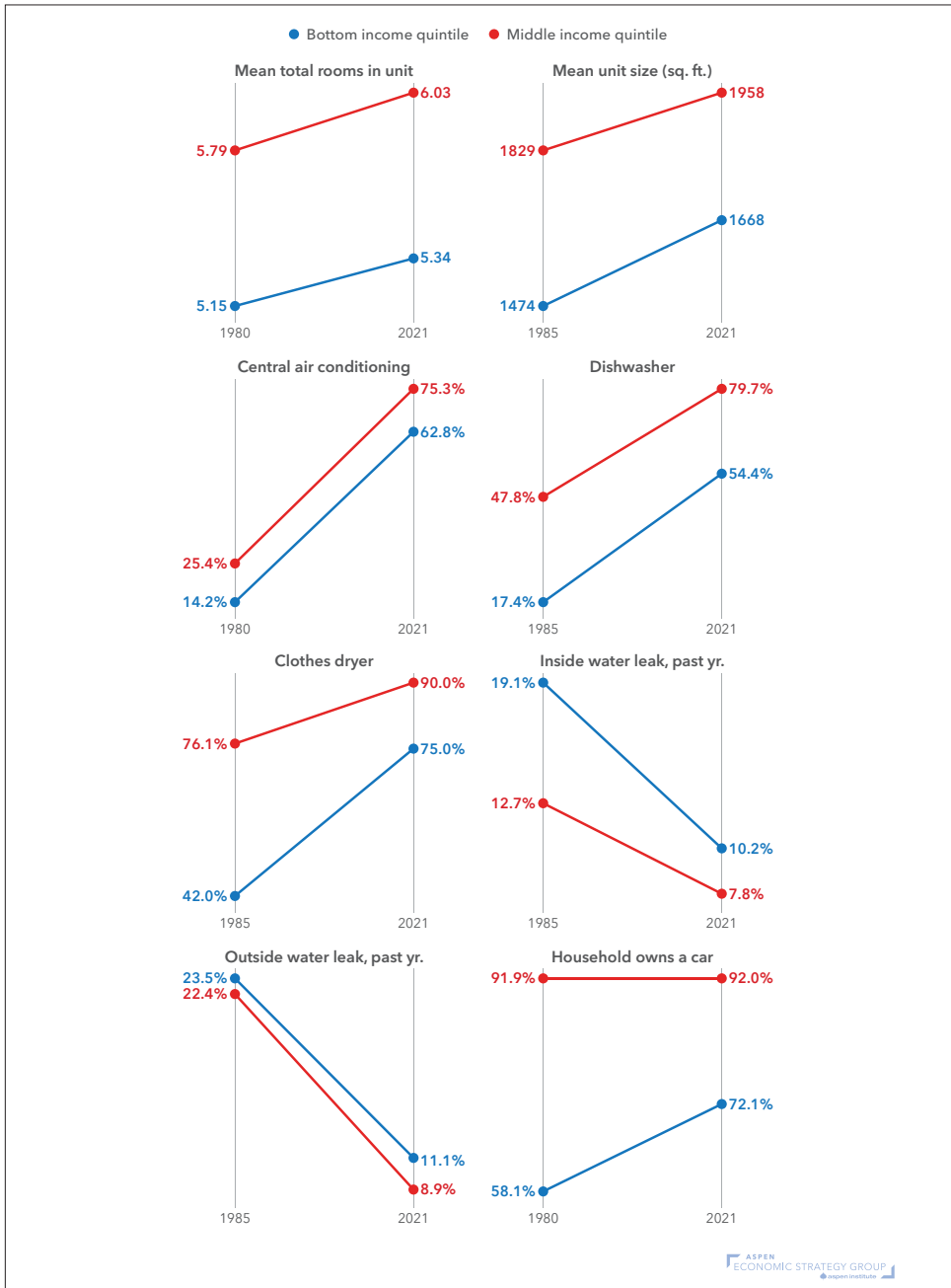
“Clear and compelling evidence shows that the economic circumstances of Americans at the bottom of the income distribution have improved over the past four and a half decades.”

Finally, figure 4 reports vehicle ownership rates—another indicator of material circumstances, but one unrelated to housing. Here again we see evidence of improved material circumstances at the bottom, both in absolute terms and relative to the middle class. Between 1980 and 2021, vehicle ownership rates rose by 14 percentage points

for families in the bottom income quintile, while ownership remained steady for those in the middle quintile.

1.3 Takeaway: The US has made meaningful progress reducing poverty.

Clear and compelling evidence shows that the economic circumstances of Americans at the bottom of the income distribution have improved over the past four and a half decades. Despite this view now being widely held among scholars of US poverty, it remains important to highlight because some still make contrary claims in order to advance certain policy agendas. Any assessment of what has worked to improve outcomes for economically disadvantaged families in recent decades, and considerations of what needs to be done to continue to make progress, must acknowledge that although much more can and should be done, considerable progress has been made.

Figure 4: Indicators of material well-being, 1980-2021

Notes: Housing characteristics are from Meyer and Sullivan 2024, using data from the American Housing Survey. When 1980 rates are unavailable, rates are reported for 1985, the closest available year. Car ownership rates are based on the authors' calculations using data from the Consumer Expenditure Survey. Mean unit size is equivalence-scale adjusted to account for the fact that the average number of people in a unit has declined over time.

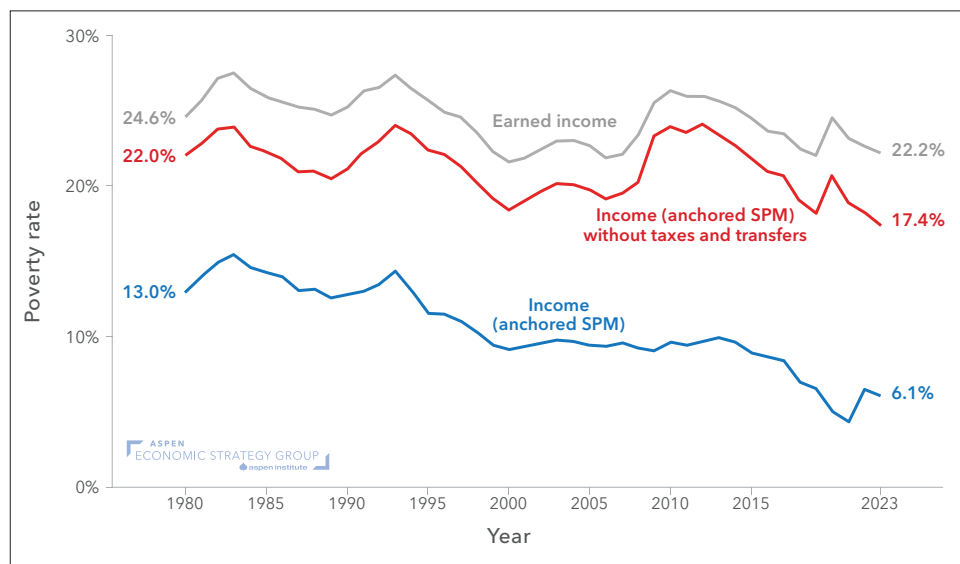
2. Misconception 2: Anti-poverty programs are ineffective.

The myth that poverty hasn't fallen has fed the view that anti-poverty programs are ineffective. But in fact poverty has fallen, and expansions and reforms in the social safety net over the past four decades have played an important role in this decline, as we show in this section.

2.1 Evidence shows that anti-poverty programs lift many out of poverty.

To highlight the important role that anti-poverty programs have played in the decline in poverty over the past four decades, we compare and contrast changes in poverty based on three income poverty measures: the anchored SPM described above, the anchored SPM without taxes and transfers included, and an earned-income poverty measure. The anchored SPM without taxes and transfers is constructed from data provided by Wimer et al. (2024). This measure reflects whether a family has sufficient resources (from earnings, investment income, retirement income, etc.), exclusive of government taxes and transfers, to put them over the poverty line. In addition, we construct a measure of earned-income poverty based entirely on wage-and-salary income, farm income, and self-employment income.⁵ Figure 5 plots these three series.

Figure 5: Income poverty with and without taxes and transfers, 1980-2023



Notes: The income (anchored SPM) poverty rates are calculated as explained in the notes to figure 1.

⁵ In addition to including unearned income, our net-of-taxes-and-transfers SPM also differs from the earned-income poverty measure because it subtracts from income childcare and out-of-pocket medical expenses, among other adjustments.

The data in figure 5 provide evidence of the direct role that tax-and-transfer programs have played in the decline in income poverty over time. Poverty calculated based on income without taxes and transfers is higher than total income poverty in any given year because the progressive tax-and-transfer system of the US increases income for low-income households.⁶ For example, in 2023 the pre-tax/pre-transfer poverty rate was 17.4 percent while the poverty rate based on total income was 6.1 percent, suggesting that the redistribution of resources through tax-and-transfer programs directly cut the poverty rate by 65 percent.

Between 1980 and 2023, income poverty fell by 6.9 percentage points, a decline of 53 percent. During this same period, the decline in pre-tax/pre-transfer poverty was much less pronounced—it fell by 4.6 percentage points or 21 percent, suggesting an important role for changes in taxes and transfers. These results also highlight the importance of taxes and transfers during recessions. The figure shows that income poverty did not rise during the Great Recession, but in the measure that excludes taxes and transfers, there is a noticeable rise in poverty. Overall trends in earnings poverty over time are very similar to trends in income poverty net of taxes and transfers, but as we show below, there are important differences for some groups.

Figure 6 plots these three series separately for children, working-age adults, and adults age 65 or older. Among children, income poverty fell by 11.9 percentage points during this period, while pre-tax/pre-transfer poverty fell by 9.2 percentage points and earned-income poverty fell by 8.8 percentage points. This finding shows the importance of increased earnings in driving down rates of child poverty, a point to which we will return below. For working-age adults, income poverty fell by more than net-of-tax-and-transfer income poverty (in both percentage-point and percent changes), revealing the importance of changes in taxes and transfers for this group. Among adults aged 65 or over, earnings poverty far exceeds income poverty because social security provides a large share of income to many elderly households. For this group, there were declines in both income and earnings poverty over this period.

6 Attributing the difference between the two measures to the effect of anti-poverty programs does not account for potential employment responses, either positive or negative, to these programs. Some policies that are conditional on having earnings, such as the EITC, have been shown to encourage work, in which case the poverty-reducing effect of the policy would be even greater than is implied by the comparison of poverty rates with and without the policy. On the other hand, other safety net programs, such as SNAP or Supplemental Security Income, could result in high marginal tax rates, potentially reducing recipients' work effort, suggesting that the net poverty-reducing effect could be smaller than what is implied by such comparisons. In terms of the net aggregate effect, an analysis by Ben-Shalom et al. (2011) concludes that the aggregate impact of these offsetting effects is very small and adjusting for them does not affect the magnitude of the aggregate poverty impact of the system.

Figure 6: Income poverty with and without taxes and transfers, by age group, 1980-2023

Figure 6a: Children

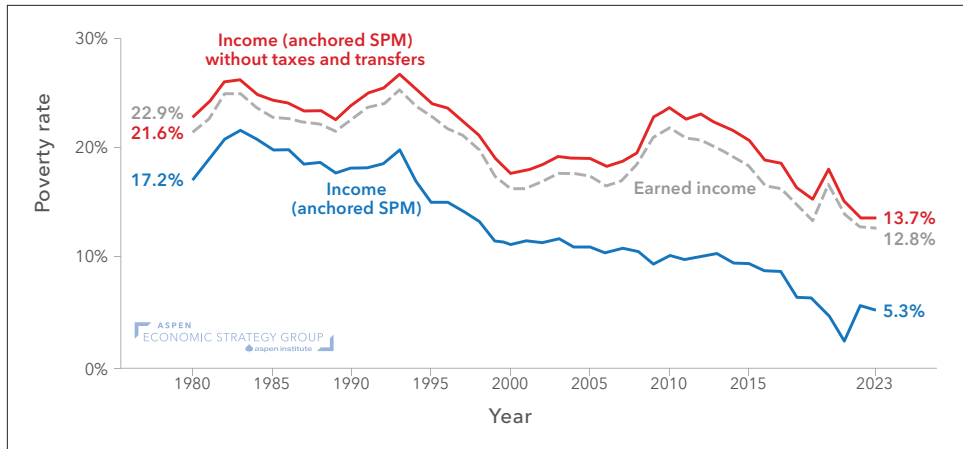


Figure 6b: Working-age adults

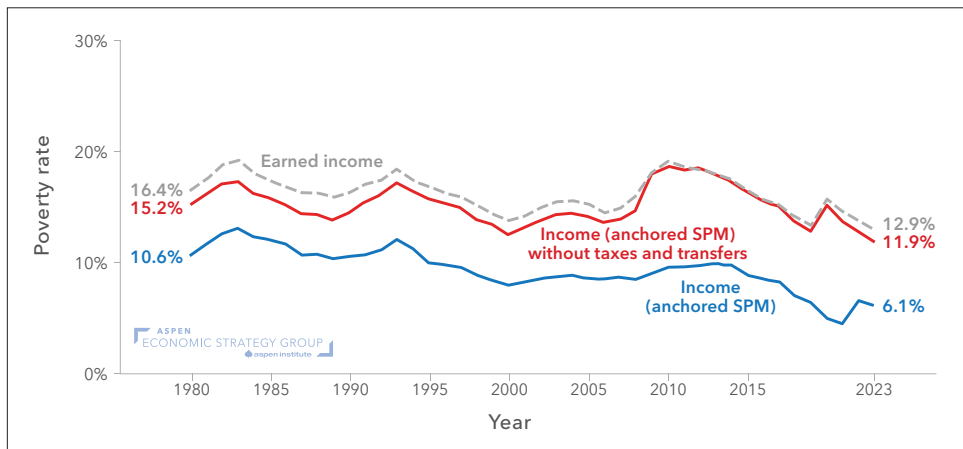
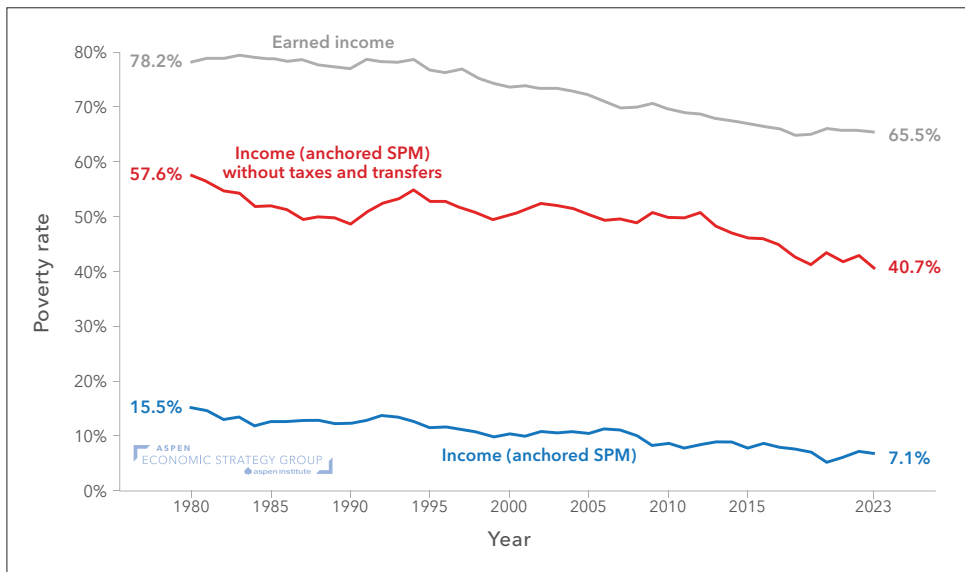


Figure 6c: Adults 65 or over

Notes: See notes to figure 5.

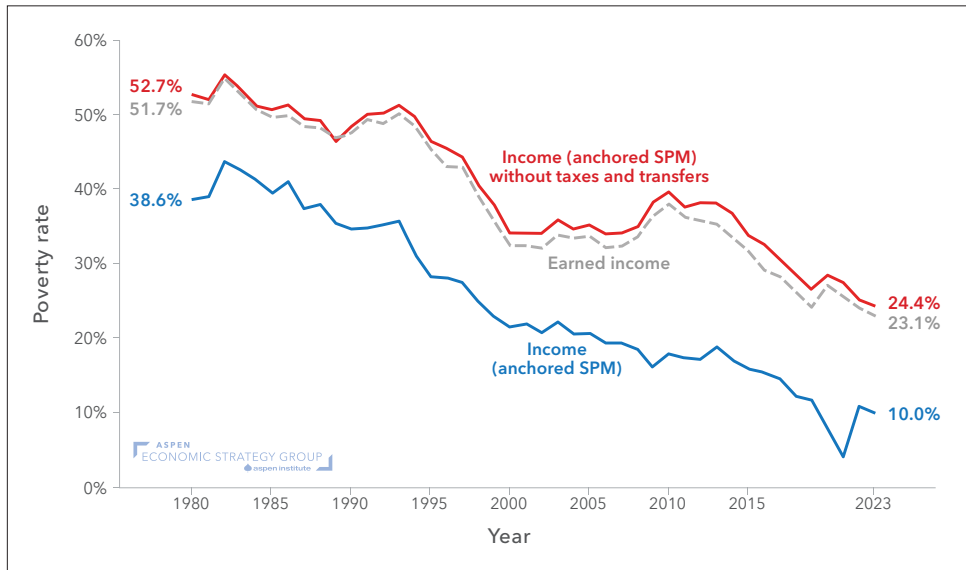
The largest declines in poverty over the past four decades were experienced by single-mother families, as noted above. Figure 7 reports poverty over this period for households with children according to income (anchored SPM) poverty, income-without-taxes-and-transfers poverty, and earned-income poverty. For those in unmarried-parent families, all three poverty measures fell by about 28 percentage points. This finding reveals that the decline in poverty among unmarried-parent families largely reflects a decline in earned-income poverty. In other words, poverty fell for single-mother families over the past four decades because of their increased earnings.

This decline in earnings poverty among single-mother families is consistent with a large literature showing that both welfare reform—which imposed time limits, work requirements, and lower implicit tax rates on earnings among welfare recipients—and EITC expansions led to an increase in employment and earnings among single mothers. See reviews of this extensive evidence provided by Blank (2002) and Nichols and Rothstein (2016).

By comparison, among married-parent families, the level of poverty is much lower, the gap between income poverty and earned-income poverty is much smaller, and the decline over this period is much less dramatic (shown in figure 7b). The data indicate that income poverty over this period fell for this group from 9.6 percent to 2.6 percent, while earned-income poverty fell a bit less, from 10.8 percent to 5.4 percent.

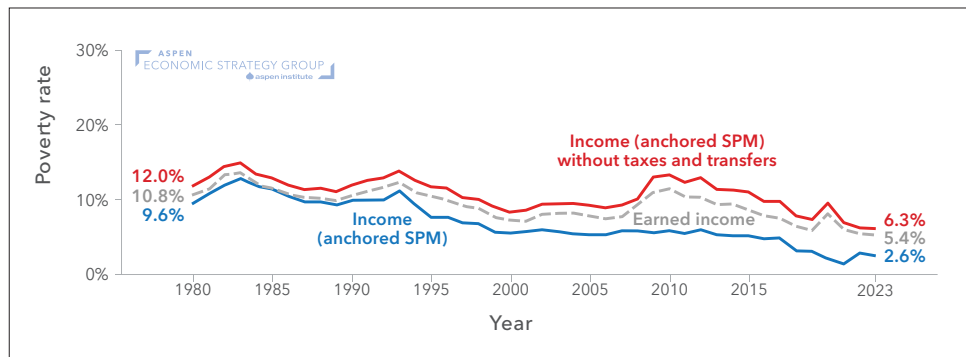
Figure 7: Income poverty with and without taxes and transfers and earned-income poverty for families with children, by marital status, 1980-2023

Figure 7a: Unmarried heads with children



Notes: See notes to figures 3 and 5.

Figure 7b: Married heads with children



Notes: See notes to figures 3 and 5.

2.2 Anti-poverty programs that provide benefits to families with children also reduce the intergenerational persistence of poverty.

The discussion above focuses narrowly on the current anti-poverty effects of major anti-poverty programs and does not consider the impact on the intergenerational persistence of poverty. On this point, it is important to recognize that anti-poverty

programs have long-term benefits for children and mitigate the intergenerational persistence of poverty.

Abundant evidence shows that targeted income and in-kind assistance to low-income children yields improvements in children's health and education outcomes into adulthood. We see this phenomenon in causal studies of the effects of the EITC on children's outcomes (e.g., Dahl and Lochner 2012; Bastian and Micheltore 2018; and Braga et al. 2020); of the Food Stamp Program, which is now called SNAP (e.g., Hoynes et al. 2016 and Bailey et al. 2024); and of Medicaid (e.g., Brown et al. 2020; Goodman-Bacon 2021; Cohodes et al. 2016; and Miller and Wherry 2018). There is also ample evidence of long-term benefits from Head Start and other early childhood education programs and spending (e.g., Thompson 2017; Johnson and Jackson 2019). This extensive body of evidence has been thoroughly reviewed elsewhere, including in Hendren and Sprung-Keyser (2020) and Kearney and Pardue (2023), and we return to this point below.

2.3 There are pros and cons to work requirements in safety net programs.

Since the early 1990s, reforms to the social safety net have increasingly emphasized work. The 1996 national welfare reform legislation (the Personal Responsibility and Work Opportunity Reconciliation Act) ended the entitlement to cash assistance for single mothers and their children and replaced the Aid to Families with Dependent Children (AFDC) with Temporary Assistance for Needy Families (TANF), which has work requirements and time limits. The Earned Income Tax Credit is the single largest source of cash support for low-income families, and that credit is contingent on positive earnings. This shift has been well documented elsewhere; for instance, Hoynes and Schanzenbach (2018) show that virtually all gains in spending on the social safety net for children since 1990 (defined to include Medicaid, EITC, CTC, SNAP, and AFDC/TANF) have gone to families with earnings and to families with income above the poverty line.

The issue of work requirements for social safety net programs continues to command the attention of policymakers. The recently passed legislation referred to as the One Big Beautiful Bill Act (OBBBA) includes work requirements for most childless adults for Medicaid and SNAP, as well as for adults with children who are 14 and older. Some early versions of the bill included these requirements for some adults with even younger children as well.

Evidence of the long-term benefits for children from access to SNAP and Medicaid makes a compelling case for not conditioning eligibility for these programs on parental work. To justify parental work requirements, one must place greater weight on the potential cost savings and the possibility of additional work from low-wage parents

than on the well-documented long-term benefits these programs have on children, including helping them to be healthier, more economically productive members of society. In other words, even if one's view is that society has no moral obligation to provide health insurance or nutritional support to children, the calculation from a long-term economics perspective almost surely favors providing these benefits to poor children even if doing so also creates a modest disincentive for parents to work.

But taking the political reality as it is, addressing contemporary poverty among children with the following combination of programs is a reasonable and mostly effective compromise: a generous Earned Income Tax Credit (EITC) to working, low-income parents; a generous Child Tax Credit to children whose parents have positive earnings, including very low earnings; and food assistance through SNAP, housing assistance through an expanded Housing Choice Voucher program, and health insurance through Medicaid, none of which require that parents have a minimum level of earnings to qualify. As we discussed above, our country's anti-poverty programs have meaningfully improved economic outcomes, including long-term outcomes for children.

The trade-offs around a policy of work requirements for SNAP and Medicaid for childless adults, as were recently written into law, are similar but less stark. On the one hand, these requirements might encourage work among childless adults, which is of particular concern given the growing detachment of prime-age males from the labor market—the fraction of men ages 25–54 who are not in the labor force has risen from 5.8 percent in 1976 to 11.4 percent in 2022 (Bengali et al. 2023). In addition, restrictions on eligibility for SNAP and Medicaid could lead to substantial cost savings for the federal government from people losing coverage (CBO 2025). On the other hand, these programs provide modest material support to a group of individuals who otherwise have very little safety net support, and some evidence suggests that these programs have important benefits. Many low-income workers have volatile employment and income, and access to SNAP helps smooth their food consumption during periods of nonemployment. With regard to Medicaid, a recent quasi-experimental study of 37 million low-income adults found that increased access to Medicaid through the Affordable Care Act reduced the mortality of low-income adults by 2.5 percent, or a 21 percent reduction for new Medicaid enrollees (Wyse and Meyer 2025). There is also evidence that expanded access to Medicaid meaningfully improves financial outcomes (Finkelstein et al. 2012).

When weighing these tradeoffs, it is important to note that little to no empirical evidence suggests that imposing work requirements for SNAP and Medicaid receipt will increase work. Schanzenbach's (2025) review of the evidence suggests that imposing additional work requirements for able-bodied childless adults to receive

SNAP, beyond those that already exist, is unlikely to lead to an increase in employment. To the best of our knowledge, the only direct evidence to date of the effect of Medicaid work requirements on employment is a study by Sommers et al. (2020) of the 2018 implementation of these requirements in Arkansas. The authors found no evidence of increased employment as a result, but they did find evidence of adverse financial consequences for people who lost their Medicaid coverage.

2.4 Takeaway: Existing anti-poverty programs provide meaningful support to low-income families and improve both short- and long-term outcomes for children.

Government redistributive efforts lift millions of people out of material poverty by increasing their material resources. However, expanding resources through a more generous social safety net is not the same as advancing widespread economic stability and security. In fact, many would argue that reliance on means-tested transfers is a symptom of poverty. Despite the progress we have made at reducing poverty, there is still much work to do to advance widespread economic stability and security that is not reliant on government transfers. Having said that, it is important to note that these anti-poverty programs are doing more than just increasing current-period resources to above a poverty threshold; when targeted at children, they improve child outcomes and reduce intergenerational poverty.

3. Misconception 3: Just giving people income will solve poverty.

Some observers argue that the most direct and effective way to address poverty in the US is simply to give people money through a guaranteed income or universal basic income (UBI). This idea has been championed by many writers and policy thinkers, including, perhaps most famously, Andrew Yang, who proposed a “Freedom Dividend” of \$1,000 per month for every American adult as part of his campaign for the 2020 Democratic presidential nomination (Yang 2020). Yang argued that this unconditional cash transfer would, among other benefits, reduce poverty and give individuals the ability to meet their basic needs. Progressive advocate Matt Bruenig of the People’s Policy Project argued in a 2013 essay that simply giving people enough cash to raise all incomes above the poverty line would cost less than 1 percent of US GDP—a relatively modest sum, he claimed, that could effectively eliminate official poverty in America (Bruenig 2013). Matthew Desmond (2023a) cites this statistic and advances this argument in his 2023 book, referenced above. Other prominent advocates of the “just give people money” view in the United States include Facebook co-founder Chris Hughes, who argued for a guaranteed income of \$500 per month for Americans making under \$50,000 a year in his 2018 book *Fair Shot*, and the journalist Annie Lowrey, who advocates for a UBI in her 2018 book *Give People Money*.

This point of view narrowly conceives of poverty as a financial problem, and accordingly, suggests that the narrow solution of simply giving people money can solve it. Setting aside the enormous fiscal costs of a UBI, even a targeted one—as described in detail by Kearney and Mogstad (2019)—just giving people money very rarely solves the underlying problem of poverty, which is that too many Americans are unable to meet their basic material needs or adequately provide for their families without reliance on government redistribution. We make four main points to counter this misconception and support the view that just giving people income is not a sufficient response to the challenge of persistent poverty.

3.1 Just giving people money is a defeatist position.

First, an appeal to a universal or guaranteed income as the answer to persistent poverty is ultimately a defeatist position. It assumes that a sizable share of non-elderly adults are simply unable to participate meaningfully in the modern economy and earn enough to meet their own and their families' material needs. We contend that our societal goal should be to advance institutions, programs, and policies that maximize the share of people in our society who are able to participate productively in the economy and financially thrive without dependence on extensive government redistribution.

Addressing the underlying problems that cause poverty, rather than superficially treating the symptoms, requires advancing a society that offers widespread opportunity for economic participation and invests in people to help them overcome the barriers they face to such participation. Those approaches are intertwined, and they require that we not give up on people. We must ensure that our economy continues to produce jobs and opportunities for the majority of adults, and we must simultaneously commit to developing the human capital of all children and adults so that they are in a position to participate in productive economic activity.

3.2 A temporary financial setback is not the same as persistent poverty.

Second, it is important to distinguish between the challenge of a temporary financial setback and a more persistent inability to economically provide for oneself and one's family. The challenge of poverty is typically only partially due to an immediate lack of money. When it is the case that someone is at risk of falling into deeper hardship because of a temporary lack of income or a one-time financial shock they do not have the resources to get through, then simply giving them money to make it through a transitory hardship might be the right answer.

One such instance is a financial setback such as a job loss or a large out-of-pocket expense that makes it difficult or impossible for someone to cover their rent or

mortgage. Two recent studies found that the provision of one-time financial assistance to people at imminent risk of homelessness greatly reduced the likelihood that they wound up homeless over the next year. Evans et al. (2016) used a quasi-experimental study design to establish a causal link between the receipt of financial assistance and subsequent spells of homelessness. They tracked administrative data on nearly 4,500 callers to the Chicago homelessness prevention hotline between 2010 and 2012. Those who happened to call when funding was available were 76 percent less likely to enter a homeless shelter over the next two years. A randomized-controlled-trial evaluation of a similar program that provided emergency financial assistance to those at risk of homelessness in Santa Clara County produced very similar results: assistance significantly reduced homelessness (Phillips and Sullivan 2024).

These homelessness prevention studies provide an important illustration of the type of circumstance that can be meaningfully addressed with a cash payment—a temporary financial shock that might otherwise lead to someone getting evicted. But even when it comes to the issue of homelessness, many people need much more than just a one-time cash payment. About one-third of the US homeless population is considered chronically homeless, meaning they have been homeless for more than 12 months or four times in the past three years and have disabling conditions (de Sousa and Henry 2024). Chronically homeless individuals often struggle with mental illness, substance use, and/or physical disabilities. Addressing these challenges requires much more than just cash assistance. In fact, research has demonstrated the effectiveness of permanent supportive housing with wraparound services for people with mental illness or substance abuse disorders (US Interagency Council on Homelessness 2019; Evans et al. 2021). The distinction between helping people avoid eviction with a one-time cash payment and helping the chronically homeless with much more intensive support is a useful one, and it has generalizable lessons beyond the homelessness context.

The point here is that transitory cases of financial distress can potentially be treated effectively with the provision of temporary cash assistance, but such cases should be distinguished from cases where an infusion of cash does not treat the underlying challenges that hold somebody back from economic stability and advancement. An example of the latter context comes from a study of emergency financial assistance aimed at helping low-income community college students at risk of dropping out. In the case of a community-college randomized-controlled-trial study conducted in 2013 and 2014, Evans et al. (2019) found no evidence that the provision of emergency cash assistance led to improved student outcomes. Rather, the availability of funds only led to an improvement in students' persistence and completion when paired with a case manager who helped students navigate the challenges that might lead

them to drop out of school; though even in that case, it's not clear whether the financial assistance was a necessary component of the supportive services.

3.3 The evidence on guaranteed-income programs is disappointing.

Third, more generally, the best evidence to date on guaranteed-income programs suggests that the provision of monthly income assistance does not result in recipients using the provided cash to make investments in their education or personal situation in ways that catapult them to economic self-sufficiency. The most compelling causal evidence to date on the likely effects of a guaranteed basic income in the US come from a pair of studies written in 2024 by a research team consisting of academic economists from four different universities and researchers from OpenResearch (Vivalt et al. 2024; Miller et al. 2024). These studies analyze the results of a large-scale randomized controlled trial (RCT)—the OpenResearch Unconditional Income Study (ORUS)—that ran between 2020 and 2023. As part of this RCT, three thousand low-income adults ages 21 to 40 in Illinois and Texas were randomly assigned into a treatment group of a thousand adults who received \$1,000 in unconditional cash per month for three years and a control group of two thousand participants who received a much more modest \$50 per month for three years.

The researchers found that the cash payment caused total individual income excluding the transfers to fall by about \$2,000 per year relative to the control group and a 3.9-percentage-point decrease in labor market participation. Participants reduced their work hours as a result of the transfers by 1–2 hours per week, and participants' partners reduced their work hours by a comparable amount. This finding is consistent with standard predictions of income effects in economics but at odds with claims by some UBI proponents that people would be unlikely to reduce their labor supply in response to income payments.

The results of this study are also at odds with suggestions by some UBI proponents that people would take advantage of the financial autonomy to engage in productive activities. The cash payment of \$1,000 per month led adults to increase the amount of time they spent in leisure. The reduction in work hours was not met by an increase in time spent taking care of family members, volunteering, or pursuing education or training, although the researchers found suggestive evidence that the transfers led to more education for younger individuals. The study also fails to provide evidence that the income allowed people to obtain more enjoyable work positions; the researchers found no impact on reported quality of employment, with statistical confidence intervals small enough to rule out even small improvements. In conclusion, this large-scale RCT demonstrated that the provision of a \$1,000 unconditional payment

per month for three years resulted in a moderate reduction in labor supply with no discernible increase in other productive activities.⁷

The other major study produced from this guaranteed income project investigated the causal effects on measures of recipients' health and healthcare usage. The researchers tested the hypothesis that the provision of income to low-income adults with no strings attached would lead to improved physical and mental health outcomes. The evidence rejects that hypothesis.⁸ The authors conclude that cash payments are an ineffective way to advance health outcomes among low-income adults, and that efforts should focus instead on more typical health interventions with documented evidence of effectiveness—including expanding access to health insurance, reducing the cost of prescription drugs, or facilitating appointments with primary-care physicians. This evidence bolsters our view that advancing institutions, programs, and policies that address underlying challenges are more effective at helping people thrive than is the simple approach of giving people money.

The results from the RCT study of Baby's First Years, a basic-income program aimed at low-income mothers funded by the National Institutes of Health (NIH) and a large consortium of private foundations, are also very disappointing. The multiple studies produced as part of this four-year project consistently report null effects of the unconditional monthly cash payment on a wide range of outcomes measuring child development. The Baby's First Years project recruited one thousand eligible mothers from hospitals in New York City, greater New Orleans, the Omaha metropolitan area, and Minneapolis and Saint Paul around the time they gave birth. Mothers were randomly assigned to receive a monthly unconditional large cash payment of \$333 per month or a small monthly payment of \$20 per month for the first 52 months of their child's life. Recruitment of study participants ran from May 2018 to June 2019, and outcomes were collected over the next four years.

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- 7 The evidence of null effects from this large-scale RCT study of a guaranteed income is at odds with the widely reported promising evidence from the Stockton Economic Empowerment Demonstration (SEED) in Stockton, CA. SEED was a two-year pilot program that paid 125 low-income adult residents of Stockton \$500 a month between 2019 and 2020. To identify causal effects of the cash payment, researchers compared their outcomes to those of 200 people in a comparison group. News stories reported that the first-year effects of the program showed reductions in income volatility and financial distress and increases in full-time employment. However, the data reported by West and Castro (2023) from the end of the two-year pilot program are not broadly suggestive of statistically significant effects, and the reported one-year effects are very weak and based on narrow, subjective measures.
 - 8 The researchers found that the cash payment led to short-lived reductions in stress and food insecurity, greater use of hospital and emergency-department care, and increased medical spending of about \$20 per month among people in the treatment group relative to people in the control group. They found no effect of the cash payment across several measures of physical health, including multiple well-validated survey measures and biomarkers derived from blood draws. The data allow the researchers to statistically rule out even very small improvements in physical health. They also found that the cash payment did not lead to improvements in mental health beyond the first year. The data allow the researchers to statistically rule out even very small improvements by year two. The researchers also found precise null effects on self-reported access to healthcare, physical activity, sleep, and several other measures related to preventive care and health behaviors. Specifically, the data indicated that participants in the treatment group were no more likely to use preventive care, such as vaccines or cancer screenings, or that they made more health investments by exercising or sleeping more. In fact, they can statistically reject the hypothesis of even small improvements in these measures.

Noble et al. (2025) report that after the first four years of the intervention, the data show no statistically significant impacts of the cash transfers on either primary child-development outcomes (language, executive function, social-emotional problems, and high-frequency brain activity) or on secondary outcomes (visual processing/spatial perception, preliteracy, maternal reports of developmental diagnoses). A caveat to generalizing from these null results is that the first year of this program overlapped with the US COVID pandemic, which complicates interpretation in light of the stress that pandemic period imposed on families and the shifting policy context. Still, families received the monthly cash payment long after the pandemic ended, and the null effects are statistically well-measured after four years. The researchers conclude (appropriately in our view) that their finding of null effects “may indicate that cash income alone does not have a causal effect on young children’s development in the contemporary policy context.”

Another study from this project investigated the hypothesis that four years of stable monthly income would, by virtue of increasing financial stability, enhance parental attention and self-control, consistent with research showing that financial stress impedes cognitive functioning (e.g., Mani et al. 2013). The analysis reported in Egan-Dailey et al. (2024) shows no differences in cognitive bandwidth (as measured by a commonly used executive-function assessment) of mothers after receiving the high-cash payment (\$333/month) versus the low-cash payment (\$20/month) for 48 months after childbirth. Magnuson et al. (2024) report that although the intervention produced a moderate increase in household income and reduced poverty, the data indicate no improvements in mothers’ subjective reports of economic hardship or the quality of play with their infants. The authors further report some small, although mostly nonsignificant, increases in parental psychological distress and declines in the quality of mothers’ relationships, contrary to the hypothesized effect.

Overall, the evidence from the Baby’s First Year project unambiguously implies that a basic monthly payment amounting to \$4,000 a year for four years to low-income mothers with young children is not sufficient to meaningfully improve a mother’s subjective feelings of economic hardship, maternal cognitive bandwidth, or child development outcomes. This finding does not argue against providing income support to low-income mothers with young children; rather, it argues against the view that lifting people out of poverty can be solved with a solution as simple as just giving people money.

Fourth, addressing poverty among the elderly, disabled, and children is different from addressing poverty among able-bodied prime-age adults, and for these more vulnerable groups, prioritizing the maintained provision of sufficient income support to meet material needs is entirely appropriate. The elderly and disabled should not be expected to have to work to meet their basic material needs, as our

country's implicit social contract has long recognized. The Social Security Old-Age, Survivors, and Disability Insurance (OASDI) program has been providing monthly cash payments to Americans above retirement age since 1935 and to adults with a qualifying disability since 1956. This program is widely credited with driving down rates of poverty among the elderly and disabled in this country (see, for instance, Engelhardt and Gruber 2006; Scholz et al. 2009; Meyer and Wu 2018). An analysis of administrative data by Meyer and Wu (2018) found that between 2008 and 2013, OASDI payments reduced the rate of poverty among elderly adults by 75 percent and among disabled adults by one-third. And, as we noted above, a significant fraction of the decline in income poverty for the elderly since 1980 is due to OASDI.

Our country does not have a similar commitment to providing for children. The standard argument against some type of cash entitlement for children is that unlike the elderly, who have paid into the system and are thus entitled to benefits in their retirement years, children have made no such down payment. Another standard line of opposition to a basic income guarantee for children is that such income would discourage their parents from working. A large literature that examines the employment response to welfare reform and expansions in the EITC shows that these changes led to a significant increase in work for unmarried mothers, suggesting that eliminating such work incentives with an income guarantee would have the opposite effect of leading to a decrease in work. Therein lies the trade-off: Providing sufficient income assistance to families with children so that children's material needs are met comes at the (likely) cost of some reduction in work effort among parents, as discussed above.

3.4 Takeaway: Just giving people income is not a sufficient response to the challenge of persistent poverty.

Addressing poverty in America requires more than just meeting people's immediate financial needs, because that approach does not adequately address the range of challenges many people experiencing poverty are dealing with. We explicitly favor helping non-elderly adults obtain useful skills and meaningful work, as opposed to relying on income guarantees. Evidence from recent guaranteed-income experiments in the US provides no indication that the provision of monthly cash assistance helps people achieve economic independence or improvements in their health.

Helping adults achieve economic independence requires doing more to help them address underlying challenges. We return to this point in the following section. As the richest nation in the history of the world, the US should not be satisfied with either a society where a few talented people earn high incomes and a large share rely on government redistribution, or a society in which a few talented people have dignified, high-paid work and a large share are required to toil in misery to make

ends meet. Given the dynamic nature of the US economy and the jobs it comprises, we are confident that those are not our country's only options.

4. Alleviating poverty requires investing in people.

Fighting poverty is hard work. The glib suggestion that our country could eliminate poverty by just giving people money or “out-hating it”⁹ does not sufficiently acknowledge the myriad challenges that millions of people endure as they work to be in a position to financially provide for themselves and their families, such as working to learn new skills, overcome personal trauma or addiction, build a business, and/or secure employment, among other challenges.

To truly alleviate poverty and break its intergenerational persistence requires investing in people and focusing our efforts upstream, rather than just treating the downstream effects of limited resources. We propose four specific areas of investment: advancing skills and educational attainment; building strong families; addressing individual barriers to flourishing; and boosting upward mobility among poor children through investments in their nutrition, health, early childhood education, and housing.

“To truly alleviate poverty and break its intergenerational persistence requires investing in people.”

We put forward this agenda as a set of guiding principles for both public and private spending on anti-poverty efforts. A commitment to advancing this agenda at a public level would involve maintaining critical safety-net programs

and, ideally, more targeted spending, funded either through an increase in tax revenues or a reprioritization of public spending toward investments in poverty alleviation. We acknowledge that there does not appear to be a major push from either major political party at the moment for increased spending on anti-poverty efforts. The recently enacted OBBBA, estimated to add \$4.1 trillion to the debt through Fiscal Year (FY) 2034, includes very little by way of spending directed toward poverty alleviation. But we are firm in our view that it is in our country's interest to continue our efforts to reduce poverty—both current and intergenerational—and that a set of guiding principles is necessary. We also acknowledge the hundreds of billions of dollars in philanthropic giving in the US each year. Many programs that would advance our proposed agenda could be funded and scaled with private dollars.

⁹ This phrase is a reference to one of Matthew Desmond's common talking points, which is also the final sentence of Desmond's 2023 book *Poverty, by America*: “We don't need to outsmart poverty. We just need to out-hate it” (189).

In addition to the anti-poverty agenda focused on investments in people and families that we outline below, macroeconomic policies that maintain a strong economy are critical to boosting employment and earnings among disadvantaged groups in particular, as discussed by Blank (2000) and Hoynes et al. (2006). As Blank (2000) so eloquently put it: “To the extent that policies can help maintain strong employment growth, low unemployment, and expanding wages among workers, these policies may matter as much or more than the dollars spent on targeted programs for the poor. If there are no job opportunities, or if wages are falling, it is much more expensive—both in terms of dollars and political capital—for government programs alone to lift people out of poverty.” Sustained efforts are also needed to eliminate all forms of structural and systemic discrimination against racial and ethnic minorities and other vulnerable groups in the workplace, residential housing market, healthcare sector, and criminal justice system, so that economic opportunities and jobs are available to all.

4.1 Advancing skills and education

People with higher levels of education and skill are at much lower risk of poverty and have higher rates of employment and earnings. The poverty rates in 2023 among people with no high school degree, a high school degree, some college, or a four-year college degree were, respectively, 30.9 percent, 16.1 percent, 10.7 percent, and 5.9 percent.¹⁰ Median weekly earnings in 2024 for full-time workers with a bachelor’s degree were approximately 65 percent higher than for those with only a high school diploma, and unemployment rates were substantially lower. Median usual weekly earnings were \$1,543 for workers with a bachelor’s degree, \$1,099 for workers with an associate’s degree, \$930 for workers with a high school diploma, and \$738 for workers without a high school diploma. Unemployment rates among workers with these education levels were 2.5 percent, 2.8 percent, 4.2 percent, and 6.2 percent, respectively (US BLS 2025).

Numerous studies have established that interventions and policies that lead people to obtain higher levels of education and skills causally lead to an improvement in their economic outcomes.¹¹ With regard to associate’s and bachelor’s degree attainment in particular, there is evidence of causal effects (for example, Kane and Rouse 1995; Jepsen et al. 2014; and Zimmerman 2014; see Oreopoulos and Petronijevic 2013 for a review of this evidence). An empirical simulation exercise by Hershbein et al. (2020) produces an estimate of the likely impact of increasing rates of college attainment

¹⁰ These levels are based on the 2023 unanchored census SPM, as reported in Shrider 2024, appendix table B-4. These levels are higher than those in figure 1 because the trend data reported in figure 1 anchor poverty rates to 1980.

¹¹ See, for instance, the review chapter on the causal effect of education on earnings in Card 1999.

on a variety of measures of economic security. Using two different methodological approaches—one that shifts the earnings distribution according to observed distributional parameters and one that assigns causal increases in earnings based on existing causal estimates from credible studies—they find that realistically sized increases in the share of American adults with a bachelor's degree or an associate's degree would meaningfully reduce rates of poverty and near-poverty.

The data and evidence make a compelling case that boosting educational and skill attainment among less educated individuals would meaningfully reduce their risk of poverty and increase their potential for economic security. The question then is how to best do so. In a spirit similar to our claim above that just giving people money is often not sufficient to help them overcome their underlying barriers to economic self-sufficiency, we submit that simply expanding access to college—either through open-enrollment programs or expanded financial awards—is not enough to meaningfully increase educational and skill attainment for low-income individuals. However, evidence shows that well-designed, targeted approaches to meeting the particular needs of economically disadvantaged adults can be effective at boosting educational attainment and skills.

First, an emergent body of evidence points to the effectiveness of comprehensive student-service programs in increasing associate's degree completion among low-income students.

The fact that millions of students who start college in the US don't earn a degree highlights the reality that expanding access to college is not enough to ensure increased educational attainment. More than 40 percent of first time, full-time enrolled students in four-year institutions do not complete a bachelor's degree within six years, and more than two-thirds of those at community colleges do not complete an associate's degree within three years (Evans et al. 2020). Rates of non-completion are especially high among economically disadvantaged groups—and, to be sure, it is not the case that people are dropping out in high numbers to take well-paying jobs. In general, efforts to boost college persistence and completion rates by focusing on academic challenges alone have yielded disappointing results.

Encouragingly, RCT evaluations of ASAP, Stay the Course, and One Million Degrees have found evidence that these programs are effective at boosting the educational attainment of low-income students in community college settings (respectively, Scrivener and Weiss 2009; Evans et al. 2020; Hallberg et al. 2022).¹² These programs offer

12 The Accelerated Study in Associate Programs (ASAP) was developed by the City University of New York in 2007. Stay the Course™ was initially designed and implemented in 2013 as a research demonstration project, implemented by Catholic Charities Fort Worth at Tarrant County Community College in collaboration with a research team affiliated with the Wilson Sheehan Lab for Economic Opportunities. One Million Degrees is a nonprofit organization founded in 2006 to provide comprehensive support to community college students in Chicago.

comprehensive case management and coaching, providing students with individualized help overcoming a range of nonacademic and nonfinancial barriers that impede their educational progress (for a review of this evidence, see Fulcher Dawson et al. 2020). These kinds of interventions should be scaled and implemented around the country as part of an anti-poverty agenda focused on boosting education and skills.

Second, encouraging evidence also shows that high schools tailored toward the needs of adult learners are effective in boosting the educational attainment of adults without high school degrees. A recent quasi-experimental study of the effect of graduating from a Goodwill Excel Center—one of a network of tuition-free, public charter high schools in Indiana that support adult learners in completing their state-certified high school diploma—finds that five years after enrolling in one of these centers, the earnings of graduates are 38 percent higher than those of non-enrolling applicants, conditional on pre-application earnings. The analysis further finds that much of the wage gain can be accounted for by sectoral switching, as graduates of the Excel Center are much more likely than their peers to switch career industries after graduating, suggesting that they gained new skills that opened up new job opportunities (Brough et al. 2024). This approach to helping adult learners—namely, one that offers flexibility in scheduling, assistance with transportation, on-site childcare, and life coaching—should be scaled around the country.

Third, sectoral training programs have been shown to be effective at increasing skill attainment and earnings. Sectoral training programs are targeted workforce interventions that aim to train people for well-paying jobs in industries that have strong local demand and offer the opportunity for career advancement. These types of programs offer occupational skills training, which often leads to an industry-recognized credential or certification, along with professional skills development, support services, and job search assistance.

In the past decade or so, several RCT evaluations of such programs have found large, sustained increases in participants' earnings (Ratledge et al. 2023). Some examples include Per Scholas, a nonprofit information technology (IT) training and employment services provider in the Bronx, New York. MDRC's evaluation of the Per Scholas WorkAdvance program found that this 15-week program led to a sustained increase of \$6,000 a year in average earnings (Schaberg and Ibok 2022). The Year Up program provides young people with six months of training followed by a six-month internship in the IT and financial-operations fields. An MDRC evaluation of this program found that young people who participated were 21 percentage points more likely to work in these two sectors and saw an average earnings increase of 28 percent (Fein and Dastrup 2022). Project QUEST, which trains people for jobs in the healthcare sector, has been found to increase earnings for participants by more than \$5,000 annually for nine years after enrollment (Roder and Elliott 2019).

The workforce-development field has increasingly adopted the sectoral approach to training, and the Workforce Innovation and Opportunity Act of 2014 requires states to implement these strategies as part of their workforce efforts. The effectiveness of these programs demonstrates that an approach to training that is based on labor market realities and recognizes the varied needs of adults being served is a productive way to boost individual economic security.

It is worth noting here that programs like those described in this section that boost skills and education are beneficial not just to the individuals who experience an increase in their personal economic security but also to aggregate economic productivity and growth. These types of investments are good for the US economy. For instance, Bloom et al. (2024) find that across the US, the effect on local labor markets of the rise in Chinese import penetration in the first decade of the 2000s depended on local human capital. Local labor markets more exposed to the China shock experienced relatively larger losses in the manufacturing sector, but in areas that had more college-educated workers—including in the West Coast and large cities—there was substantial job reallocation from manufacturing to services, with net employment gains. In exposed areas highly dependent on manufacturing jobs with low shares of college graduates, including much of the Midwest and the South, there was limited job reallocation. The authors conclude that the China shock created winners and losers, not just across workers but also across regions, by reallocating jobs from the industrial heartland to the coasts and large cities. These findings lead us to the conclusion that investing in skills in education is therefore important to boost economic resilience not just at an individual level but also at a place-based or aggregate level.

Finally, our emphasis on the need to scale effective interventions aimed at boosting education and skills among young and mid-career adults should be understood as a complement to calls for improved K–12 education and expanded access to high-quality early childhood education. Below, we discuss investments in youth as an approach to breaking the intergenerational persistence of poverty.

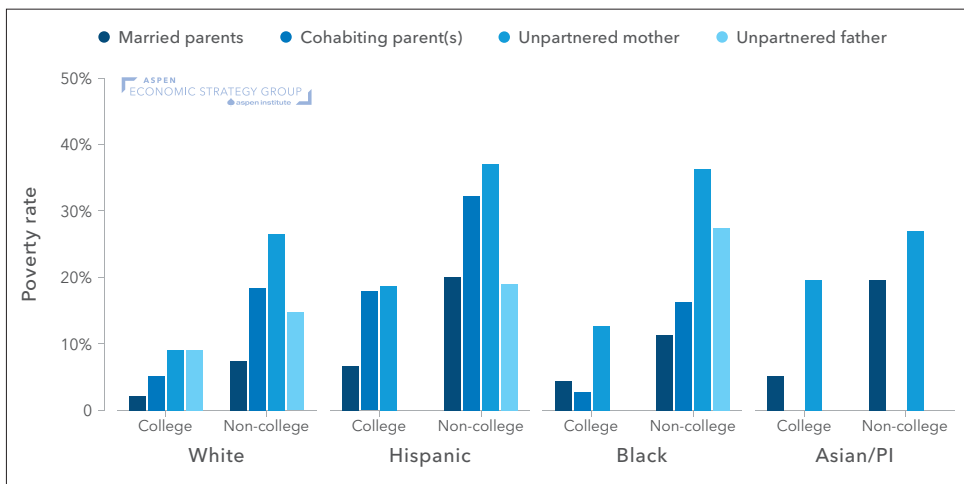
4.2 Building strong families

Poverty is substantially higher among adults and children living outside a married couple family. US census statistics from 2023 indicate the following poverty rates by family type (based on the unanchored SPM): among people living in a married couple family, 8.0 percent; in a family unit headed by cohabiting partners, 13.2 percent; in a female-headed family with no spouse, 23.9 percent; in a male-headed family with no spouse, 14.9 percent; and in a household with no other family members, 22.6

percent.¹³ These numbers reflect both cause and effect—people in better financial positions are more likely to be married than others; and furthermore, people who are married are more likely to have the benefit of two adults bringing income and resources into a household. In general, median household income in married-parent households is 2.8 times as high as in single-mother households and 1.7 times as high as in single-father households.¹⁴ Even when statistical adjustments are made for confounding differences across households of different family types (including education and age), the general point holds: Households with a married couple tend to benefit from the income of two adults.

The link between poverty and family structure exists for all major racial and ethnic groups in the US, as can be seen in figure 8. Among children of White, Black, Hispanic, and Asian/Pacific Islander (PI) mothers, poverty rates are substantially higher for those whose mothers do not have a four-year college degree and for those who live with an unmarried or unpartnered mother.

Figure 8: Child poverty rate by maternal education, race, and family type, 2023



Notes: Data from IPUMS CPS (Flood et al. 2024). Poverty rates are calculated using the census's SPM and are not anchored to the 1980 OPM as in other figures. "Race" refers to the mother's reported race except in the case of unpartnered fathers. Among children in the 2024 CPS living with their parents, the percentage of children who live with their mothers or unpartnered fathers of different racial and ethnic groups is as follows: 52.8 percent have White parents, 24.2 percent have Hispanic parents, 13.7 percent have Black parents, and 7.1 percent have Asian/PI parents. All groups < 0.2 percent of the population and American Indians/Alaskan Natives are excluded.

¹³ These levels are based on the 2023 unanchored census SPM, as reported in Shrider 2024, appendix table B-4. These levels are higher than those in figure 1 because the trend data reported in figure 1 anchor poverty rates to 1980.

¹⁴ In 2023, median family income was approximately \$127,000 for married-parent families, as compared to \$45,010 for unpartnered-mother families, \$75,080 for unpartnered father families, and \$76,001 for a family unit headed by cohabiting partners. These statistics are based on calculations using 2024 Current Population Survey data.

Among children living with unpartnered mothers without a four-year college degree, poverty rates are 27 percent for those with White mothers, 37 percent for those with Hispanic mothers, 36 percent for those with Black mothers, and 27 percent for those with Asian/PI mothers.

These rates are uniformly higher than the rates of poverty among children of married mothers at the same education level for all racial and ethnic groups: 8 percent among those with White mothers, 20 percent among those with Hispanic mothers, 11 percent among those with Black mothers, and 20 percent among those with Asian/PI mothers.

The fact that families headed by unmarried adults are so much less economically secure than married-couple families makes the decline in marriage and married-parent families deeply concerning. The share of US children living with married parents is now less than 60 percent among children whose mothers do not have four-year college degrees. The shares of children in married-parent households are especially low for the children of non-college-educated Black and Hispanic mothers. Eighty-eight percent of children of White, college-educated mothers are living with married parents; for children of White mothers without a four-year college degree, the figure is only 68 percent. The analogous shares are 75 percent and 57 percent for children of Hispanic mothers and 59 percent and 32 percent for children of Black mothers. Asian families provide a notable exception, with very high rates of married-parent homes regardless of maternal education: 92 percent for those with college-educated mothers and 81 percent for those without a college degree.¹⁵ These gaps in family structure contribute to class and racial/ethnic gaps in economic security and poverty. Furthermore, they threaten to cement the intergenerational persistence of economic status and poverty.

In terms of the implications of family structure for the intergenerational persistence of poverty, numerous studies have established that children growing up in married-parent households are more likely to avoid poverty, obtain higher levels of education, graduate from college, have higher earnings in adulthood, and be married as adults, even after statistically accounting for an array of parental characteristics and potential confounding factors. The higher level of household income that comes from having two parents in a household is a key driver of children's better outcomes, but it is far from the only one. Married-parent homes also tend to offer the benefits of more parental time, more nurturing parenting, and more stability, among other benefits. The evidence suggests that boys growing up in fatherless homes are at an especially high risk of behavioral problems and lower rates of educational attainment (Autor,

¹⁵ Author's calculations using data from the 2023 American Community Survey.

Figlio, et al. 2019; Bertrand and Pan 2013). The findings in the literature are consistent with the readily observed fact that managing a household and raising children as a solo provider is very difficult, burdening both the lone parent and the children. Conversely, having another adult in the household to help bring in income, take care of children, and undertake household tasks is very helpful. The research supports this commonsense view. (See Kearney 2023 for a review of the relevant evidence.)

The benefits of married-parent homes, and specifically father presence, potentially extend beyond one's own family. Research at the community level from the Opportunity Insights Lab, using data on millions of American households, has established that communities with higher shares of married-parent homes have higher rates of upward mobility (Chetty et al. 2014). Research from that lab has also documented that Black boys' outcomes are substantially improved when there are more Black fathers present in a neighborhood (Chetty et al. 2020).

For all these reasons, a policy agenda aimed at reducing poverty—both contemporary and intergenerational—should prioritize building strong families. Programs that provide income support to vulnerable families, including Medicaid, SNAP, and the EITC, are critically important to bolstering the material resources of single-mother families. In fact, data from the 2018 Survey of Income and Program Participation (SIPP) indicate that 71 percent of children in unpartnered-mother households receive benefits from Medicaid and 44 percent receive benefits from SNAP (US Census Bureau 2018).

But our country's approach to addressing the breakdown of the two-parent family cannot just be to expand and maintain programs that alleviate the immediate material need of single mothers and children. We as a country also need to address the reasons behind the high number of economically vulnerable single-mother households and aim to reduce the prevalence of this vulnerable family type. Doing so requires promoting the conditions that lead to stable and healthy marriages and strong families. The link between poverty and weakened families runs both ways, and intervening in this area would go a long way toward breaking that pernicious cycle.

Investing in strong families as part of an anti-poverty agenda requires a multi-pronged approach aimed at advancing marriage and family stability, improving outcomes for fragile and unmarried families, and reforming systems that work with vulnerable families. A critical element to promoting marriage and family stability is to bolster the economic position of men without college degrees, so as to address the economic reasons for the decline in marriage among this segment of the population. There is ample evidence that the widespread weakening of the economic situation of many American men without college degrees has contributed to the decline in

marriage and the rise in the share of children living with only their mother (Autor, Dorn, et al. 2019; Shenhav 2021; Anelli et al. 2021; Gould 2021).

Beyond addressing the economic struggles of less educated men, programs are needed that effectively boost engaged fatherhood and healthy co-parenting (see, for instance, Avellar and Shiferaw 2021). Figuring out how to help more men be good dads—many of whom did not grow up with positive father role models in their own lives—is crucial to breaking the intergenerational cycle of family disadvantage.

The federal government and state governments should also pursue policy reforms to alter features of safety net program eligibility and the personal income tax code to remove implicit marriage disincentives. For instance, for many low-income single mothers, marriage to an employed partner would lead to the loss of Medicaid, since the additional income would push the family above the income Medicaid threshold. A progressive system of taxes and transfers that bases taxes owed and transfer-program eligibility on pooled spousal income has the unfortunate effect of discouraging marriage, especially among low-income adults facing program benefit cliffs. Ilin et al. (2022) document a substantial “marriage tax” implicit in the US tax-and-transfer system, finding that the average marriage tax rate is twice as high for low-income individuals as for high-income individuals. They estimate that this marriage penalty has a small overall impact on rates of marriage but a substantial impact for low-income women with children.

In addition, systems that work with vulnerable families are in need of reform. Both the Child Protective Services system and the foster care system have many known weaknesses (Bald et al. 2022). Improving these systems with the goal of strengthening families and improving outcomes for the millions of adults and children involved with these systems should be part of our nation’s approach to fighting intergenerational poverty.

4.3 Addressing individual barriers to flourishing

As noted above, in most cases additional resources are not enough to address poverty because, all too often, individuals and families who struggle to make ends meet face a complex web of barriers that prevent them from becoming economically stable. For instance, someone who has been unemployed for an extended period of time because their skills are no longer marketable (perhaps because of technology or competition from abroad) would likely benefit from additional resources, but redistribution is not likely to lead to economic self-sufficiency because these resources do not address the underlying causes. Moreover, because each person’s circumstances are unique, one-size-fits-all solutions are not likely to work. In this example, a job training or reskilling program might not be effective if the individual is also experiencing

homelessness or escaping an abusive relationship; and providing housing may not address the issue if this person is now struggling with substance abuse or mental-health issues. Consequently, addressing poverty often requires providing assistance that is customized to the unique set of challenges that each individual or family faces.

The multifaceted nature of poverty is well documented. For instance, two-thirds of families with income below the federal poverty line report some material hardship; around one in five is behind on rent and/or facing high risk of eviction or foreclosure; and 7.5 percent report an opioid use disorder (Karpman et al. 2018; Dowell et al. 2024). A recent study of the low-income unemployed showed that a substantial fraction experienced significant barriers to work such as difficulty finding childcare (9 percent), being unable to drive (22 percent), limiting health conditions (11 percent), and having a felony conviction (22 percent), as well as other barriers (Barham et al. 2023). Sometimes these challenges are causes of poverty and sometimes they are symptoms of poverty, but either way, they make it harder for people to economically thrive.

Efforts to address the complicated set of barriers that confront individuals in poverty can take many forms. However, there is increasing recognition that, particularly for those facing multiple barriers, the most effective programs tend to be coordinated, multidimensional, holistic, and tailored to the individual. These comprehensive programs typically involve a case manager who coordinates a customized set of services across various domains and providers to help the individual achieve specific goals. Such programs have been implemented in a variety of settings including prisoner reentry, education and training, and—increasingly—poverty reduction initiatives. Through these comprehensive programs, social-service organizations around the country are working tirelessly to invest in people and help them overcome very real struggles—addiction, limited skills, trauma, and so forth—so that they can improve their circumstances and thrive without the need for government assistance.

A recent randomized-controlled-trial study of Padua, a comprehensive program implemented in Fort Worth, Texas, indicates that the program is effective at improving economic well-being (Evans et al. 2025). Padua is a holistic, individualized intervention in which a case manager helps an individual move toward greater economic security by working with them to devise an individualized service plan and supporting them with services (job training, housing assistance, immigration assistance, budgeting, financial literacy, mentoring, etc.), referrals, and flexible financial assistance needed to make progress on the service plan. The RCT results showed that the program significantly increased employment—those who were offered Padua were 25 percent more likely to work full time than those who were not. Among those who were initially unemployed, Padua increased employment by 67 percent.

Other results from Evans et al. (2025) demonstrate the importance of customizing services to meet one's current situation. For example, the program was particularly effective for those who were in a stable enough situation to work. For people who had stable living conditions (living in their own apartment or house) and were initially unemployed, Padua increased employment by 92 percent relative to those who were not offered Padua. In contrast, many of the clients in the Padua study were initially dealing with housing instability—they were homeless or did not have their own place to live. For this group, the Padua program did not improve employment outcomes. However, the program substantially improved their housing stability—the likelihood that they were stably housed increased by 64 percent.

A growing set of comprehensive programs are producing promising results comparable to those from Padua in other settings. One of the most promising areas is in college persistence and completion, as described in some detail above.

In summary, more often than not, individuals and families entrenched in poverty face many barriers to economic mobility. In response, many social-service organizations are turning to case management programs that explicitly aim to address the multifaceted barriers that these families face so they can thrive. These programs are often both time intensive and costly, but there is growing evidence that they promote economic security. Providing such programs on a much larger scale offers a promising path to self-sufficiency for some of the most vulnerable. The challenge for those committed to fighting poverty is finding ways to scale successful programs.

4.4 Boosting upward mobility for poor children

Research has consistently found that programs that address the nutrition, healthcare, early childhood education, and housing quality of children from low-income families lead to improved economic outcomes for children. Policies and programs that expand such efforts—whether funded through public or philanthropic dollars—should be part of our country's anti-poverty agenda. In this section we briefly review the evidence showing that such programs boost the human capital of served children and thereby constitute an effective way to break the intergenerational transmission of poverty.

First, evidence on the effects of access to SNAP and its predecessor, the Food Stamp Program, consistently shows that these programs improve both immediate and long-term outcomes for children from low-income families. For instance, Bond et al. (2022) show that low-income students who receive SNAP benefits in the weeks immediately before they take the SAT perform better on the high-stakes test than low-income students whose families are more likely to have exhausted their

monthly SNAP benefits (based on administrative data and disbursement dates). This study highlights the point that food insecurity impedes cognitive and educational performance in consequential ways and that children experiencing food insecurity are not able to perform in school or on tests as well as they otherwise could.

In terms of long-term effects, Bailey et al. (2024) find that children who gained access in their early years of life (ages zero to five) to Food Stamp Program benefits during the program's rollout between 1961 to 1975 experienced a significant increase in human capital and economic self-sufficiency in adulthood, as compared to similar children who were not exposed to the program rollout. Though a full accounting of the evidence is outside the scope of this paper, the evidence is clear that addressing childhood and adolescent food insecurity is an important mechanism for disrupting the persistence of economic insecurity across generations.

Second, economists have also documented the long-term benefits of childhood eligibility for the public health-insurance program Medicaid. Miller and Wherry (2018) and Wherry et al. (2018) document that infants and children who gained access to Medicaid during their childhood, or who had more years of childhood eligibility after policy changes, had better health and fewer hospitalizations as adults. Using data on over ten million children born in the early 1980s, Brown et al. (2020) find that children who gained eligibility for Medicaid during policy expansions in the 1980s and 1990s paid more in cumulative taxes and collected less in EITC payments by age 28, as compared to demographically similar children who did not. Goodman-Bacon (2021) uses administrative data on the original cohort of children who obtained access to Medicaid during its original introduction in the late 1960s and documents that early childhood Medicaid eligibility reduces later-life mortality and disability, increases employment, and reduces receipt of disability transfer programs up to 50 years later. To summarize a great deal of evidence, providing public health insurance to children from low-income families leads to improved economic outcomes well into adulthood.

Third, research has also established the long-term educational benefits of targeted high-quality early childhood education programs. Many research studies using various credible approaches to causal identification find long-term benefits of exposure to Head Start for low-income children, including Deming 2009, Thompson 2017, and Johnson and Jackson 2019. Taking an even longer-term view, Barr and Gibbs (2022) find evidence of second-generation benefits of Head Start participation. They document improved outcomes for children whose mothers were exposed as young children to the initial rollout of the Head Start program in the 1960s and 1970s. In terms of mechanisms, they find suggestive evidence that mothers exposed as young children to Head Start showed improvements in parenting approaches and social-

emotional channels as adults. Expanding access to high-quality early childhood educational programs would improve educational and economic outcomes for low-income children and help break the cycle of poverty.

Fourth, evidence suggests that helping families with children move to a low-poverty neighborhood positively impacts the life trajectory of children. A critical piece of evidence on the intergenerational effects of neighborhood location comes from the Moving to Opportunity (MTO) experiment. The MTO experiment was launched in the mid-1990s in multiple US cities by the US Department of Housing and Urban Development as an RCT to study the causal effect of giving public-housing residents a voucher to move to a low-poverty neighborhood. The results from the first round of research on short-run effects were disappointing in that they indicated no causal effect of the vouchers and the move to low-poverty neighborhoods on adult earnings or employment, and little if any effect on the short-term academic outcomes of children (Kling et al. 2007). However, more recent evidence on the long-term outcomes for children who were part of the MTO experiment shows that children who moved before the age of 13 were ultimately more likely to attend college, have significantly higher income in their mid-20s, and be married as adults (Chetty et al. 2016). A study of movers by Chetty and Hendren (2018) also shows that children who move to low-poverty, higher-quality neighborhoods early in life have proportionately better outcomes than children who move at an older age. This pair of studies, along with other related evidence, implies that helping families with children access housing in higher-quality neighborhoods can meaningfully reduce the intergenerational persistence of poverty.

The policy lessons from this line of evidence are a bit nuanced. At an individual level, it is clear that children benefit from moving to low-poverty neighborhoods. But it is less clear how to scale such a policy at a national level, since moving large numbers of people to high-quality neighborhoods fundamentally changes the nature of neighborhoods. In other words, neighborhoods are not fixed places but rather, in many respects, they are a reflection of the people who live there. This consideration raises two points. First, it highlights the need for investments in distressed neighborhoods so that there are fewer places in the country characterized by high rates of poverty, joblessness, and crime. Unfortunately, the evidence about how to effectively make such investments is unclear. The evidence is mixed as to whether federally designated Enterprise Zones have created jobs and raised incomes for people in very-low-income neighborhoods (see the review in Neumark and Simpson 2015), and federal Opportunity Zones are not specifically targeted on high-poverty neighborhoods.

Second, the recognition that neighborhoods are in large part defined by the characteristics of the people who live there—their family structure, employment status, education level, and so forth—brings us back to the need to promote human flourishing. In fact, in the highly cited Chetty et al. (2014) paper about local area rates of upward mobility, the factors found to be most highly correlated with rates of upward mobility had more to do with the characteristics of the people who lived in a place than with any specific policies. That study found that the community-level factor with the highest correlation with the rate of upward mobility was the share of households headed by a single mother (the correlation being negative); the social-capital index and the fraction of religious inhabitants were also highly correlated. In contrast, contextual factors like state EITC exposure, tax progressivity, college tuition, and colleges per capita were not found to be highly predictive of upward-mobility rates. This finding leads us to think that it probably doesn't make much conceptual sense to try to think about investing in places as separable from investing directly in the people who live there.

From the perspective of designing an anti-poverty agenda, a general lesson from this evidence about neighborhood effects is that children who are growing up in distressed neighborhoods are at heightened risk of experiencing intergenerational poverty, and helping families with children afford to live in better neighborhoods is an investment in their future. One specific policy lever that is effective and scalable here is moving children out of high-poverty public-housing projects. Chyn (2018) shows how this type of move benefits children. Another straightforward policy lever is altering the formula for housing choice vouchers such that voucher amounts are more closely aligned with market prices. Collinson and Ganong (2018) empirically demonstrate that this element of voucher design is consequential. Specifically, they show that policies that make vouchers more generous across a metro area benefit landlords through increased rents, with minimal impact on the neighborhood and unit quality of voucher tenants. Moreover, they show that when the city of Dallas indexed rent ceilings to neighborhood rents, voucher holders moved into higher-quality neighborhoods with lower crime, poverty, and unemployment. Taken as a whole, the evidence leads us to suggest expanding the availability of federal Housing Choice Vouchers through increased funding, and designing such vouchers with the goal of encouraging recipients to move to better neighborhoods.

Conclusion

Poverty imposes steep costs on our country—on the individuals burdened by it as well as on society more broadly. It undermines human potential, weakens social cohesion, and holds back national productivity. As we have demonstrated above, over the past four decades, our nation's anti-poverty policies have significantly improved material well-being for the most vulnerable, with measures of material well-being being noticeably higher today than in the 1980s. In addition, these programs have improved long-term outcomes for children born into poverty, helping to break the cycle across generations.

Yet the job is far from done. Millions of people rely on substantial government support to meet their and their family's basic needs, and children growing up in low-income families have many barriers to upward mobility.

In this paper we have proposed an anti-poverty agenda that focuses on investing in people and families to boost not just immediate material well-being but, more ambitiously, to advance people's ability to provide for themselves and their families and to really thrive. Our agenda prioritizes advancing skills and education, building strong families, addressing individual barriers to flourishing, and boosting upward mobility for poor children. The agenda we have proposed here is intended to complement, not supplant, efforts to promote and sustain strong economic growth and widespread opportunities for all.

We have argued that to eradicate poverty will require much more than just giving people money. It will require dedicated and often costly investments in people and families. It will require expanding and scaling programs and policies with evidence of effectiveness.

Poverty is a complex problem that demands a smart, evidence-based approach to fighting it. We can't just out-hate this problem. We need to outsmart it.

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