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State-Level Investments in Children and Disparities in Material Hardship

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Abstract: Material hardship is widespread among American families with children, disproportionately concentrated among those with the lowest incomes, and consequential for children's long-term development. However, existing research overwhelmingly evaluates public programs in isolation and focuses on income or poverty as outcomes, leaving it unclear whether the combined resource environment that states create for families reduces disparities in hardship. Linking comprehensive state-level spending data—encompassing means-tested programs, tax credits, and universal investments including K-12 education, parks, and libraries—to household-level data from the Survey of Income and Program Participation (SIPP), we examine the association between public investments in children and material hardship from 2013 to 2019. Higher child-related spending is associated with meaningful reductions in food insecurity, housing hardship, and utility hardship, with larger reductions among households below the poverty line. A $7,400 increase in annual spending per child (1 SD) is associated with decreases of 3.0 percentage points in food, 3.7 in housing, and 4.4 in utility hardship among the poorest families. Comparing the 5th and 95th percentiles of observed state-year spending ($22,200 and $47,000 per child), predicted hardship among the poorest families is roughly 40 to 75 percent lower at the higher level, depending on the type of hardship. These findings underscore the growing importance of state-level investment in children amid a shifting federal policy landscape.

Keywords: state spending; material hardship; poverty; inequality; social policy

Reproducibility Package: The full replication package, including the STATA code used to construct the Supplemental Poverty Measure in the Survey of Income and Program Participation and to produce all tables and figures, is available at https://doi.org/10.7910/DVN/H2GCDM.

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MATERIAL hardship—the inability to meet basic needs for food, housing, and utilities—is a defining feature of economic life for millions of American households with children. In 2022, 17.3 percent of households with children, representing 6.4 million households, experienced food insecurity (Rabbitt et al. 2023). Housing and utility hardship affect similarly large shares of families, with consequences that extend well beyond the immediate experience of deprivation (Finnigan and Meagher 2019; Hernández et al. 2016; Rodems and Shaefer 2020). A substantial body of evidence demonstrates that exposure to material hardship during childhood has lasting negative effects on children's cognitive development, physical health, and educational achievement (Gershoff et al. 2007; Gundersen and Ziliak 2015; Yoo, Slack, and Holl 2009; Zilanawala and Pilkauskas 2012). Material hardship is disproportionately concentrated among families with the lowest incomes (Iceland, Kovach, and Creamer 2021; Neckerman et al. 2016), making income-based

disparities in hardship both a marker of inequality and a mechanism through which disadvantage is transmitted across generations.

Government investment offers one of the most direct levers for reducing this hardship, with the capacity to raise household resources, stabilize consumption, and buffer families against the conditions that give rise to deprivation in the first place. Research has documented strong positive effects of individual programs—income supports (Hoynes, Miller, and Simon 2015), nutrition assistance (Gundersen and Ziliak 2018), housing programs (Fenelon et al. 2018), public health insurance (Goodman-Bacon 2016), and educational investments (Bitler, Hoynes, and Domina 2014)—on family and child well-being. Yet these program-specific findings capture only part of the picture. In practice, nearly half of all children in the United States participate in at least one safety net program, and more than half of children in families with low incomes participate in two or more simultaneously (Edelstein, Pergamit, and Ratcliffe 2014; Jackson and Fanelli 2023; Macartney and Ghertner 2023). Evaluating programs one at a time misses a key reality of how families experience public support: not as isolated benefits, but as a combined resource environment shaped by the full suite of cash, near-cash, and in-kind supports that their state provides.

Whether this combined resource environment reduces disparities in material hardship is a question that existing research leaves largely unanswered. Most studies of government investments and economic well-being focus on income or poverty as outcomes (Brady and Parolin 2020; Wimer et al. 2020), but a growing literature has established that material hardship is conceptually and empirically distinct from income poverty (Heflin 2017; Iceland et al. 2021; Rodems and Pfeffer 2021). Moreover, the research that does examine hardship tends to focus on means-tested programs targeted to families with low incomes, such as Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), or housing vouchers (Austin and Sokol 2024; Cai 2024; Reichman, Teitler and Curtis 2005; Walker et al. 2023). We therefore lack evidence on how the broader landscape of public investment—encompassing both targeted and universal programs—relates to disparities in the ability of families to meet basic daily needs.

This study addresses these gaps. Using the State-by-State Spending on Kids Dataset, which captures federal, state, and local expenditures on children across a comprehensive range of domains—from means-tested programs such as SNAP and Medicaid to universal investments including K-12 education, parks, and libraries—linked to household-level data from the Survey of Income and Program Participation (SIPP) from 2013 to 2019, we examine the association between state-level public investments in children and three measures of material hardship: food insecurity, housing hardship, and utility hardship. Critically, we test whether these associations differ by household poverty status, assessing whether public investments narrow income-based gaps in the ability of families to meet basic needs. This design responds to the reality that most families engage with multiple programs simultaneously and that economic well-being is shaped by the combined—and potentially synergistic—effects of diverse public supports, rather than by any single program in isolation.

Background

Material Hardship as a Measure of Economic Well-Being

A growing body of research emphasizes that material hardship captures dimensions of economic well-being that income-based measures miss. Hardship measures—reflecting whether families can afford adequate food, maintain stable housing, and pay utility bills—are only moderately correlated with income and poverty status, providing additional purchase on the factors that shape families' economic lives (Iceland et al. 2021; Mayer and Jencks 1989; Meyer and Sullivan 2018; Neckerman et al. 2016). Although income allows families to purchase basic necessities and thus avoid material hardship, the ability of income to ward off hardship is not determinative: debt, family obligations, health challenges, and income volatility all contribute to spells of hardship that may occur even among families above the poverty line (Heflin 2017; Rodems and Pfeffer 2021; Rodems and Shaefer 2020). These conceptual distinctions have practical consequences. Policies that raise incomes may not commensurately reduce hardship, and policies that provide in-kind support—such as nutrition assistance or health insurance—may reduce hardship through channels that do not operate through income at all.

The existing evidence on public investments and material hardship, although smaller than the literature on income and poverty, documents substantial benefits. McKernan, Ratcliffe, and Braga (2021) find that participation in TANF, SNAP, and Medicaid/Children's Health Insurance Program (CHIP) is associated with meaningful reductions in food insufficiency among families with low incomes, using SIPP data from 1992 to 2011. Broader reviews confirm that nutrition assistance programs in particular have strong effects on food insecurity (Gundersen and Ziliak 2018; Pilkauskas, Currie, and Garfinkel 2012). However, this literature has two important limitations. First, it overwhelmingly examines targeted, means-tested programs, leaving the effects of broader public investments—in education, health, and community infrastructure—on material hardship largely unexamined. Second, it rarely considers the distributional consequences of public spending: whether investments reduce gaps in hardship between higher- and lower-income families, or whether benefits accrue relatively evenly across the income distribution.

Should Public Investments Narrow Disparities in Material Hardship?

There are strong theoretical reasons to expect that more generous public investments reduce disparities in material hardship. The means-tested design of many programs, with income-eligibility thresholds (e.g., SNAP) or progressively structured benefits (e.g., the Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC)), channels disproportionate resources to families with the lowest incomes. By providing direct cash, near-cash, and in-kind benefits, these investments increase the capacity of lower-income parents to meet basic needs and make developmental investments in their children (Jackson, Rauscher, and Burns 2022; Jackson and Schneider, 2022; Milligan and Stabile 2009; Yeung, Linver, and Brooks-Gunn 2002). Even spending on in-kind investments such as education may benefit family resources indirectly, by substituting for private spending on child care, tutoring, or after-school programs,

thereby freeing household resources for other basic needs (Bell, Costa, and Mackin 2022; Rauscher, Mellon, and Loeb 2024).

However, there are also compelling reasons to doubt that the current structure of public investment effectively narrows hardship gaps. Three dynamics are particularly relevant. First, the American welfare state has shifted substantially over recent decades toward conditioning benefits on employment. Virtually all growth in government cash transfers to children since 1990 has been targeted at families with earnings, alongside a small decline in support for children without working parents (Hoynes and Schanzenbach 2018; Jackson and Fanelli 2023). This trajectory is likely to accelerate following the passage of the 2025 federal reconciliation package, which increased work requirements and reduced benefits for Medicaid and SNAP. As a result, the poorest families—those most likely to experience material hardship—are increasingly excluded from the programs that are growing most rapidly.

Second, administrative barriers to program access have created what scholars describe as "administrative disadvantage," in which racially minoritized and the lowest-income families face disproportionate obstacles to enrollment and retention in safety net programs (Brodkin and Majmundar 2010; Fox, Feng, and Reynolds 2023; Herd and Moynihan 2019; Linos et al. 2022). Benefits cliffs—where slight increases in income trigger loss of eligibility—further complicate the relationship between public spending and hardship reduction (Institute for Research on Poverty 2019).

Third, a substantial share of public investment in children flows through universal programs, most notably K-12 education, whose benefits extend across the income spectrum rather than concentrating on families with the greatest needs. Similarly, programs such as CHIP and the School Lunch Program serve families well above standard poverty thresholds, and community-level improvements associated with public health and infrastructure spending have broad-reaching benefits that do not necessarily narrow income-based disparities (Currie and Gruber 2001; Finkelstein 2007; Sommers. Gawande, and Baicker 2017).

Taken together, these dynamics create genuine uncertainty about the distributional effects of state-level public investment. More generous spending may reduce hardship across the board without narrowing gaps, or may disproportionately benefit families who are better positioned to navigate program requirements and access benefits. The question of whether public investment reduces disparities in material hardship is therefore not merely empirical but speaks to a fundamental tension in how the American welfare state is structured.

The Present Study

We conceptualize state-level government expenditures on children—drawing on federal, state, and local sources—as a comprehensive measure of the resource environment in which families raise children. This approach captures the reality that economic well-being is shaped not by any single program but by the combined effects of the multiple forms of public support available to families in a given state. Using novel data on public investments in children across states, linked

to household-level data on hardship from the SIPP (2013–2019), we address two research questions:

1. Are state-level public investments in children associated with material hardship? We expect greater levels of investment to be associated with reduced food insecurity, housing hardship, and utility hardship.
2. Does household poverty status moderate the association between state-level public investments in children and material hardship? We expect public investments to be more strongly associated with reductions in hardship among households with fewer resources, and therefore with narrower income-based disparities in the ability of families to meet basic daily needs.

By examining the relationship between total public investment and material hardship—rather than isolating individual programs—this study provides a more comprehensive assessment of whether and for whom government spending improves the daily material conditions of families with children.

Methods

Data Sources

Data on state spending on children. We use a recently extended version of the State-by-State Spending on Kids Dataset to capture state-level investments in children across years (Isaacs, Lauderback, and Greenberg 2020). These data capture public spending in states from federal, state, and local sources from 1998 to 2022 (in 2019 dollars). Because our analysis examines changes in material hardship before the COVID-19 pandemic (2013–2019) in relation to the previous year's spending levels, we use spending data from 2012 to 2018. Previous research with these data demonstrates that public investments in children vary strikingly across states, and that levels of public spending are associated with household expenditures, maternal time use, infant health, and household resources (Jackson et al. 2022; Jackson, Song, and Kalil 2024).

The data include all 50 states and the District of Columbia, drawing on multiple sources. The data contain per child spending at the state-year level in *education*, *income support* (cash/near cash that goes to families and supports spending on basic needs), *health*, and *other* spending (e.g., housing, libraries, and parks). Education spending includes spending on pre-K-12 education, Head Start, higher education, Pell Grants, education subsidies, and education services.[1] Income support spending includes spending on TANF cash assistance, other cash assistance, SNAP, Social Security (total payments to children via retirement, survivor, and disability benefits), Supplemental Security Income (SSI) payments to children, EITC, CTC, additional tax credits, workers' compensation, and unemployment insurance. Health spending includes the child portion of Medicaid, CHIP, and public health and residual spending. Other spending includes housing and community development, libraries, and parks and recreation.

Discretionary (vs. mandatory) federal programs and state and local spending, which vary considerably by geography and over time, constitute the majority of

public investments in children (Greenberg et al. 2021; Lou et al. 2022; Macomber et al. 2009). Some types of safety net spending on children are determined at the federal level, with eligibility and benefits consistent across geography (e.g., the EITC, the CTC, or Head Start), but participation may be higher in some areas than others depending on information, administrative application or recertification procedures, or stigmatized perceptions of public assistance (Herd and Moynihan 2019). States bear primary responsibility for K-12 (the largest public expenditure on children with the broadest reach) and higher education (Isaacs and Edelstein 2017). States also administer several federal programs, including Medicaid, SNAP, and child care subsidies, with varying levels of state control. For example, although benefit levels for SNAP are set federally, states determine application procedures, recertification timelines, and whether to use Broad-Based Categorical Eligibility (BBCE),[2] each of which affects program participation and reach (Miller and Morrissey 2021; Pukelis 2025; Rosenbaum 2019). Other social welfare programs operate as state-federal partnerships, such as Medicaid, TANF, and the Child Care Development Fund (CCDF, which funds child care subsidies), and states determine eligibility thresholds, application requirements, as well as benefit levels. Notably, Medicaid and SNAP constitute two of the three largest social safety net programs by participation and spending (Macartney and Ghertner 2023). Several states expand children's programming or offer additional benefits such as targeted or universal preschool, paid family and medical leave programs, and state-level EITCs (National Partnership for Women and Families 2023; NBER 2016), adding to geographic and time variability in public investments.

States vary widely in the size of their expenditures on children. In 2016, for example, the highest-spending state (e.g., Vermont, at $46,700/child) spent 2.5 times more per child on a bundle of parent- and child-focused programs than the lowest-spending state (e.g., Utah, at $18,800/child) (Greenberg et al. 2021). This large degree of state variation in expenditures translates into equally large differences across states in the package of benefits available to households (Schmidt, Shore-Sheppard, and Watson 2023). Data from the State Safety Net Database demonstrate that the poorest demographic of families (single mothers with a high school degree and two young children) are eligible for around $7,000 (in 2016 dollars) in food and cash benefits in the least generous states, as compared to more than $10,000 in benefits in the most generous states (Schmidt et al. 2023).

Data on material hardship. The SIPP is a nationally representative survey of households conducted by the U.S. Census Bureau and provides a large sample of the U.S. population, with an oversample of low-income households. Because the SIPP underwent a major redesign in 2014—including changes to the survey modules on household material hardship—we restrict our analysis to post-redesign data for consistency. To focus on the pre-COVID period, we use data from the 2014, 2018, and 2020 panels of the SIPP, which cover the reference years from 2013 through 2019. This period, couched between the higher public spending and stimulus packages during the Great Recession and the COVID-19 pandemic, is more representative of U.S. public spending patterns historically and likely into the future. The SIPP provides comprehensive data on income, government program

participation, household composition, and demographic characteristics, and is one of relatively few surveys that collect information on experiences with various kinds of material hardship. We use households, or more specifically householders,[3] as the unit of analysis, as hardships are reported for the household as a whole by the householder. We restrict our sample to households with at least one child less than age 18. The final analytic sample size is 42,436.

The SIPP collects information on whether households had difficulty meeting their essential household expenses during the reference year. Our material hardship outcomes include food, housing, and utility hardship. Food hardship is a binary measure of whether households had low or very low food security, as opposed to high or marginal food security. This is measured with the U.S. Department of Agriculture (USDA)'s six-item U.S. Food Security Survey Module (USDA 2024). Housing hardship is a binary measure indicating whether households had any time during the reference year when they did not pay the full amount of the rent or mortgage. Utility hardship is a binary measure indicating whether households were unable to pay their utility bills (gas, oil, or electricity) at any time during the reference year.

Other household-level measures. We examine differences in the association between state-level spending and material hardship by poverty status using the Supplemental Poverty Measure (SPM). The SPM is widely thought to be a more robust measure of income poverty than the Census Bureau's official measure (Fox et al. 2015; NASEM 2023; Shrider 2024), particularly in that it captures a wider variety of sources of household resources (income net of certain expenditures) that are not counted in the official measure, such as those coming from tax credits (e.g., the EITC and the Child Tax Credit) and in-kind programs (e.g., SNAP and housing subsidies). To construct the SPM in the data, we follow the procedures outlined in Hamilton et al. (2023). The SPM includes all pretax cash income, adds the value of in-kind benefits and refundable tax credits, and subtracts from resources income and payroll taxes paid, medical out-of-pocket expenses, and out-of-pocket work and child care expenses. Since the SIPP contains monthly information on many of these components, the SPM is first created in each month for the household members that are present in those months. An annual SPM is then derived by summing monthly household income and poverty thresholds. Because household members can exit and enter at different parts of the year, we calculate an annual SPM for the householder identified in the SIPP, typically the person who holds the lease or mortgage on the household. See Hamilton et al. (2023) for additional details on the SPM measure calculated in the SIPP.

Finally, we measure several other householder characteristics, including age (18–29, 30–39, 40–49, 50–64, 65, and above), race/ethnicity (non-Hispanic White, non-Hispanic Black, Hispanic, and non-Hispanic other), citizenship/immigration status (citizen, immigrant – permanent resident, and immigrant–other), education level (less than high school, high school graduation, some college or associate degree, bachelor's degree, and above), marital status (married, cohabiting, and single), employment status (full-time employed full reference year, full-time employed part year or part-time employed, unemployed more than half year, and not in labor

force full year), metro area status (metropolitan area and non-metropolitan area), presence and/or number of additional household members by age (number of adults, number of children less than age 18, presence of person aged 65, and above) and disability status (presence of person with any disability).

State-level covariates. We account for factors that may co-vary with the amount of state spending on children, drawing on data from the University of Kentucky Center for Poverty Research's (UKCPR) National Welfare Database (UKCPR 2025), the Current Population Survey (CPS), and the Bureau of Labor Statistics (BLS) to construct a number of state-year measures. Given that state-level spending increases as economic need increases during periods of economic downturn, we control for annual state unemployment and poverty rates. We also measure the prevailing minimum wage as an indicator of broader state support. We measure states' governance structures with a variable indicating whether the governor is a Democrat, as prior research shows that Republican control is negatively associated with safety net generosity (Barrilleaux, Holbrook, and Langer 2002; Hardy, Davis, and Samudra 2019; Soss, Fording, and Schram 2011). Finally, we account for state demographic composition with the share of the population without a college degree, that is Black, non-Hispanic, and Hispanic because prior literature connects demographic composition with spending generosity (Alesina, Glaeser, and Sacerdote 2001; Hardy et al. 2019).

Analytic Strategy

We use a combination of multivariate descriptive and two-way fixed effects (FE) approaches to examine the association between state spending and material hardship. The FE specification is particularly well-suited to our study design, as both state spending and material hardship may reflect unobserved, time-invariant state characteristics—such as political culture, entrenched policy preferences, or structural labor market conditions—that could confound a naive cross-sectional comparison. State fixed effects absorb these time-invariant differences, isolating within-state variation in spending over time, while year fixed effects account for aggregate shocks common to all states in a given year, such as macroeconomic fluctuations or shifts in federal policy.

We examine the relationship between state-year spending—lagged one year prior to the reference year—and material hardship in the reference year. The one-year lag accounts for the time that it may take for public expenditures to translate into household resources and subsequent hardship experiences. In sensitivity analyses, we also test models without such a lag. We estimate linear probability models to predict material hardship in reference years 2013–2019:

$$Y_{ist} = \beta_0 + \beta_1\, STSPEND_{s,t-1} + X_{ist}^{'}\alpha + Z_{st}^{'}\gamma + \mu_s + \theta_t + \varepsilon_{ist}, \quad (1)$$

where Y_{ist} represents each measure of material hardship (food, housing, and utility) for householder i in state s at year t. *STSPEND* represents the key predictor of interest, state-level spending in $1,000 (total or specific categories) in the prior year in the state where the child resides. X_{ist} is a vector of individual and household covariates,

including householder characteristics (age, race/ethnicity, citizenship/immigration status, education level, marital status, and employment status) and household characteristics (region, metro area status, presence and/or number of additional household members by age, and disability status). μ_s and θ_t represent the state and year fixed effects, respectively. We also include state-level, time-varying covariates, Z_{st}, as described above. In all models, we cluster standard errors at the household level. With this specification, the estimated association between state spending and material hardship is identified from within-state changes in spending over time, net of national trends and observed covariates.

Our primary research question is whether state public investment may reduce inequality in material hardship by being more effective for lower-income families. To assess this, we extend Equation (1) to include interactions between state spending and the household poverty categories. Specifically, we interact state spending with indicators for households with income below 100 percent of the SPM threshold and between 100 percent and 200 percent of the threshold, with households above 200 percent serving as the reference category:

$$Y_{ist} = \beta_0 + \beta_1\, STSPEND_{s,t-1} + \sum_k \lambda_k\, SPM_{kit} + \sum_k \delta_k\, (STSPEND_{s,t-1} \times SPM_{kit}) + X_{ist}^{'}\alpha + Z_{st}^{'}\gamma + \mu_s + \theta_t + \varepsilon_{ist}. \quad (2)$$

Robustness Checks

We conduct a series of robustness checks to assess the sensitivity of our findings to alternative specifications of state-year spending and SPM poverty status. First, we estimate models using contemporaneous measures of state-year spending, predicting current-year material hardship from spending in the same year rather than the lagged measure used in the main analyses. Second, we estimate an alternative specification that uses households' prior-year SPM poverty status instead of contemporaneous SPM status. This approach addresses the concern that state spending may be associated with subsequent changes in households' SPM poverty status. To construct prior-year SPM status, we leverage the longitudinal structure of the SIPP. Because the first wave of each SIPP panel does not include income information from the previous year, these models exclude first-wave observations and therefore rely on a reduced analytic sample (N = 19,887). We present the results in Appendix B of the online supplement.

Results

Descriptive Results

Table 1 summarizes state-year per child total and domain-specific spending on children among our analytic sample. Our analytic sample lives in state-years that allocated an average of $30,700 in total investments per child during our study period (SD = $7,400, in 2019 dollars), ranging from $18,000 to $79,700 per child, with the 5th and 95th percentiles at $22,200 and $47,000. Figure 1 shows the percentage

Table 1: Summary of State-Year Spending on Children, SIPP Analytic Sample (in thousands).

	Mean	SD	Min.	Max.	5th	25th	50th	75th	95th
Total spending	30.7	7.4	18.0	79.7	22.2	25.5	29.3	34.3	47.0
Education total	12.0	2.9	7.2	22.8	8.7	10	11.4	13.1	19.1
Education-children	8.7	2.8	4.7	21.6	6.2	6.8	7.8	9.4	15.6
Income security total	5.6	1.3	3.2	19.7	4.1	4.6	5.4	6.6	7.7
Cash and in-kind transfers	3.6	1.4	1.5	17.5	2	2.3	3.3	4.5	5.6
Tax credits	2.1	0.4	1.3	3.3	1.5	1.7	1.9	2.3	2.8
Health total	11.7	3.7	2.4	33.1	7.3	8.9	10.9	13.8	18.7
Other total	1.4	0.6	0.6	11.5	0.7	1.0	1.3	1.7	2.1

Note: Data from the Survey of Income and Program Participation 2013–2019 and State-by-State Spending on Kids Dataset 2012–2018 in 2019 dollars. Sample restricted to households with at least one child less than age 18. Estimates are weighted using SIPP December householder weights.

change in per child spending for each state from 2012 to 2018, demonstrating a key component of our study design—variation in state spending over time. Figure 1A shows changes in total spending, whereas Figures 1B to 1F show changes by spending category: education, cash and in-kind transfers, tax credits, health, and other spending. States are shaded according to quintiles of percentage change within each category, highlighting substantial cross-state variation in changes in public investment over time and across spending types. Overall, total spending, education spending, tax credit spending, and health spending generally increased across states, whereas spending on cash and in-kind transfers declined in nearly all states. Appendix A of the online supplement provides figures showing the percentage changes in total spending and each spending category from 2012 to 2018 in greater detail by each state.

Table 2 presents descriptive characteristics of our analytic sample, weighted to reflect the national population of households with at least one child less than age 18. More than half of householders are White (55.7 percent), followed by Latino (21.4 percent), Black (13.9 percent), and other racial/ethnic groups (8.9 percent). About 17 percent of households have incomes below 100 percent of the SPM threshold, 33.8 percent fall into near poverty (100–200 percent of the threshold), whereas roughly half of households have incomes above 200 percent of the threshold.

Table 3 shows summary statistics for material hardship among households with children. Overall, 12.8 percent of households experience food insecurity, 7.8 percent housing hardship, and 11.2 percent utility hardship. However, these hardships are highly unequal across income groups. Among the poorest households (below 100 percent of the SPM threshold), 24.7 percent experience food insecurity, 14.1 percent housing hardship, and 20.9 percent utility hardship—nearly double the rates in the full sample. In contrast, only about 4–5 percent of households above 200 percent of the SPM threshold experience these hardships. These disparities motivate our analysis of whether state public investments help reduce hardship, particularly among the lowest-income families.

Figure 1A. Total spending

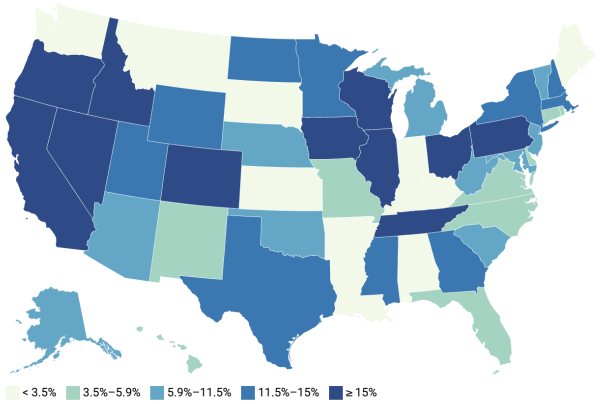


Figure 1B. Education spending

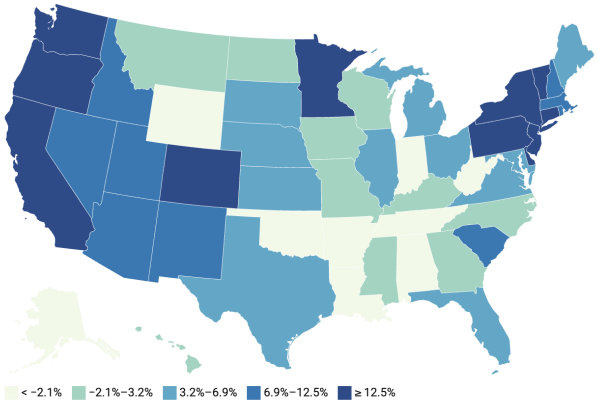


Figure 1C. Cash and in-kind transfers spending

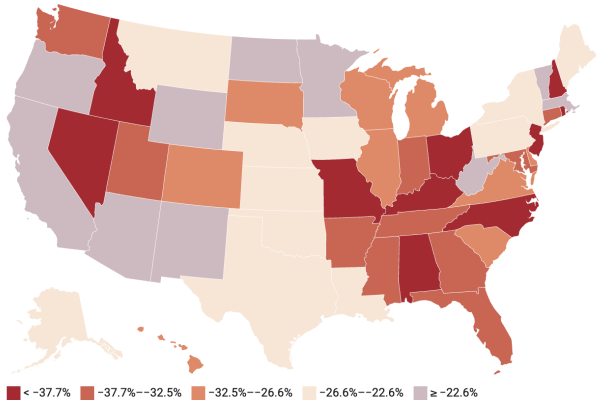


Figure 1D. Tax credit spending

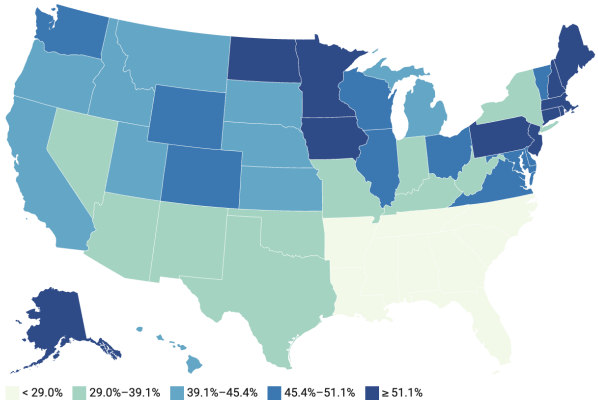


Figure 1E. Health spending

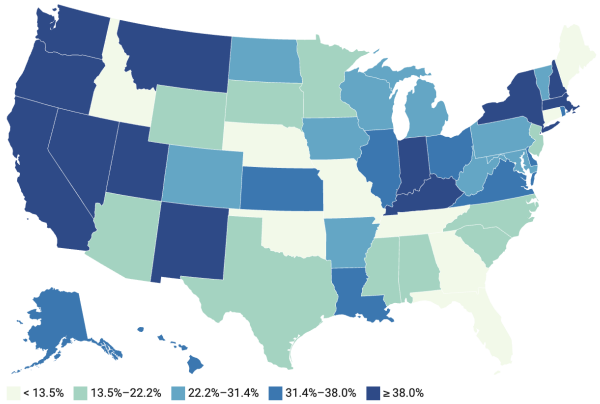


Figure 1F. Other spending

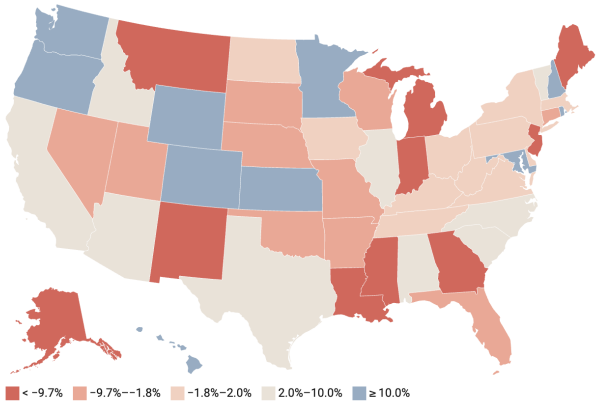


Figure 1: Percentage change in State Spending/Child, 2012–2018: (*A*) total spending, (*B*) education spending, (*C*) cash and in-kind transfers spending, (*D*) tax credit spending, (*E*) Health spending, and (*F*) other spending. *Note*: Data from State-by-State Spending on Kids Dataset 2012–2018 in 2019 dollars. The percentage change reflects the variation in spending between 2012 and 2018, calculated as a proportion of 2012 spending. Legend categories correspond to quintiles of the distribution of percentage change across states within each spending category; cutoffs therefore differ across panels.

Table 2: Summary Statistics of Sample, SIPP 2013–2019.

	Mean (SD)/Percent
Age of householder	
18–29	12.0
30–39	33.6
40–49	33.5
50–64	17.9
65 and above	3.0
Race and ethnicity of householder	
White	55.7
Black	13.9
Latino	21.4
Other	8.9
Education level of householder	
Less than high school	11.2
High school graduation	23.6
Some college or associate degree	28.9
Bachelor's degree and above	36.2
Household type	
Married	63.6
Cohabiting	8.3
Single	28.1
Employment status of householder	
Full-time, employed full year	56.1
Full-time, part year, or part-time employed	26.2
Unemployed more than half year	2.0
Not in labor force, full year	15.6
Metropolitan area	80.7
Number of adults	2.1 (0.8)
Number of children less than age 18	1.9 (1.0)
Presence of persons aged 65 and above	6.5
Presence of person with any disability	32.7
Citizenship/immigration status of householder	
Citizen	77.7
Immigrant-permanent resident	13.1
Immigrant-other	9.2
SPM poverty status	
Less than 100% of threshold	16.9
100–200% of threshold	33.8
Above 200% of threshold	49.3
N	42,436

Note: Data from the Survey of Income and Program Participation 2013–2019. Sample restricted to households with at least one child less than age 18. Estimates include SIPP December householder weights.

Table 3: Rates of Household Material Hardship.

		SPM Poverty Status		
	Overall	Below 100%	100–200%	Above 200%
Food hardship	12.8%	24.7%	19.2%	4.6%
Housing hardship	7.8%	14.1%	10.8%	3.8%
Utility hardship	11.2%	20.9%	15.4%	5.2%
N	42,436	6,739	16,219	19,478

Note: Data from the Survey of Income and Program Participation 2013–2019. Sample restricted to households with at least one child less than age 18. Estimates are weighted using SIPP December householder weights.

Regression Results

Table 4 shows the association between total state-level public spending and each measure of material hardship among all households with children, both without (columns 1–3) and with (columns 4–6) controls for household SPM status. In both models, an additional $1,000 in total spending per child is associated with a statistically significant reduction in housing and utility hardship of 0.3 percentage points and 0.4 percentage points, respectively. Given the average rate of housing and utility hardship of 7.8 percent and 11.2 percent, these changes correspond to decreases of 3.8 percent and 3.6 percent, respectively. Although total spending is also associated with a similar 0.2 percentage point decrease in food hardship, this estimate is not statistically significant. These findings suggest that state investments in children are associated with reduced material hardship, even among households with similar post-transfer resources (as measured by the SPM). The persistence of these associations conditional on SPM status suggests that the relationship between public spending and material well-being extends beyond its association with measured income.

Our primary question is whether public spending matters more for families with the greatest economic need, thereby narrowing inequality in material hardship. Table 5 examines variation in the association between total state spending and hardship by categories of SPM poverty status. The "total spending" coefficient reflects the association for the highest income group (above 200 percent of the SPM threshold), whereas the interaction terms indicate the additional associations for families below 100 percent and between 100–200 percent of the SPM threshold, relative to the highest income group. Consistent with expectations, the associations between public investments in children and hardship are strongest among the poorest households. Among households with SPM resources of more than 200 percent of the poverty line, each additional $1,000 in spending is associated with a 0.3 percentage point reduction in housing hardship, a 0.4 percentage point reduction in the rate of utility hardship, and a statistically insignificant 0.1 percentage point reduction in the rate of food insecurity.

Among households with SPM poverty ratios of less than 100 percent, however, the reduction in hardship is large and statistically meaningful. Each $1,000 in total spending is associated with an additional reduction in the rate of food insecurity of 0.3 percentage points, housing hardship of 0.2 percentage points, and utility

Table 4: Association between Total Child Spending and Material Hardship by Type.

Hardship:	(1) Food	(2) Housing	(3) Utility	(4) Food	(5) Housing	(6) Utility
Mean	0.128	0.078	0.112	0.128	0.078	0.112
Total spending	–0.002	–0.003**	–0.004*	–0.002	–0.003**	–0.004*
	(0.002)	(0.001)	(0.002)	(0.002)	(0.001)	(0.002)
<100% SPM				0.105**	0.064**	0.087**
				(0.007)	(0.005)	(0.006)
100–200% SPM				0.085**	0.043**	0.059**
				(0.004)	(0.003)	(0.004)
SPM control				Y	Y	Y
Observations	42,436	42,436	42,436	42,436	42,436	42,436
R-squared	0.110	0.043	0.079	0.121	0.049	0.087

Note: Data from SIPP 2013–2019 and State-by-State Spending on Kids Dataset 2012–2018. Sample restricted to householders with at least one child less than age 18. Demographic controls include the age, race and ethnicity, education level, household type, employment status, metropolitan area, and citizenship and immigrant status of the householder, as well as the number of adults and children, the presence of persons aged 65 and older, and the presence of a disabled person in the household. Total spending on children is scaled to $1,000 increments. Standard errors are clustered at the household level.
$^{*}p < 0.05$, $^{**}p < 0.01$.

Table 5: Association between Total Spending and Hardships: Variation by Poverty Status.

Hardship	(1) Food	(2) Housing	(3) Utility
Total spending	–0.001	–0.003*	–0.004*
	(0.002)	(0.001)	(0.002)
<100% SPM	0.183**	0.112**	0.158**
	(0.028)	(0.022)	(0.025)
100–200% SPM	0.103**	0.040**	0.058**
	(0.018)	(0.015)	(0.017)
<100% × Total spending	–0.003**	–0.002*	–0.002**
	(0.001)	(0.001)	(0.001)
100–200% × Total spending	–0.001	0.000	0.000
	(0.001)	(0.000)	(0.001)
Observations	42,436	42,436	42,436
R-squared	0.121	0.049	0.087

Note: Data from SIPP surveys 2013–2019 and State-by-State Spending on Kids Dataset 2012–2018. Sample restricted to householders with at least one child less than age 18. Demographic controls include the age, race and ethnicity, education level, household type, employment status, metropolitan area, and citizenship and immigrant status of the householder, as well as the number of adults and children, the presence of persons aged 65 and older, and the presence of a disabled person in the household. Total spending on children is scaled to $1,000 increments. The reference category is households with income at or above 200% of the SPM poverty threshold. Standard errors are clustered at the household level.
$^{*}p < 0.05$, $^{**}p < 0.01$.

hardship of 0.2 percentage points. For context, average total public spending on children in U.S. states during our study period is around $30,700 per child per year, with a standard deviation of $7,400 (see Table 1). A $7,400 increase in total spending, the equivalent of 1 SD, is associated with a decrease in the rate of food insecurity of 3 percentage points $[-(0.1 + 0.3) * 7.4 = -2.96]$, housing hardship of 3.7 percentage points, and utility hardship of 4.4 percentage points among the poorest families with children.

Figure 2 shows these findings by displaying predicted hardship rates across the distribution of total state spending for each SPM poverty category. The plotted range is restricted to the 5th through 95th percentiles of observed state-year spending ($22,200 to $47,000). Panel A shows that food insecurity is substantially lower at higher levels of total spending, particularly for the lowest-income families. Across this range, the predicted probability of food insecurity among the poorest families is about 10 percentage points lower at the upper end than at the lower end (13.2 percent vs. 23.3 percent), a difference that substantially narrows the gap with higher-income families. Similar patterns appear for housing and utility hardship: across the same range, predicted housing hardship is about 11.7 percentage points lower (4.0 percent vs. 15.7 percent) and predicted utility hardship about 14.7 percentage points lower (7.0 percent vs. 21.7 percent). These differences are larger than those observed in the higher-income groups (Table 5) and correspond to meaningfully smaller disparities in hardship between poorer and more economically advantaged households with children.

Variation across Types of Public Spending

Beyond total spending, we examine whether the association between public spending and material hardship varies by type of spending. Table 6 shows the results by spending domain, estimating separate models for education, cash assistance, tax credits, health, and other spending (largely housing and community development). Because each domain is entered in its own model and spending categories are correlated across states, a single-domain coefficient may partly absorb the influence of correlated investment in other domains; we therefore interpret these estimates as suggestive of where associations are concentrated rather than as isolating the independent contribution of any one category. As in Table 5, we include interactions between each spending category and SPM poverty status to assess how these associations differ across income groups. Although results vary somewhat across hardship types, several consistent patterns emerge. First, total education spending is associated with reductions in food hardship (0.9 percentage points) and utility hardship (1.2 percentage points) among households with SPM poverty ratios less than 100 percent. Second, health-related spending is strongly associated with reductions in all types of hardships among these lowest-income households. Each $1,000 in health spending is associated with a reduction in the rate of food insecurity of 0.6 percentage points, housing hardship of 0.5 percentage points, and utility hardship of 0.7 percentage points. These findings suggest that even in-kind public investments—for example, K-12 education and health insurance—may be associated with meaningful improvements in household economic well-being.

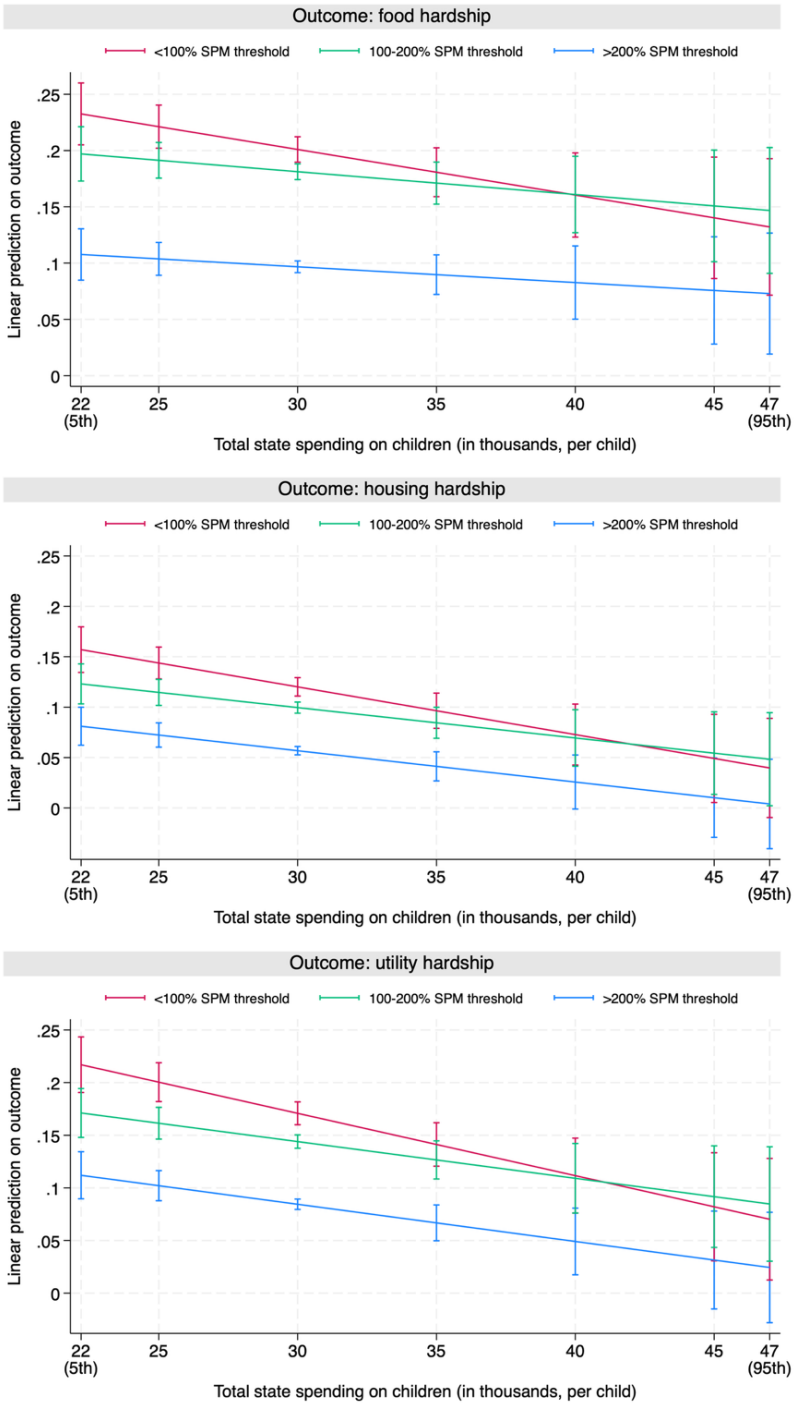


Figure 2: Marginal plot of association between total child spending and hardships by SPM poverty status: (*A*) food hardship, (*B*) housing hardship, and (*C*) utility hardship. *Note*: Predicted probabilities from the models reported in Table 5, showing the predicted proportion experiencing each type of hardship for each SPM poverty category (below 100 percent, 100–200 percent, and above 200 percent of the SPM threshold) across the range of total state spending. The plotted range spans the 5th to 95th percentiles of observed state-year spending ($22,200 to $47,000; see Table 1). Capped bars are 95 percent confidence intervals.

Table 6: Association between Hardships and Spending on Specific Domains: Moderation by SPM Poverty Status.

Spending Domain	(1) Education	(2) Cash/In-Kind	(3) Tax Credits	(4) Health	(5) Other
			Panel A: Food hardship		
Spending	–0.001	0.004	-0.004	–0.001	–0.007
	(0.004)	(0.005)	(0.033)	(0.002)	(0.016)
Less than 100% SPM	0.195**	0.119**	0.122**	0.161**	0.136**
	(0.027)	(0.018)	(0.031)	(0.020)	(0.016)
100–200% SPM	0.087**	0.076**	0.144**	0.117**	0.082**
	(0.018)	(0.011)	(0.019)	(0.013)	(0.011)
Spending	–0.008**	–0.004	–0.008	–0.005**	–0.024*
× Less than 100%	(0.002)	(0.005)	(0.015)	(0.002)	(0.011)
Spending	–0.000	0.003	–0.029**	–0.003**	0.002
× 100–200%	(0.002)	(0.003)	(0.009)	(0.001)	(0.007)
Observations	42,436	42,436	42,436	42,436	42,436
R-squared	0.122	0.121	0.121	0.122	0.121
			Panel B: Housing hardship		
Spending	–0.005	0.007	0.041	–0.002	–0.014
	(0.003)	(0.004)	(0.026)	(0.001)	(0.014)
Less than 100% SPM	0.098**	0.052**	0.131**	0.103**	0.071**
	(0.022)	(0.014)	(0.025)	(0.016)	(0.013)
100–200% SPM	0.031*	0.036**	0.059**	0.046**	0.045**
	(0.015)	(0.009)	(0.016)	(0.010)	(0.008)
Spending	–0.003	0.004	–0.032**	–0.003**	–0.005
× Less than 100%	(0.002)	(0.004)	(0.012)	(0.001)	(0.009)
Spending	0.001	0.002	–0.008	–0.000	–0.002
× 100–200%	(0.001)	(0.002)	(0.007)	(0.001)	(0.006)
Observations	42,436	42,436	42,436	42,436	42,436
R-squared	0.049	0.049	0.049	0.049	0.049
			Panel C: Utility hardship		
Spending	–0.007*	0.005	0.033	–0.001	–0.009
	(0.004)	(0.005)	(0.032)	(0.002)	(0.016)
Less than 100% SPM	0.145**	0.066**	0.189**	0.153**	0.121**
	(0.025)	(0.016)	(0.030)	(0.018)	(0.015)
100–200% SPM	0.031	0.027**	0.141**	0.084**	0.067**
	(0.017)	(0.010)	(0.018)	(0.012)	(0.009)
Spending	–0.005*	0.006	–0.049**	–0.006**	–0.026*
× Less than 100%	(0.002)	(0.004)	(0.014)	(0.001)	(0.010)
Spending	0.002	0.009**	–0.039**	–0.002*	–0.006
× 100–200%	(0.001)	(0.003)	(0.008)	(0.001)	(0.007)
Observations	42,436	42,436	42,436	42,436	42,436
R-squared	0.087	0.087	0.087	0.087	0.087

Note: Data from SIPP surveys 2013–2019 and State-by-State Spending on Kids Dataset 2012–2018. Sample restricted to householders with at least one child less than age 18. Demographic controls include the age, race and ethnicity, education level, household type, employment status, metropolitan area, and citizenship and immigrant status of the householder, as well as the number of adults and children, the presence of a person aged 65 and older, and the presence of a disabled person in the household. Spending is scaled to $1,000 increments. All models include the interaction between each spending category and poverty status measured by SPM (reference group: above 200 percent of SPM). Standard errors are clustered at the household level. $^{*}p < 0.05$, $^{**}p < 0.01$.

Third, turning to income-support programs, spending on tax credits is associated with reductions in hardship among poor and near-poor families. For food hardship, tax credit spending is associated with a nonsignificant 1.2 percentage point reduction among the poorest households and a significant 3.3 percentage point reduction among households with incomes between 100 percent and 200 percent of the SPM threshold. This pattern is consistent with the design of tax credits, which primarily target low- to moderate-income families and provide larger benefits to households slightly above the poverty threshold with some earned income. Tax credit spending is also consistently associated with reductions in utility hardship. Each additional $1,000 in tax credit spending is associated with a 1.6 percentage point reduction in utility hardship among the poorest households and a 0.6 percentage point reduction among near-poverty households. Put differently, a one-standard deviation increase in tax credit spending ($400; Table 1) corresponds to a 0.64 percentage point reduction in utility hardship, or roughly a 3 percent decline among the poorest families. By contrast, tax credit spending is associated with a nonsignificant increase in housing hardship among the highest-income group, although the estimated increase is smaller among the lowest-income households.

Finally, there is little evidence that non-tax cash spending (e.g., TANF) is associated with reductions in our measures of hardship. Although this finding is perhaps surprising, it is consistent with recent evidence suggesting that cash spending programs are a diminishing part of the U.S. social safety net, as the safety net has restructured toward tax-based and employment-based forms of assistance, especially for families with children (Hoynes and Schanzenbach 2018; Moffitt 2015; Pac et al. 2017).

Robustness Checks

We conducted two additional robustness checks using alternative measures of state-year spending and SPM poverty status. Results, presented in Appendix B of the online supplement, are largely consistent with our main findings. Using contemporaneous rather than lagged state-year spending produces estimates that closely track those from the main specification (columns 1–3), suggesting that our findings are not sensitive to the timing of the spending measure. Results are also generally consistent when using households' prior-year SPM poverty status rather than contemporaneous status (columns 4–6). The moderating associations for housing and utility hardship remain similar in magnitude and statistically significant. The interaction for food insecurity among the poorest families, however, is somewhat more sensitive to this specification: the estimated association declines from -0.003 ($p < 0.01$) in the main model to -0.002 and is no longer statistically significant. This attenuation may partly reflect the smaller analytic sample required to construct prior-year SPM status (N = 19,887), although the greater sensitivity of the food insecurity estimate warrants some caution in interpreting this particular finding.

Placebo Test

We conduct a placebo test by estimating our main models among households *without* children. Because the state spending measures in our analysis are largely directed toward families with children, households without children should be less exposed to these expenditures, and we would therefore expect weaker associations between spending and hardship in this group. Results, presented in Appendix C of the online supplement, show that associations among households without children are substantially smaller than those among families with children, though not uniformly null. The coefficient for total spending is small in all three models and statistically significant only for housing hardship (-0.1 percentage points per \$1,000; $p < 0.05$). For housing and utility hardship, the combined association among the poorest households without children (below 100 percent of the SPM threshold) is roughly one-quarter the size of that among the poorest families with children. For food insecurity, however, the interactions between spending and SPM status are statistically significant for households below 100 percent and between 100 percent and 200 percent of the SPM threshold, and the combined association among the poorest households without children is about two-thirds the size of the corresponding estimate for families with children. This pattern may partly reflect that major food assistance programs, such as SNAP, are not restricted to families with children, so that households without children are not fully unexposed to the spending captured in our measure. Overall, the placebo results suggest that the associations we observe for housing and utility hardship are concentrated among families with children rather than reflecting a general relationship between state spending and hardship across households, whereas the food insecurity results should be interpreted with greater caution, as they may partly reflect broader state-level correlates of food hardship.

Discussion

Despite the breadth of public investment in American children—spanning cash transfers, tax credits, health insurance, and educational programming—we know surprisingly little about whether this combined resource environment reduces disparities in families' ability to meet basic daily needs. Existing research overwhelmingly evaluates individual programs and focuses on income or poverty as outcomes, leaving a critical gap: how does the full suite of public investments relate to material hardship, and for whom are benefits most pronounced? We address this question using novel state-level spending data that capture the comprehensive package of public resources available to families with children, linked to household-level measures of food insecurity, housing hardship, and utility hardship from the SIPP (2013–2019)—a period that reflects public investment levels characteristic of the United States both historically and, given current federal retrenchment, likely into the near future.

We find that higher public spending on child-related programming is associated with reductions in material hardships, with greater reductions among households below the supplemental poverty line. A \$7,400 increase in total spending (1 SD) is

associated with a decrease in the rate of food insecurity by 3 percentage points (12 percent, from the baseline of 24.7 percent for the lowest-income group), housing hardship by 3.7 percentage points (26 percent), and utility hardship by 4.4 percentage points (21 percent) among the poorest families with children. Comparing the 5th and 95th percentiles of observed state-year spending ($22,200 and $47,000 per child), predicted hardship among the poorest families is lower by roughly 40–75 percent across the three domains. In 2022, 17.3 percent of households with children–6.4 million–experienced food insecurity (Rabbitt et al. 2023), and a wealth of research connects food insecurity in childhood to poorer short- and long-term health and educational consequences (Gallegos et al. 2021; Gundersen and Ziliak 2015; Thomas, Miller, and Morrissey 2019). Likewise, smaller bodies of research link housing insecurity, economic precarity, and parent and child outcomes (Desmond and Gershenson 2016; Lee et al. 2021; Rodems and Shaefer 2020). Given the scope of material hardship among households with children, these findings add to the existing literature (e.g., Schmidt, Shore-Sheppard, and Watson 2016) suggesting that public spending on children may be associated with meaningful reductions in the degree of inequality in child development.

Importantly, analyses that consider variation in these associations by the type of spending demonstrate that the benefits of public spending for economically disadvantaged families may extend beyond income support: we find investments in health and education are also associated with reductions in material hardship. Although these estimates should be interpreted cautiously given the correlation across spending domains, these patterns suggest that broader public investments in families may support economic well-being through multiple channels. This finding is consistent with evidence that broadly focused investments in families have benefits for economic well-being. Investments in early childhood education programs or continued parental education via Pell Grants, for example, may reduce strain on household resources that would otherwise need to be spent on child care or university tuition. Similarly, generous investments in public health insurance may reduce the need to incur private spending and even debt related to health care needs (Hu et al. 2018; Jackson, Agbai and Rauscher 2021). These findings are timely given recent and proposed cuts to safety net programs and existing substantial disparities in public spending across age groups; recent analyses indicate that Americans 65 and older received about six times as much in federal spending as Americans less than age 26 (Lerman 2026).

Several limitations warrant consideration. The associations reported here are observational; although we conduct a placebo test and several sensitivity analyses to increase confidence in our results, it is possible that our measures of state-level spending are correlated with unobserved predictors of material hardship, or that there is reverse causality at play (e.g., families with higher levels of hardship are more likely to move to states that invest more in families with children). Despite these limitations, our use of recent, comprehensive state spending data merged with nationally representative survey data measuring multiple types of material hardships is a major strength of our study, and our findings shed light on how different policy choices may affect household functioning. In addition, the food insecurity associations appear less robust than those for housing and utility hardship: they

attenuate when using prior-year SPM status, and our placebo test shows a meaningful association among lower-income households without children, suggesting these estimates may partly reflect broader state-level correlates of food hardship.

Future research can build on these findings in several ways. Notably, it will be useful to examine expansions and retractions in public investments during the highly volatile period of the COVID-19 pandemic beginning in 2020, and the dramatic, temporary expansion and subsequent retraction of child-related public spending as pandemic relief. Prior research has connected individual pandemic-era public investments such as the expanded, refundable CTC (expanded from July to December 2021) and expanded SNAP benefits (Moellman, Vaughn, and Ziliak 2023; Parolin et al. 2023; Pilkauskas et al. 2024; Bitler and Schanzenbach 2025) to reductions in food insufficiency and food insecurity, but we have limited evidence on how the broad suite of pandemic relief funding (inclusive of tax credits, SNAP expansions, continuous Medicaid enrollment and higher insurance subsidies, stimulus payments, expansions in child care funding, and other benefits) affects the economic well-being of families with children.

In sum, our findings highlight the potentially important role of public investments for the material circumstances in the lives of children and families. Given the recent attention to affordability and the rising costs of daily necessities, from food to housing to energy, understanding how public dollars can be used to promote economic well-being has particular relevance to supporting young children and their parents.

Notes

1 Although the data do include spending on child care supports, this information is included in income support measures, and it is currently not possible to disaggregate spending on particular child care programs beyond Head Start and pre-K spending.

2 BBCE allows states to simplify SNAP eligibility by linking it to participation in certain non-cash assistance programs funded by TANF or state Maintenance of Effort (MOE) programs, enabling low-income households to qualify beyond traditional income and asset limits.

3 The Census Bureau defines a householder as one of the people in the household who holds the lease or mortgage on that household.

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