

Poverty In The United States: A Continuing And Growing Problem

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ABSTRACT

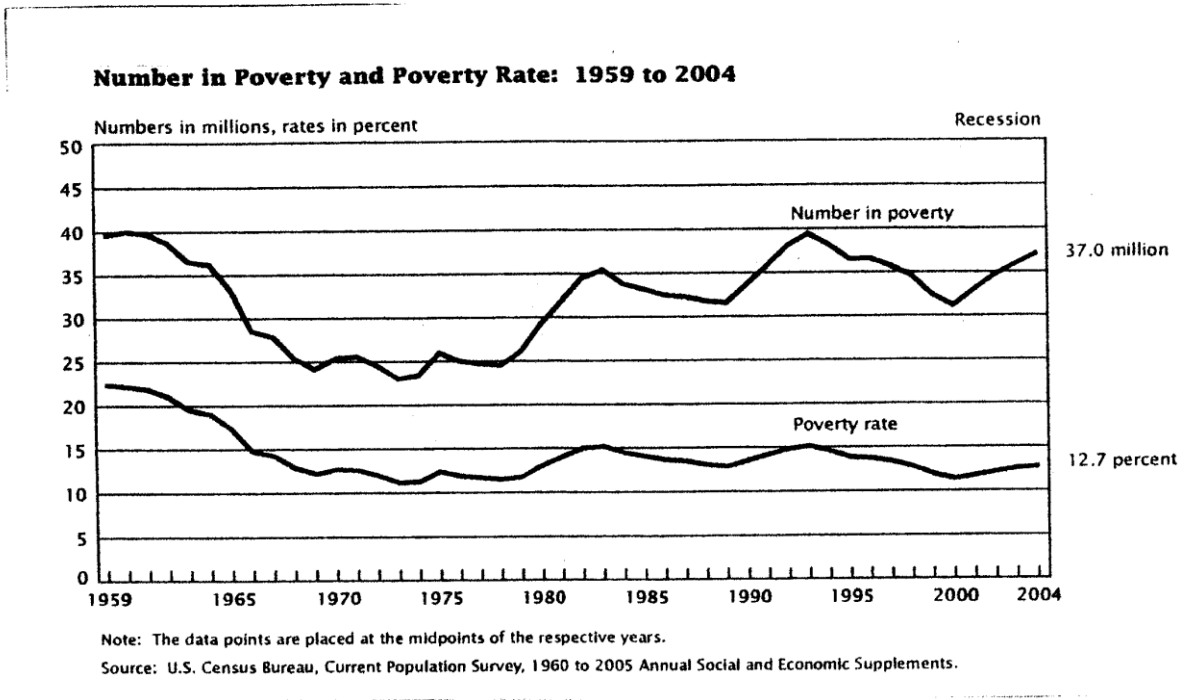
In recent years, the ability to deal with the problem of poverty in the US, in light of the new “Federalism,” is an area of interest to scholars. The poverty rate over the past 50 years has fluctuated from a high of 22.4% in 1959 to a low of 11.1% in 1973. Under George Bush’s presidency, we again see an increase in the poverty rate to 12.7% in 2004. This paper provides an overview of poverty data for the 21st century, by region, race and age. A discussion and comparison of median household income follows. Facts and figures are then provided/compared, tying in health care issues to income levels and citizenship/ethnicity. A brief introduction of the various attempts over the past years by the federal government to reduce the proportion of the American population that falls below the poverty line follows. This section merely provides a listing of programs designed to satisfy social and equity considerations. This paper does not provide the reader with the impact of these programs on the economy; a brief mention is provided to generate further thought and discussion. The paper concludes with a summary of key elements of the above issues. The sole purpose is to provide an overview of historical data as concerns poverty, median household income and health insurance coverage. The ability to deal with the problem of poverty in the U S, is left for another paper.

BACKGROUND

The United States (US) determines the official poverty rate using poverty thresholds issued by the Census bureau. These thresholds represent the minimal cash required to survive, broken down by thresholds for “various groups,” e.g. single individuals under 65 years, single individuals 65 years & older, etc. For example, in 2004, the poverty thresholds issued by the Census bureau for single persons under 65 years was \$9,827, for single persons 65 years and older, the threshold was \$9,060. (Compare this with real median household income during the same time period of \$44,389. See discussion of Real Median Household Income that follows.)

Over the last fifty years, the percentage of Americans with income below the poverty threshold (“poverty rate”) peaked in the late 1950’s at 22.4% or 39.5 million individuals (“number in poverty”). These figures declined steadily throughout the 1960’s and early 1970’s, reaching a low of 11.1% or 22.9 million in 1973. Over the next decade, the poverty rate began to rise again reaching 15.2% or 35.3 million in 1983. Throughout the years that followed, the rate stayed high and then began to decline reaching 11.3% in the year 2000. Since then it has risen slightly in each and every year reaching 12.7% in 2004. (See Figure 2 below.)

Figure 2



This paper provides the reader with statistical data of the US poverty rate and number in poverty focusing on facts and figures in the early twenty-first century, illustrating differences between the following characteristics: region, ethnicity and age - 65 years and older.

RECENT STATISTICAL DATA

A Comparison Of Poverty Rates Between 2003 And 2004

The official poverty rate in 2004 was 12.7% up from 12.5% in 2003. This represents an increase of 1.1 million people to a total of 37 million in 2004.

Regional Variations

A review of poverty by regions showed that the Midwest was the only region to show an increase in both the number in poverty and the poverty rate. In 2003 10.7% or 6.9 million people met the criteria; in 2004 the rate and number and rate had risen to 11.6% and 7.6 million respectively. The remaining three geographic areas remained unchanged between 2003 and 2004: Northeast – 11.6%, South – 14.1% (highest rate per region); and West. – 12.6%.

Ethnicity

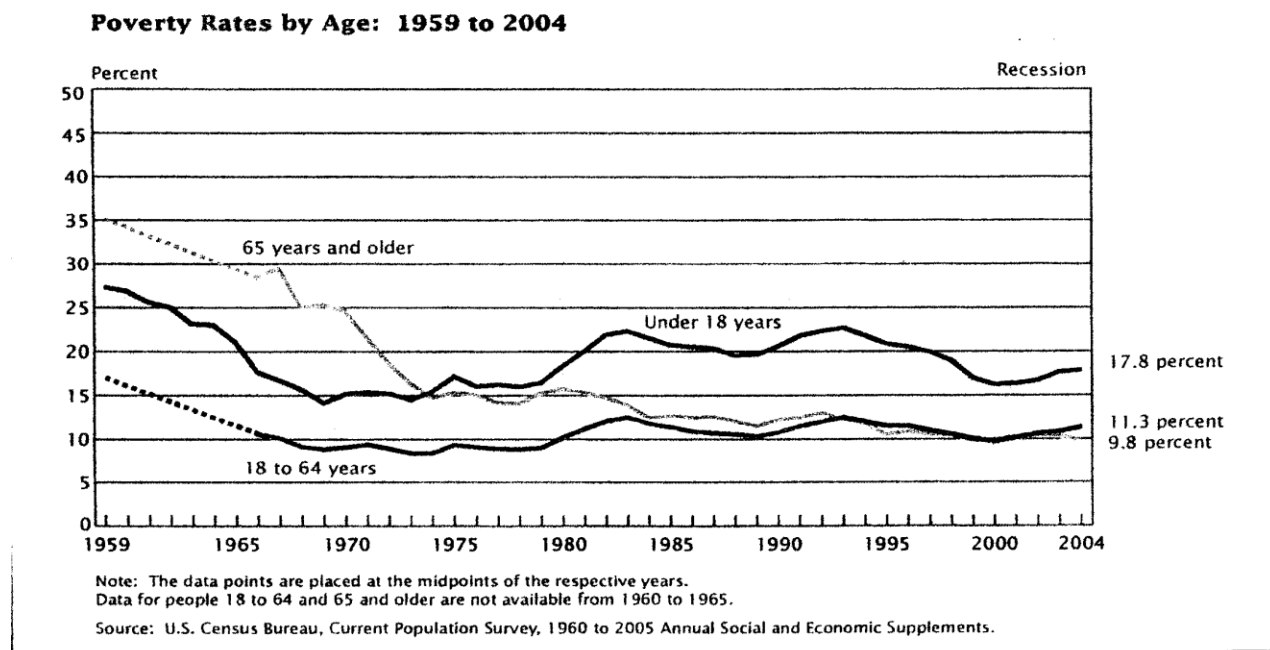
During this time period, poverty rates for Blacks and Hispanics exceeded the national average. In 2004 24.7% of Blacks and 21.9% of Hispanics were poor compared to 8.6% of Whites and 9.8% of Asians. While Whites were lower than for any racial grouping, both the poverty rate and the number in poverty increased between 2003 and 2004 from 8.2% and 15.9 million; to 8.6% and 16.9 million in 2004.

Age

Figure 3 presents data as to the age distribution of the poverty population. In 2004 both the poverty rate and the number in poverty for people, age 18 to 64 increased to 11.3% and 20.5 million, up from 10.8% and 19.4 million in 2003.

A surprising finding was that although the number of seniors aged 65 and older remained unchanged between 2003 and 2004 at 3.5 million, their poverty rate declined from 10.2% to 9.8% in 2004. This decline may have been due, in part, to the indexing of Social Security benefits.

Figure 3



Ratio Of Income To Poverty Levels

Table 1 presents the number and percentage of people within three ranges of “income to poverty ratios:” a) those below 50% of poverty; b) those at or above 50% but below 100% of poverty; and c) those at or above their threshold but below 125% of poverty.

In 2004 the number of people with income below one half of their poverty threshold was 15.6 million, unchanged from 2003. They represented 5.4% of the total population and 42.3% of the poverty population; both rates were unchanged from 2003. For those between 50% but at least 100% of their thresholds, their percentage and number increased from 7.2% and 20.6 million to 7.4% and 21.4 million between 2003 and 2004. For the last category, those at 125% of their threshold, the percentage and number remained unchanged in 2004 at 4.4% and 12.7 million from 2003.

For the 65 and older cohort, 2.6% were below 50 percent, compared with 5.4% for all people, while 7.2% were above 50 percent and below 100 percent of their thresholds compared to 7.4% for all people. Lastly, those in this cohort who were below 125% of poverty was 6.7% compared with 4.4 percent for all people.

Table 1

People With Income Below Specified Ratios of Their Poverty Thresholds by Selected Characteristics: 2004

(Numbers in thousands, confidence intervals (C.I.) in thousands or percentage points as appropriate. People as of March of the following year)

Characteristic	Total	Income-to-poverty ratio											
		Under 0.50 of poverty threshold				Between 0.50 and 1.00 of poverty threshold				Between 1.00 and 1.25 of poverty threshold			
		Number	90-percent C.I. ¹ (±)	Percentage	90-percent C.I. ¹ (±)	Number	90-percent C.I. ¹ (±)	Percentage	90-percent C.I. ¹ (±)	Number	90-percent C.I. ¹ (±)	Percentage	90-percent C.I. ¹ (±)
All people.....	290,805	15,637	480	5.4	0.2	21,260	532	7.4	0.2	12,669	418	4.4	0.1
Age													
Under 18 years.....	73,271	5,561	239	7.8	0.3	7,465	273	10.2	0.4	3,787	199	5.1	0.3
18 to 24 years.....	27,972	2,507	113	9.0	0.4	2,561	114	9.2	0.4	1,504	89	5.4	0.3
25 to 34 years.....	39,307	2,158	107	5.5	0.3	2,769	120	7.0	0.3	1,661	94	4.2	0.2
35 to 44 years.....	43,350	1,782	97	4.1	0.2	2,481	114	5.7	0.3	1,371	85	3.2	0.2
45 to 54 years.....	41,960	1,540	90	3.7	0.2	1,967	102	4.7	0.2	1,132	78	2.7	0.2
55 to 59 years.....	16,763	614	57	3.7	0.3	803	68	4.8	0.4	454	49	2.7	0.3
60 to 64 years.....	12,769	557	54	4.2	0.4	789	65	6.2	0.5	433	48	3.4	0.4
65 years and older.....	35,213	932	70	2.6	0.2	2,525	113	7.2	0.3	2,347	109	6.7	0.3
Race² and Hispanic Origin													
White.....	233,702	10,191	375	4.4	0.2	15,110	453	6.5	0.2	9,488	362	4.1	0.2
White, not Hispanic.....	195,054	7,172	316	3.7	0.2	9,698	368	5.0	0.2	6,308	297	3.2	0.2
Black.....	36,423	4,275	238	11.7	0.8	4,725	249	13.0	0.7	2,276	177	6.2	0.5
Asian.....	12,301	545	87	4.4	0.7	663	96	5.4	0.8	463	80	3.8	0.6
Hispanic origin (any race).....	41,668	3,290	208	7.9	0.5	5,842	268	14.0	0.6	3,416	212	8.2	0.5
Family Status													
In families.....	241,163	10,579	382	4.4	0.2	15,964	465	6.6	0.2	9,186	367	3.8	0.1
Householder.....	77,019	3,257	112	4.2	0.1	4,597	136	6.0	0.2	2,678	100	3.5	0.1
Related children under 18.....	72,164	5,183	231	7.2	0.3	7,277	270	10.1	0.4	3,722	198	5.2	0.3
Related children under 6.....	23,760	2,147	161	9.0	0.6	2,591	165	10.9	0.7	1,314	119	5.5	0.5
Unrelated subfamilies.....	1,255	336	69	26.7	4.7	234	58	18.7	4.2	59	29	4.7	2.3
Unrelated individual.....	48,198	4,722	138	9.8	0.2	5,142	145	10.7	0.3	3,423	116	7.1	0.2
Male.....	23,442	2,215	90	9.5	0.4	2,089	87	8.8	0.3	1,338	69	5.7	0.3
Female.....	24,756	2,507	97	10.1	0.4	3,073	108	12.4	0.4	2,085	87	8.4	0.3

¹ A 90-percent confidence interval is a measure of an estimate's variability. The larger the confidence interval in relation to the size of the estimate, the less reliable the estimate. For more information see, "Standard Errors and Their Use" at <www.census.gov/hhes/www/p60_229sa.pdf>.
² Federal surveys now give respondents the option of reporting more than one race. Therefore, two basic ways of defining a race group are possible. A group such as Asian may be defined as those who reported Asian and no other race (the race-alone or single-race concept) or as those who reported Asian regardless of whether they also reported another race (the race-alone-or-in-combination concept). This table shows data using the first approach (race alone). The use of the single-race population does not imply that it is the preferred method of presenting or analyzing data. The Census Bureau uses a variety of approaches. Information on people who reported more than one race, such as White and American Indian and Alaska Native or Asian and Black or African American, is available from Census 2000 through American FactFinder. About 2.6 percent of people reported more than one race in Census 2000.

Note: Details may not sum to totals because of rounding.

Source: U.S. Census Bureau, Current Population Survey, 2005 Annual Social and Economic Supplement.

REAL MEDIAN HOUSEHOLD INCOME

Median household income (MHI) can be defined as the middle value of how much people make or family income. Real median household income (RMHI) is household income adjusted for inflation. RMHI showed no change between 2003 and 2004 and was \$44,389 in 2004. (See Figure 1 below.) This was up by more than 30% compared to the 1967 figure, \$34,950. RMHI breakdown between the following ethnic groups is noted: Black households had the lowest RMHI - \$30,134; Hispanics - \$34,241; Whites - \$48,977; while Asians had the highest household income at \$57,518.

Figure 1

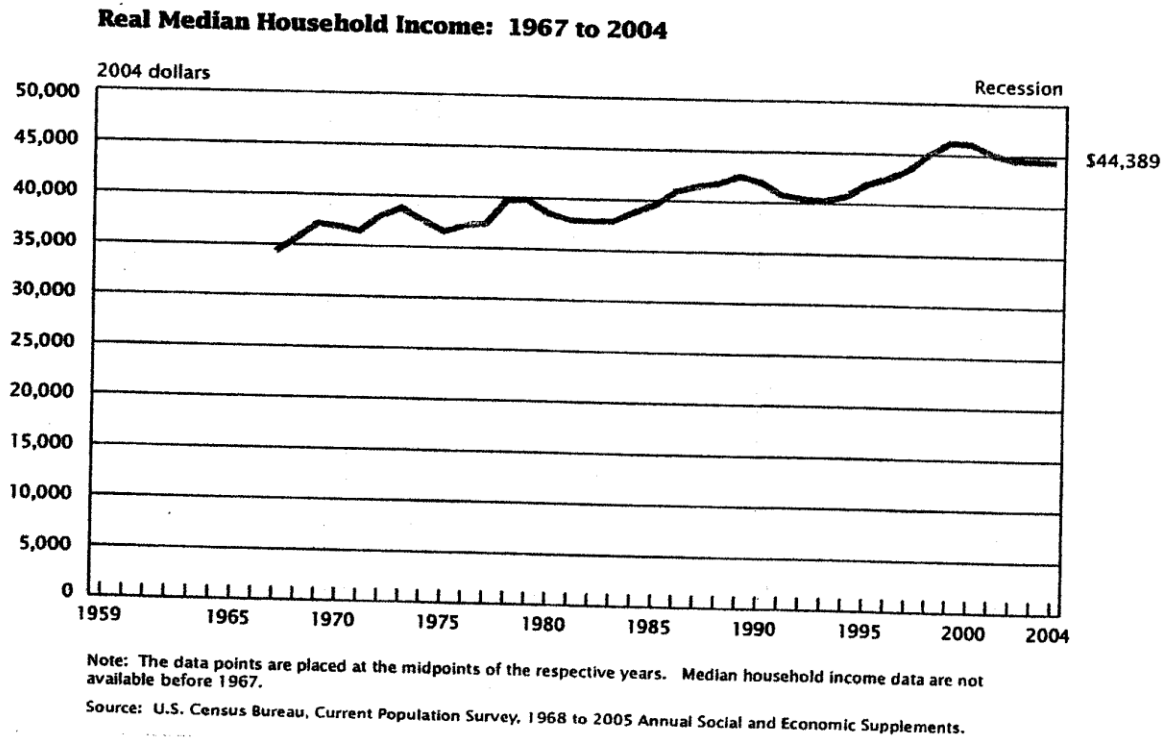


Table 6 below compares race, age, median income and real income changes between 2001 and 2006. Interestingly enough, except for Blacks, all ethnic categories age 65+ showed a decrease in absolute dollars! Compare this with all ethnic categories (disregarding age), showing an increase in absolute dollars. However, when the real income change is computed (adjusted for inflation), all showed a net loss. This real income loss was most pronounced for Blacks with a loss of -3.4%, followed by Hispanics with a decline of -1.5%, and Whites, which showed the smallest decline at -1.4%.

Comparison By Age

As discussed above, individuals age 65 and older have seen a decline in MHI. In addition, MHI of these senior citizens is drastically less than those under age 65. For example, for all races, the 2006 MHI was \$41,990 or \$18,907 greater than senior citizens. Blacks age 65+ trailed all other ethnic groups with respect to MHI - \$16,761 in 2001 and \$16,824 in 2006. Compare these figures to those for Whites: \$23,769 and \$23,639 for Whites over 65 in 2001 and 2006 respectively.

The decline in real income in 2006 shows Hispanics age 65+ having the lowest median income in both real and absolute terms at \$16,551. The reason for this is unclear at this time but may be due to the influence of the “illegal immigrant debate” taking place as employers and immigrants try to show their integration into the society by better reporting. At any rate this remains an area for further exploration at a later date.

**Table 6
Median Income Comparison
2001 And 2006
By Race And Age For Those 65 And Older**

<u>Category</u>	<u>2001</u>	<u>2006</u>	<u>%Change In Real Income</u>
All Races	\$42,228	\$41,990	-2.2
65+	23,118	23,083	-2.6
White-All	\$44,517	46,951	-1.4
65+	23,769	23,639	-2.2
Black-All	\$29,470	29,667	-3.4
65+	16,761	16,824	-3.1
Hispanic-All	\$33,565	33,168	-1.5
65+	16,870	16,551	-0.8

Source: Median income of households by selected characteristics; US population survey, US Census Bureau selected years 2001-2006

THE UNINSURED

No discussion of poverty would be complete without some discussion of the population that lacks health care insurance. In 2006 some 46.6 million people or 15.9 % of the population lacked insurance. Some 13.4% of native born residents were uninsured while 17.9% of naturalized citizens were uninsured. At least 43.6% of non-citizens and 43.6% of Hispanics were also uninsured, compared to 19.6% of Blacks and 15% of Whites.

There was a clear correlation between income levels and health care insurance for 2007. The highest proportion of those uninsured, 24.4%, earned less than \$25,000 a year, while 20.6% of those with incomes between \$25,000 and \$50,000 were uninsured. The cohort with incomes between \$50,000 and \$75,000 only had 14% uninsured, while those with incomes over \$75,000 , had an even lower number of 8.5%. Regardless of income, 72% of the 46.6 million people without health care between the ages of 18 to 64 reported working either full or part time during the prior year (2006).

GOVERNMENT ASSISTANCE FOR THE POOR

Over the past thirty years, various attempts have been made by the federal government to reduce the proportion of the American population that falls below the poverty line. These measures include programs such as Medicaid, Medicare, social security, drug benefit for seniors and food stamps. In addition, certain provisions of the Federal tax law, such as the Earned Income Credit and the Credit for the Elderly and Disabled, have been designed to help control the economy, and satisfy social and equity considerations. This paper does not provide the reader with the impact of these programs on the economy; a brief mention is provided to generate further thought and discussion. The ability to deal with the problem of poverty in the US, is left for another paper.

SUMMARY AND CONCLUSIONS

After a decade long decline, the number and proportion of the American population at the poverty level has started to increase. Racial patterns remain consistent with Blacks and Hispanics exceeding the national average (as compared to Whites and Asians). Median income comparisons by ethnic group follow the poverty rate statistics: the White population had the highest median income and the lowest relative percentage rate and the Black population trailed behind both Whites and Hispanics. Despite an increase in absolute dollar income, real income for all three groups declined between 2001 and 2006.

Since the year 2000, the US has seen an increase in various Federal Programs to aid the impoverished ranging from tax credits (the earned income credit, credit for elderly and disabled, etc.), to a drug benefit for seniors. In addition, for seniors 65+, the indexing of social security seems to have been beneficial as both their proportion in poverty and absolute numbers have seen a consistent decline over the last twenty five years. Unanswered is what impact the rapidly retiring baby boomers will have on these numbers.

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