

# Extract from “Opportunity, Responsibility, and Security: A Consensus Plan for Reducing Poverty and Restoring the American Dream”

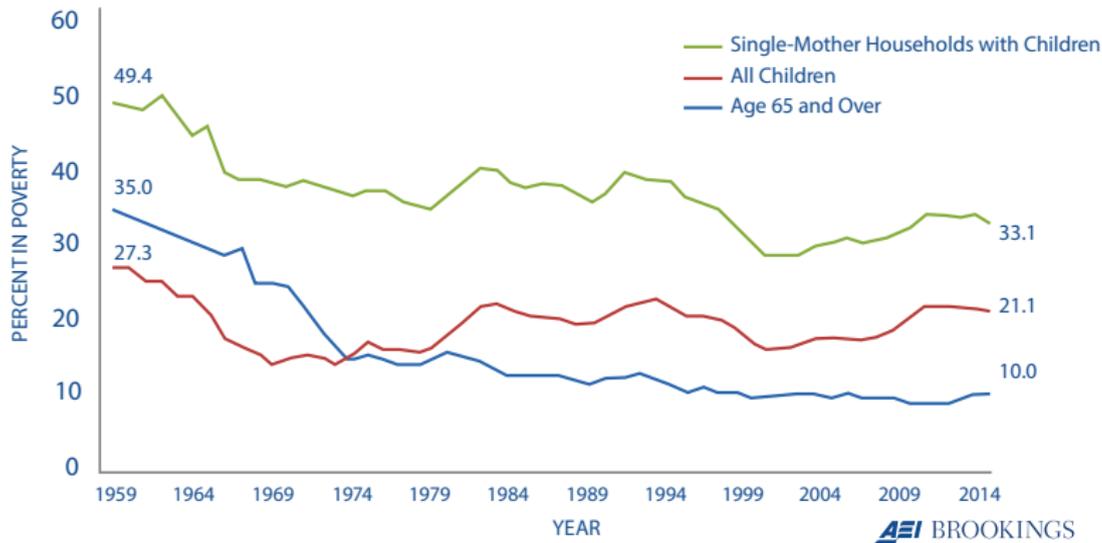
by Lawrence Aber, Stuart Butler, Sheldon Danziger, Robert Doar, David T. Ellwood, Judith M. Gueron, Jonathan Haidt, Ron Haskins, Harry J. Holzer, Kay Hymowitz, Lawrence Mead, Ronald Mincy, Richard V. Reeves, Michael R. Strain, and Jane Waldfogel. AEI/ Brookings Working Group on Poverty and Opportunity (2015).

James J. Heckman

AEA Continuing Education Program  
ASSA Course: Microeconomics of Life Course Inequality  
San Francisco, CA, January 5-7, 2016

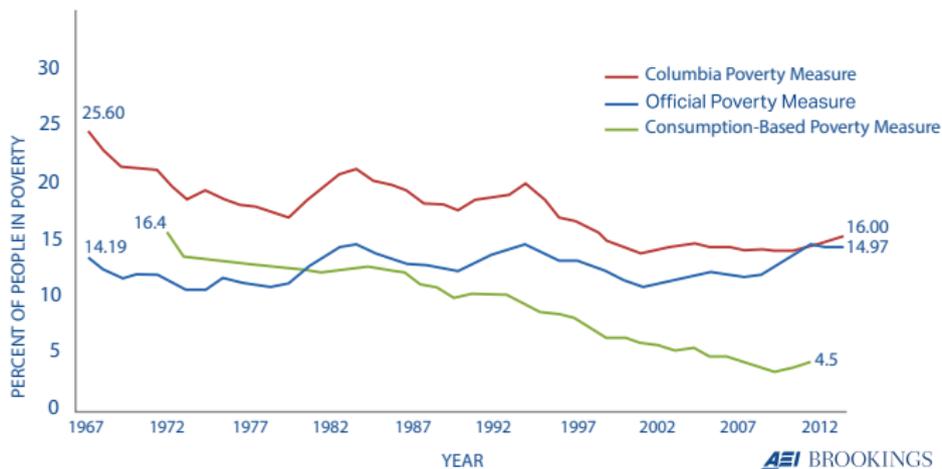


**Figure 1:** Official poverty rates for children in single-mother households, all children, and the elderly, 1959–2014



*Note:* Data on elderly poverty rates unavailable for years 1960-1965.  
*Source:* Census Bureau, Poverty Division, CPS ASEC Tables 2 and 3.

**Figure 2:** Poverty rates under the official poverty measure, the Columbia poverty measure, and the consumption-based poverty measure, 1967–2012



*Note:* Data for consumption poverty unavailable from 1962-1971 and after 2010.

*Source:* Christopher Wimer and others, "Trends in Poverty with an Anchored Supplemental Poverty Measure," New York: Columbia Population Research Centre, December 2013, available at:

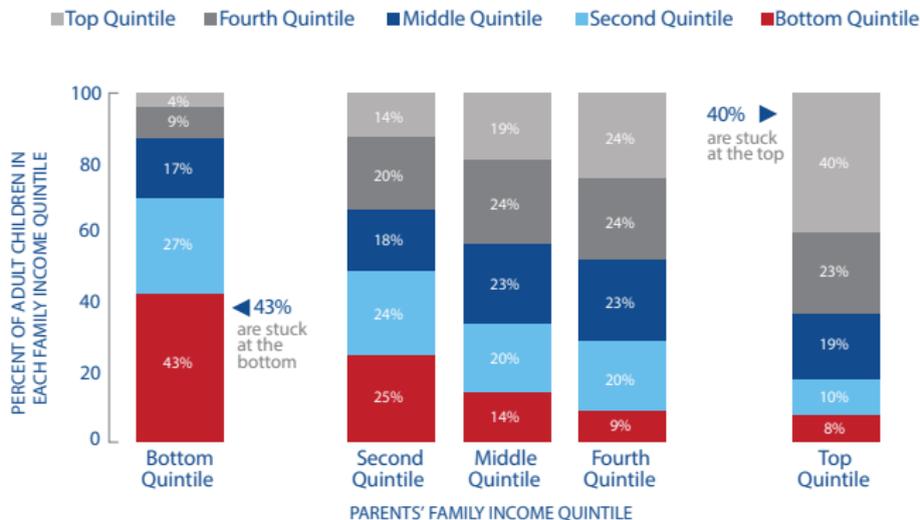
[http://socialwork.columbia.edu/sites/default/files/file\\_manager/pdfs/News/Anchored%20SPM.December7.pdf](http://socialwork.columbia.edu/sites/default/files/file_manager/pdfs/News/Anchored%20SPM.December7.pdf).

Bruce Meyer and James Sullivan, "Winning the War: Poverty from the Great Society to the Great Recession," Washington, DC, Brookings Papers on Economic Activity, 2012, available at

[http://www.brookings.edu/~media/Projects/BPEA/Fall-2012/2012b\\_Meyer.pdf?\\_lang=en](http://www.brookings.edu/~media/Projects/BPEA/Fall-2012/2012b_Meyer.pdf?_lang=en).



**Figure 3:** Income quintile of children when they grow up relative to their parents' income quintile  
 Percent of Adult Children with Income in the:

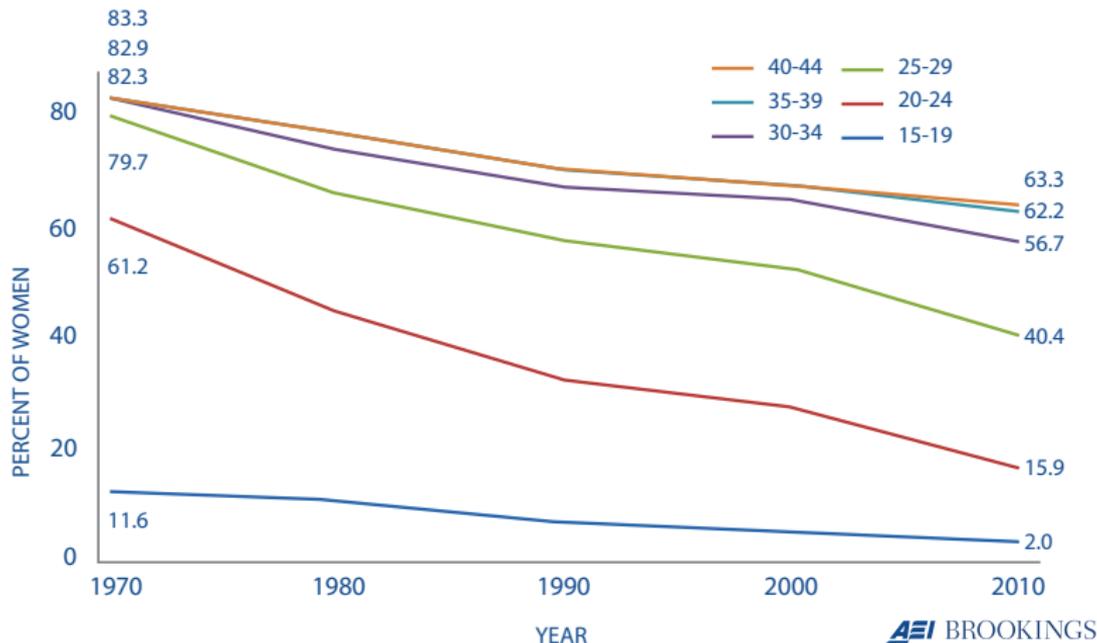


Note: Numbers are adjusted for family size.

Source: Pew Charitable Trusts, "Pursuing the American Dream: Economic Mobility Across Generations" (Washington: 2012).

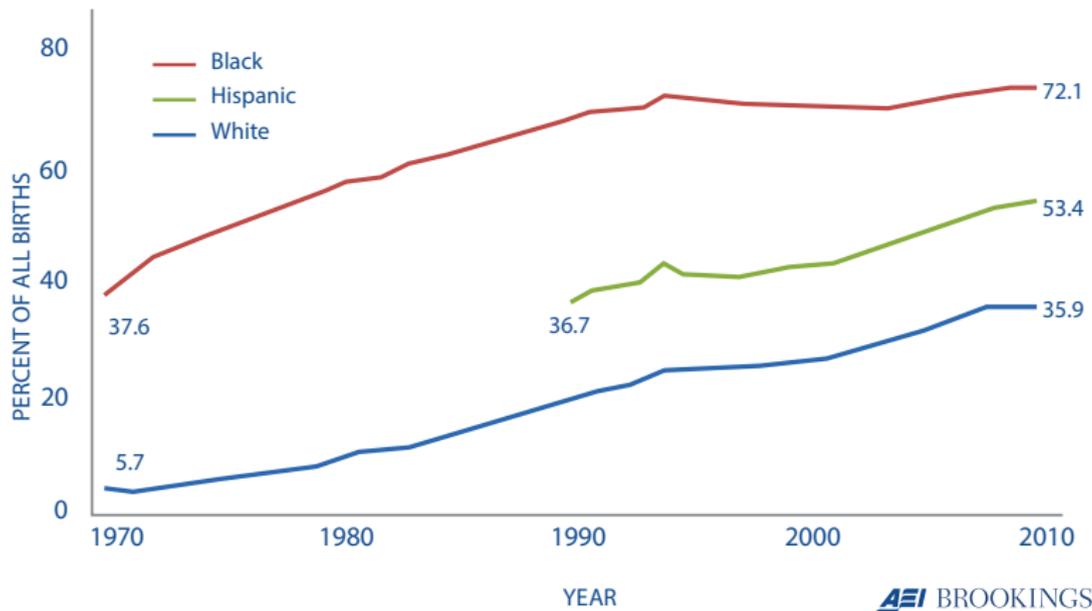


Figure 4: Percentage of women married by age, 1970–2010



Source: Authors calculations from the decennial census (U.S. Bureau of the Census 1970, 1980, 1990, 2000) and the American Community Survey.

**Figure 5:** Percentage of births to unmarried women by race/ethnicity, 1970–2010

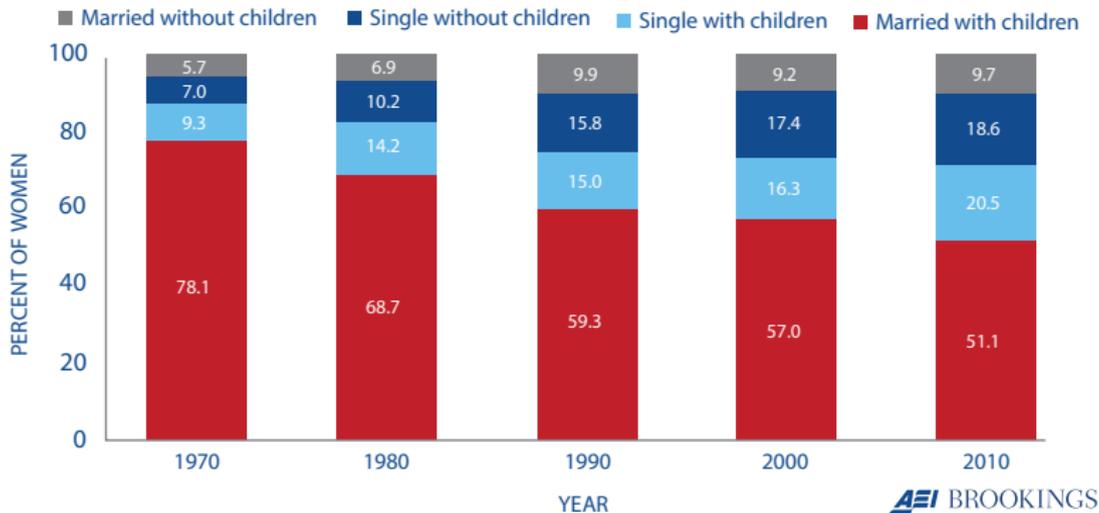


Source: Centers for Disease Control, National Vital Statistics Reports.

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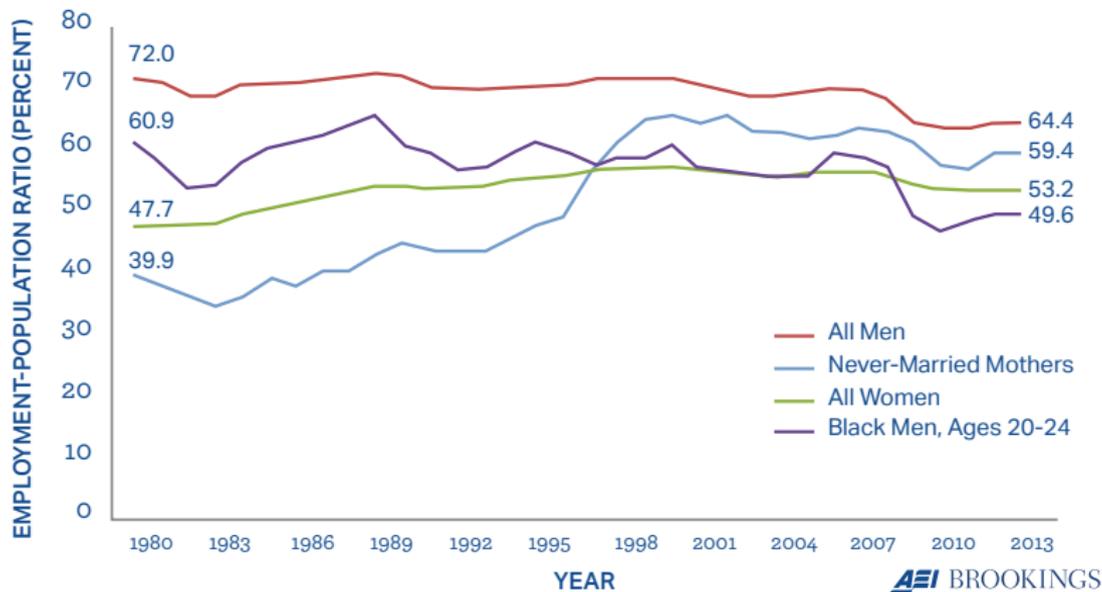
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**Figure 6:** Changes in women's family structure at age 35, 1970–2010



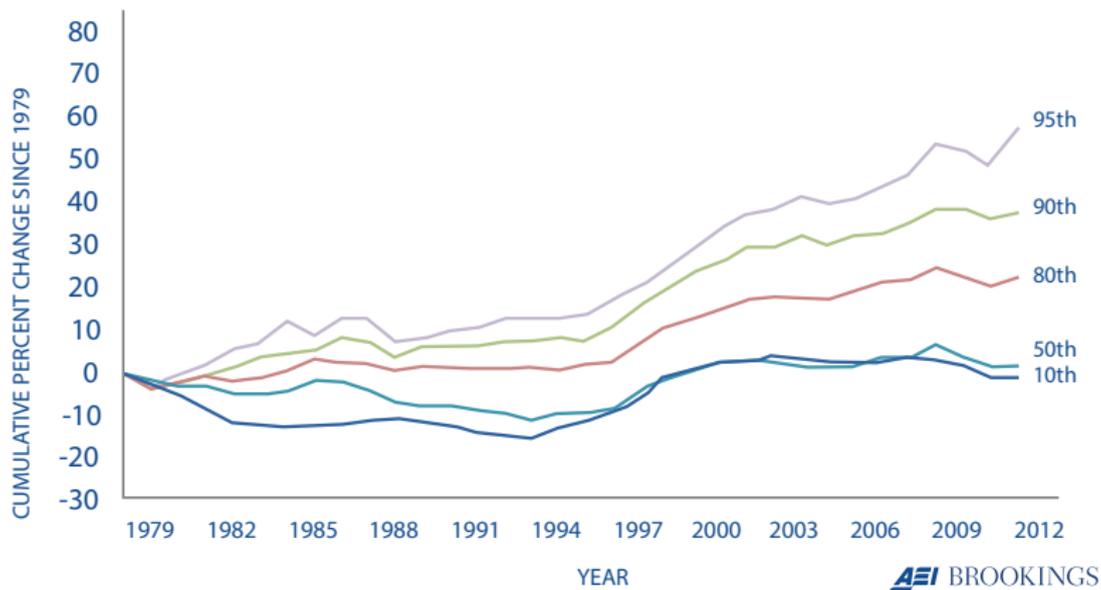
Source: Author's calculations from the decennial census (U.S. Bureau of the Census 1970, 1980, 1990, 2000) and the American Community Survey.

**Figure 7:** Employment-to-population ratio for selected populations, 1980–2013



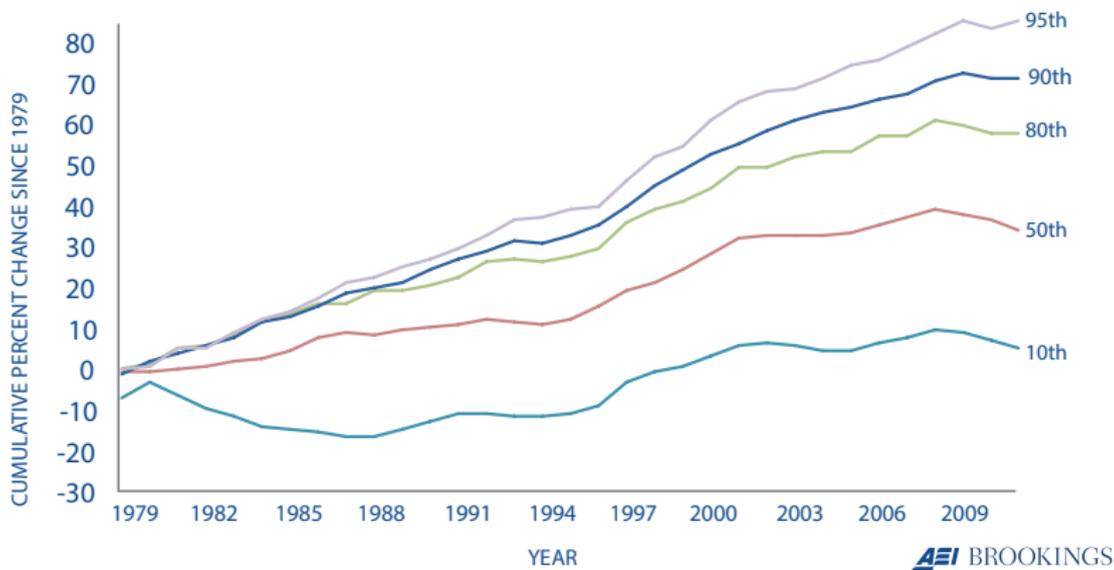
Source: Annual Social and Economic Supplement to the CPS, 1980-2013.

**Figure 8:** Cumulative changes in real hourly wages of men, by income percentile, 1979–2012



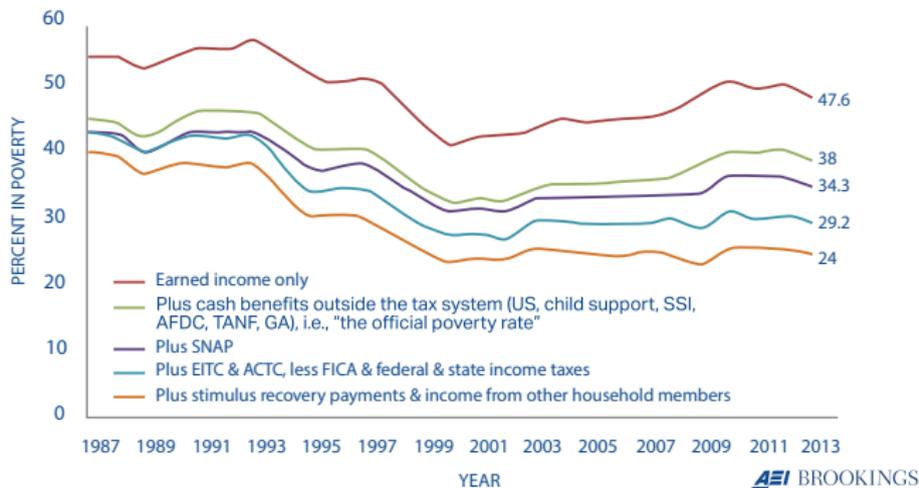
Source: Calculations from EPI Calculations of Current Population Survey Outgoing Rotation Group microdata (Available at <http://stateofworkingamerica.org/data>). CPI-U-RS Index (Available at [www.census.gov/hhes/www/income/data/incpovhith/2012/CPI-U-RS-Index-2012.pdf](http://www.census.gov/hhes/www/income/data/incpovhith/2012/CPI-U-RS-Index-2012.pdf)), and PCE deflator available from FRED.

**Figure 9:** Cumulative changes in real hourly wages of women, by income percentile, 1979–2012



Source: Calculations from EPI Calculations of Current Population Survey Outgoing Rotation Group microdata (Available at <http://stateofworkingamerica.org/data>). CPI-U-RS Index (Available at [www.census.gov/hhes/www/income/data/incpovhith/2012/CPI-U-RS-Index-2012.pdf](http://www.census.gov/hhes/www/income/data/incpovhith/2012/CPI-U-RS-Index-2012.pdf)), and PCE deflator available from FRED.

**Figure 10:** Effect of earnings, transfers, and taxes on the poverty rate among households headed by single mothers, 1987–2013



*Note:* Abbreviations are as follows: Unemployment Insurance (UI), Supplemental Security Income (SSI), Aid to Families with Dependent Children (AFDC), Temporary Assistance for Needy Families (TANF), General Assistance (GA), Supplemental Nutrition Assistance (SNAP), Earned Income Tax Credit (EITC), Additional Child Tax Credit (ACTC), and Federal Insurance Contributions Act (FICA).

*Source:* Thomas Gabe, Congressional Research Service, Welfare, Work and Poverty Status of Female-Headed Families with Children; 1987-2013.

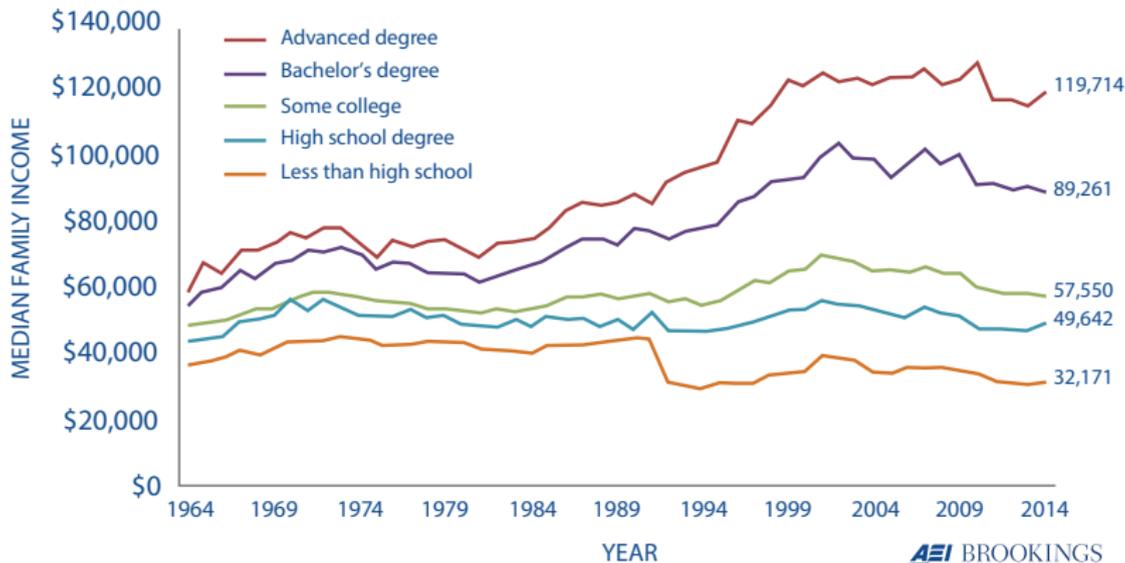
Figure 11

**POVERTY RATE AMONG HOUSEHOLDS HEADED BY SINGLE MOTHERS BASED ON:**

YEARS	EARNINGS ONLY	EARNINGS PLUS BENEFITS MINUS TAXES	DIFFERENCE (PERCENT)
1987-93	54.3	41.7	-23.2
2000	40.8	26.8	-34.3
2010	50.1	29.6	-40.9
2013	47.6	29.2	-38.7

 **BROOKINGS**

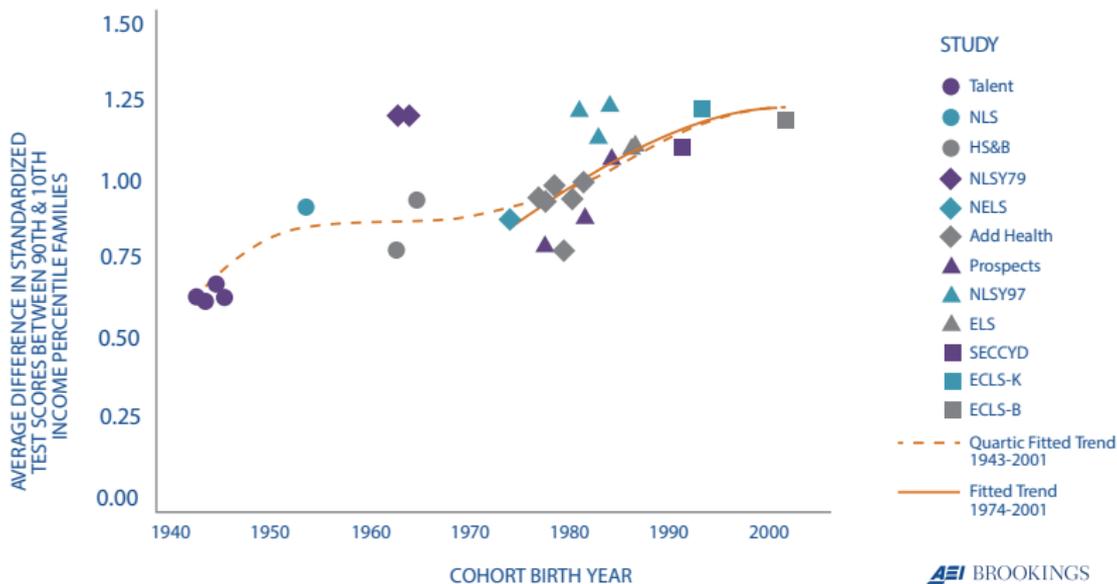
**Figure 12:** Median family income of adults age 30–39 by education level, 1964–2014



*Note:* The CPS changed the phrasing of the educational attainment question in 1992, which accounts for that year's sudden drop among the less-than-high-school group.

*Source:* Census Annual Social and Economic.

Figure 13: Trend in 90/10 income gap in reading, 1943–2001 cohorts



Source: Sean Reardon, "The Widening Academic Achievement Gap Between the Rich and the Poor: New Evidence and Possible Explanations," in *Whither Opportunity? Rising Inequality, Schools, and Children's Life Chances*, edited by Greg Duncan and Richard Murnane (New York: Russell Sage Foundation, 2011), p. 91-116.