

A MEASURE OF POVERTY

The official poverty rate in 2010 was 15.1 percent, or 46.2 million people, according to the Census Bureau. That's the largest number of people since 1959, when estimates began, but 7.3 percentage points lower than in 1959.

The Census Bureau has used "thresholds" developed in 1963 to determine poverty rates. A family is poor if its before-tax income is less than the threshold. Except for being adjusted for inflation, thresholds haven't changed much over the years. They are not adjusted for geographical differences, nor do they include capital gains or other noncash benefits. In 1963, the poverty threshold for a family of four was \$3,000. Today it's \$22,113.

There are several concerns, however, that the Census Bureau's method does not accurately measure poverty in America. Critics argue the method fails to reflect that:

- ◆ Public assistance provides many benefits.
- ◆ Significant cost-of-living differences exist among regions.
- ◆ The elderly often own their homes and have large savings accounts.
- ◆ Cultural changes—such as the relative costs of food, housing, energy and health care as well as new costs, such as child care and transportation—have occurred in 50 years.
- ◆ Many consumer products now owned by the poor were previously considered luxuries, such as computers and cable TV.
- ◆ The definition of what constitutes a "family" (more singles, unmarried couples and single parents) has changed over time.

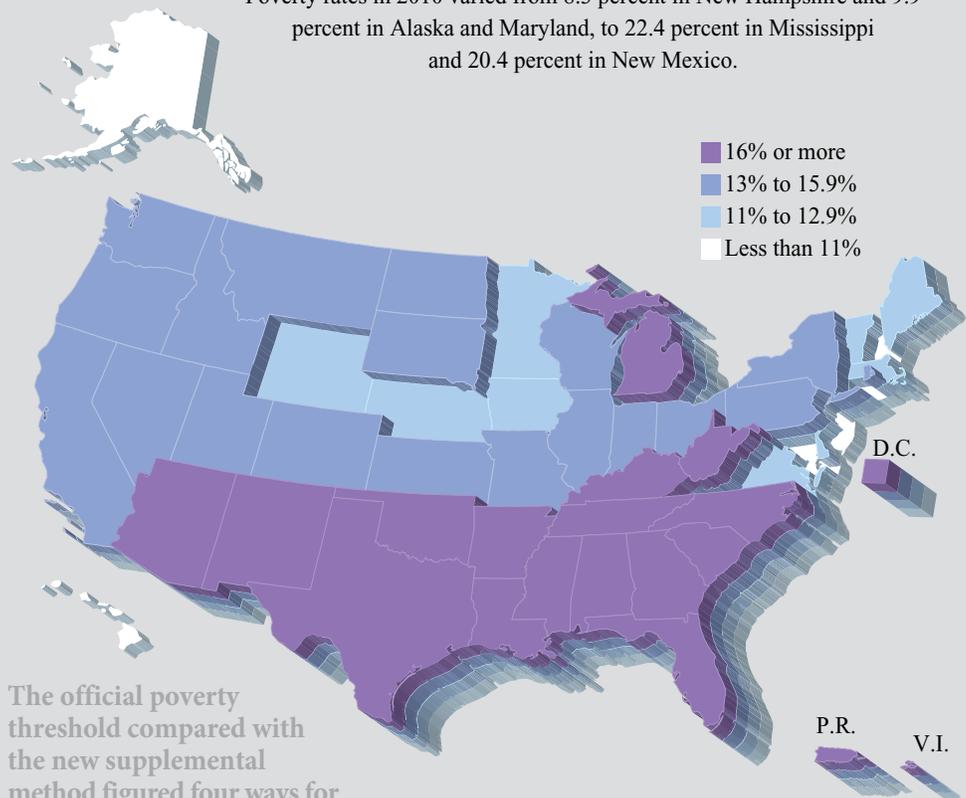
To address these concerns, the Census Bureau now calculates a "Supplemental Poverty Measure" that adjusts for geographical differences and public benefits, among other things. Using this method, in 2010, 16 percent of Americans were poor.

Did You Know?

- ◆ In 2010, 22 percent of American children were living in poverty.
- ◆ Children are 24 percent of the total population, but make up 36 percent of the poor.
- ◆ The number of students receiving free school meals rose 17 percent from 2007 to 2011.
- ◆ Over the course of one year, 4 percent of the poor become homeless.
- ◆ 42 percent of the poor own their own homes.
- ◆ Poverty rates for single mothers—at 31.6 percent—are the highest of any subgroup.
- ◆ Half the poor have a computer; 43 percent have Internet access.
- ◆ One-third own a wide-screen TV.
- ◆ Median household income declined to \$49,445 in 2010, down 2.3 percent from 2009.
- ◆ The 5 percent lowest-income Americans are richer than 68 percent of the world.

Where Are the Poor?

Poverty rates in 2010 varied from 8.3 percent in New Hampshire and 9.9 percent in Alaska and Maryland, to 22.4 percent in Mississippi and 20.4 percent in New Mexico.

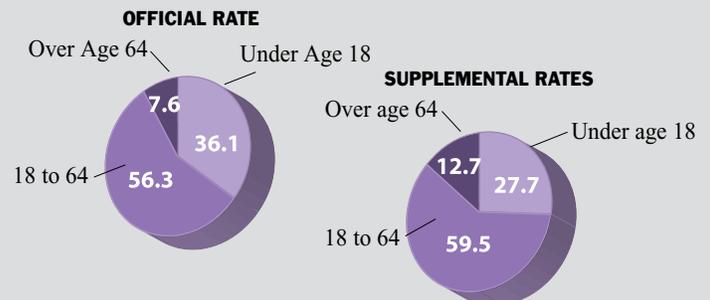


The official poverty threshold compared with the new supplemental method figured four ways for a family of four

Category	Amount
OFFICIAL THRESHOLD	\$22,113
SUPPLEMENTAL THRESHOLDS	
Home owners with mortgage	\$25,018
Home owners without mortgage	\$20,590
Renters	\$24,391
Housing not considered	\$24,343

Who makes up the poor?

By age and measurement



Sources: The Heritage Foundation; Kids Count from the Annie B. Casey Foundation; National Poverty Center, University of Michigan; Institute for Research on Poverty, University of Wisconsin-Madison; National Center for Children in Poverty, Columbia University; Branko Milanovic, author of "The Haves and the Have-Nots."