Poverty in the U.S.

Poverty, a persistent problem in the U.S., will soon be getting more attention, both nationally and locally. Nationally, the Personal Responsibility and Work Opportunity Reauthorization Act of 1996, which has set federal welfare policy for the past five years, must be reconsidered by Congress in 2001. In Ohio, legislation enacted in 1997 set a three-year limit on the receipt of welfare cash assistance benefits. The first recipients to reach this limit were removed from the welfare rolls as of October 1.

How do we define poverty? According to the U.S. Census Bureau, an individual younger than 65 was living in poverty in 1999 if his or her annual income was less than $8,667. For individuals 65 and over, the poverty threshold was $7,990. A family of four, with two adults and two dependent children under 18, was considered to be living in poverty if its household income did not exceed $16,895. These definitions were derived from estimates of minimum nutritional and housing standards that were made in 1963 and updated annually on the basis of changes in the Consumer Price Index.

In 1999, 11.8% of Americans lived in poverty, the lowest rate since 1979. Although poverty rates for blacks and people of Hispanic origin were considerably higher than the national average, they were equal to or below the lowest rates recorded since 1959, when the first Current Population Survey was taken. The poverty rate for blacks fell to a record low of 23.6% in 1999; for Hispanics, the rate dropped to 22.8%, close to the lows recorded for that group in the 1970s.

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Across all races, poverty was more prevalent among women. The highest rate occurred among black women. Slightly more than one out of every four black or Hispanic women lived in poverty in 1999.

That year, the incidence of poverty by age group (that is, the age distribution of those living alone or with others in households whose income is below the poverty line) was highest among individuals 18–24, who surpassed children as the most impoverished group. However, people aged 65–74 were the only group whose poverty rate rose between 1995 and 1999. Despite that increase, this group had one of the lowest rates in 1999. Poverty rates for both children (under 18) and seniors (older than 65) have been falling since 1993.

Since 1996, the number of working poor has declined. Although workers’ poverty rates did not decline substantially for blacks or whites, a large reduction for Hispanics occurred in 1995–97. Poverty rates among workers changed much more noticeably in 1997–99, when they dropped more than a full percentage point for all three ethnic categories. Despite these declines, the prevalence of poverty among working blacks and Hispanics is still nearly three times that of non-Hispanic whites.

For households, the presence of one worker (even one with only a part-time job) significantly decreases the prevalence of poverty for all races and family types. Among blacks, individuals who did not work were over seven times more likely to live in poverty than those who

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worked full time. Households headed by single females of all races had a 30.4% poverty rate, the highest of any household category. This figure skyrockets to 67.9% if no one in the house worked during the year.

Among households with children, poverty rates were lowest for married-couple families. They were highest for single female householders, among whom rates for blacks and Hispanics were almost 20 percentage points higher than those for whites.

Like race, gender, and family structure, place of residence also showed differences in both poverty and severe poverty. Individuals living in metropolitan areas, but not within the central city’s limits, had a significantly lower poverty rate than those living in a central city or non-metropolitan area.

Nationally, poverty was most prevalent in the Northeast (a change from 1995, when poverty was highest in the South), and least prevalent in the West. Rates in both the Midwest and Northeast increased in 1998-99, despite a decline in the U.S. as a whole. Racial differences in poverty varied widely across regions.

Poverty rates have declined in every Fourth District state but Ohio, which saw an increase of 0.5 percentage point in 1998-99. The precipitous drop in Kentucky’s poverty rate has moved the state from the fourth-highest poverty rate in 1994 to 13th in 1999. West Virginia remains the Fourth District’s highest ranking state (4th), while Pennsylvania enjoys the lowest rank (30th). Ohio, although below the national poverty rate, ranks 24th among the states.