

POVERTY IN 2005

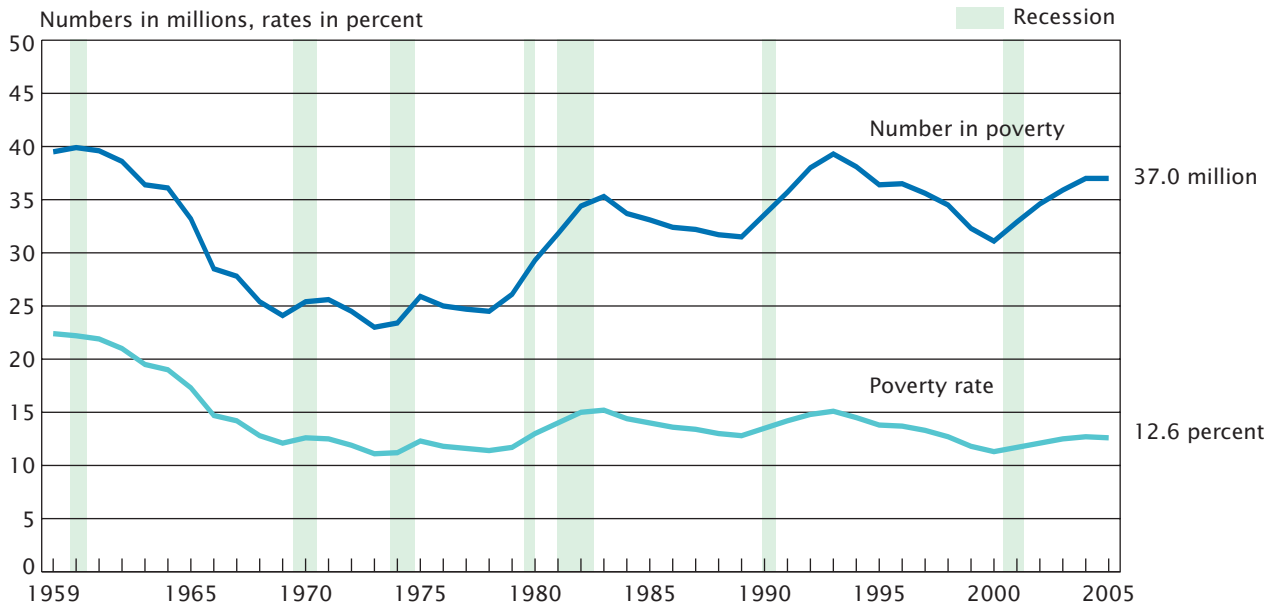
Poverty was first defined in the early 1960s. Information used to calculate the 2005 poverty rates comes from the 2006 Annual Social and Economic Supplement (ASEC) to the Current Population Survey (CPS). These data help describe the country's economic well-being.

The official 2005 poverty rate, 12.6 percent, and the number of people in poverty (37.0 million) were not

statistically different from the values for 2004.¹ The 2005 rate was higher than the most recent low of

¹ The estimates in this chapter (which may be shown in text, figures, and tables) are based on responses from a sample of the population and may differ from actual values because of sampling variability or other factors. As a result, apparent differences between the estimates for two or more groups may not be statistically significant. All comparative statements have undergone statistical testing and are significant at the 90-percent confidence level unless otherwise noted. For further information about the sources and accuracy of the estimates, go to <www.census.gov/hhes/www/p60_231sa.pdf>.

Figure 1.
Number in Poverty and Poverty Rate: 1959 to 2005

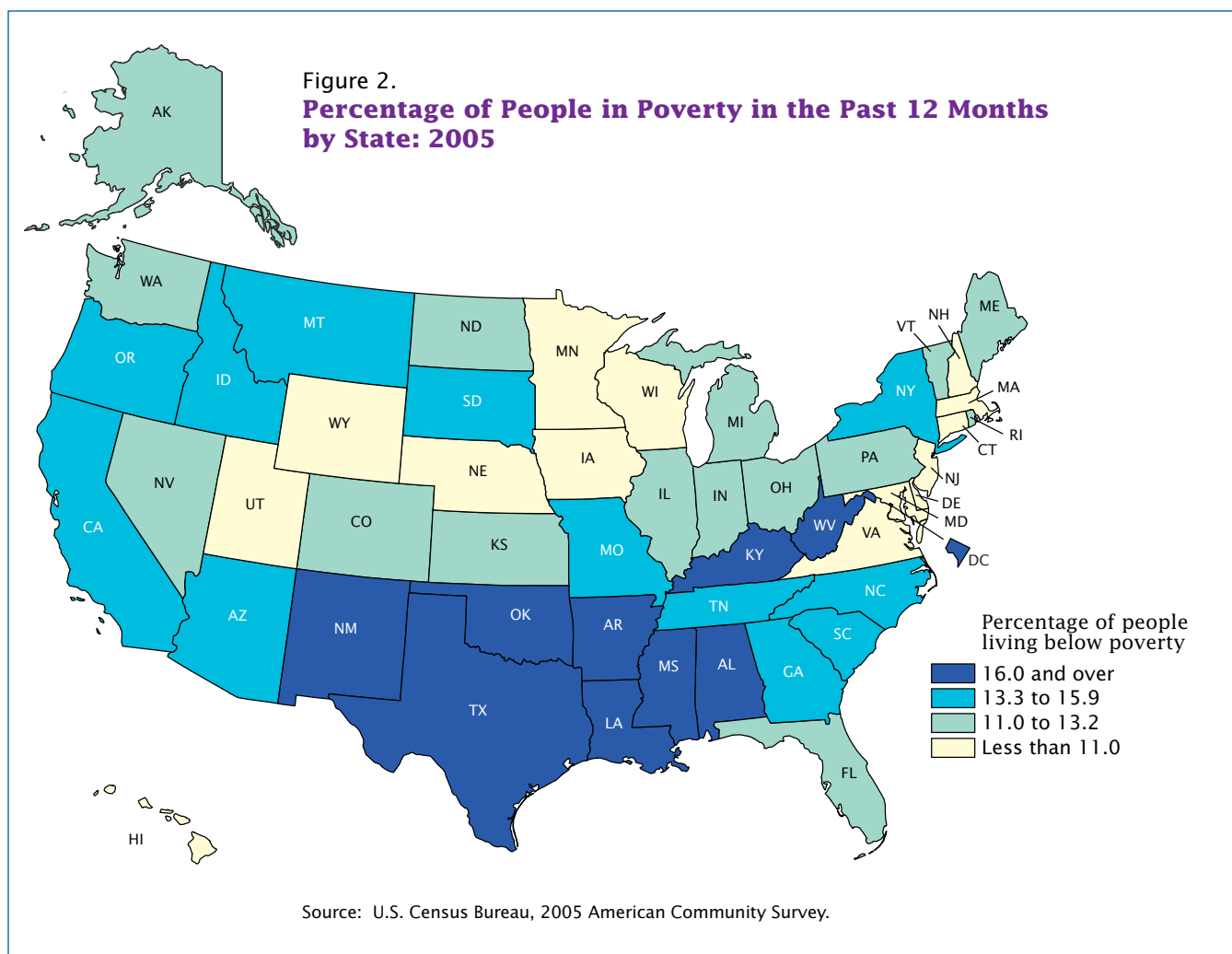


Words That Count

Poverty is defined according to the Office of Management and Budget's (OMB) Statistical Policy Directive 14 using a set of money income thresholds that vary by family size and composition to determine who is in poverty. If a family's total income is less than the threshold, the family and every individual in it are considered to be in poverty. The official poverty thresholds do not vary

geographically but are updated annually for inflation using the Consumer Price Index. The official poverty definition counts money income before taxes and excludes capital gains and the value of noncash benefits (such as public housing, Medicaid, and food stamps). In 2005, the poverty threshold for a family of four, including two children, was \$19,806.

Figure 2.
**Percentage of People in Poverty in the Past 12 Months
 by State: 2005**



11.3 percent in 2000 and lower than the 22.4 percent recorded in 1959, the first year these statistics were collected (Figure 1).

The poverty rate in 2005 for children under 18 (17.6 percent) remained higher than that of adults 18 to 64 years old (11.1 percent) and 65 years and older (10.1 percent). All of these rates remained statistically unchanged from 2004.

Poverty by Race, Hispanic Origin, and Nativity

Between 2004 and 2005, both the poverty rate and the number in poverty decreased for non-Hispanic Whites—from 8.7 percent to 8.3 percent and from 16.9 million to 16.2 million, respectively. The poverty rate for non-Hispanic Whites was lower than the rate for any other racial group and the rate for Hispanics.

In 2005, non-Hispanic Whites accounted for 66.7 percent of the total population, compared with 43.9 percent of the poverty population.²

² Because Hispanics may be any race, data in this chapter for Hispanics overlap with data for the racial populations. Based on the 2006 CPS ASEC, 2.9 percent of Black householders, 27.7 percent of American Indian and Alaska Native householders, and 9.5 percent of Pacific Islander householders were Hispanic.

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). The text and figures in this report show data using the first approach (race alone). Use of the single-race population in this report does not imply that this is the preferred method of presenting data. The U.S. Census Bureau uses a variety of approaches.

Non-Hispanic White refers to people who reported White and no other race and are not Hispanic. The term Black is used for people who reported Black or African American and the term Pacific Islander is used for people who reported Native Hawaiian or Other Pacific Islander.

Between 2004 and 2005, the poverty rate for Asians rose from 9.8 percent to 11.1 percent. Over this period, the number in poverty also increased from 1.2 million to 1.4 million.

Among Blacks and Hispanics, the poverty rate and the number of people in poverty remained statistically unchanged between 2004 and 2005. With 9.2 million people living in poverty, the poverty rate for Blacks was 24.9 percent. The rate for Hispanics was 21.8 percent and 9.4 million lived in poverty.³

Because of the small sample size of the American Indian and Alaska Native population and the Pacific Islander population in the 2006 CPS ASEC, the Census Bureau uses 3-year-average poverty rates to improve accuracy. The 3-year-average poverty rate (2003–2005) for people who reported American Indian and Alaska Native was 25.3 percent—not different from the rate for Blacks, but higher than the rates for other racial groups and Hispanics.⁴ The 3-year-average poverty rate for Pacific Islanders was 12.2 percent—higher than the rate for non-Hispanic Whites, not statistically different from the rate for Asians, and lower than the rate for all other racial groups and Hispanics.

Between 2004 and 2005, the poverty rates and the numbers in poverty were not statistically different from the previous year's indicators for natives and the foreign born.⁵ In 2005, 12.1 percent of natives were in poverty—accounting for 31.1 million people. Among the foreign-born population, 16.5 percent or 5.9 million people were in poverty.

Among naturalized citizens, the poverty rate was 10.4 percent. Among foreign-born noncitizens, the rate was 20.4 percent. Both rates were statistically unchanged from the previous year.

³ The number of people in poverty was not statistically different for Blacks and Hispanics.

⁴ The rate for the American Indian and Alaska Native alone-or-in-combination population was statistically lower than that for the American Indian and Alaska Native alone population, as well as the Black and Hispanic populations.

⁵ Natives are people with at least one citizen parent or who were born in the United States, Puerto Rico, or any of the U.S. island areas, including the U.S. Virgin Islands, American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands.

Work Experience

The poverty rate for people aged 16 and older who worked some or all of the time in 2005 was lower than the rate for those who did not work at any time, 6.0 percent compared with 21.8 percent. The poverty rate among full-time, year-round workers (2.8 percent) was lower than the rate for those who worked part-time or part of the year (12.8 percent).

Families in Poverty

Between 2004 and 2005, the number of families in poverty remained statistically unchanged at 7.7 million, while their poverty rate decreased from 10.2 percent to 9.9 percent. The poverty rate and the number in poverty showed no statistical difference between 2004 and 2005 for households maintained by women with no husband present (28.7 percent and 4.0 million) and households maintained by men with no wife present (13.0 percent and 669,000). For married-couple families, both the poverty rate and the number in poverty declined—to 5.1 percent and 2.9 million families.

Region and Metropolitan Status

In 2005, the poverty rates for the Northeast (11.3 percent) and the Midwest (11.4 percent) were not statistically different from one another, although they were lower than the rates for the West (12.6 percent) and the South (14.0 percent). None of the four regions showed any statistical change in either their poverty rate or the number in poverty between 2004 and 2005.

The poverty rate was lowest (9.3 percent) in areas inside metropolitan statistical areas but outside of principal cities (suburban areas). The rate for people who lived inside principal cities was 17.0 percent, while the rate for those who lived outside metropolitan statistical areas was 14.5 percent.⁶

⁶ The "Outside metropolitan statistical areas" category includes both metropolitan statistical areas and territory outside metropolitan statistical areas. For more information, see "Standard Errors and Their Use" at <www.census.gov/population/www/estimates/aboutmetro.html>.

Poverty Data From the 2005 American Community Survey (ACS)⁷

In previous years, the CPS ASEC included state-level data on poverty. With the expansion of the American Community Survey (ACS) to a sample size of 3 million addresses in 2005, the Census Bureau is focusing on the annual state-level estimates of poverty from this survey. The ACS also produces estimates for counties and places with populations of at least 65,000.

Poverty rates varied throughout the 50 states and the District of Columbia, as shown in Figure 2. They ranged from a low of 7.5 percent in New Hampshire to a high of 21.3 percent in Mississippi. The estimated poverty rate for New Hampshire was not statistically different from that of Maryland, at 8.2 percent. The poverty rate for the District of Columbia (19.0 percent) was among the highest and not statistically different from the rates for Louisiana, New Mexico, West Virginia, and Texas.

⁷ For the full report, go to <www.census.gov/prod/2006pubs/acs-02.pdf>.

For counties with populations of 250,000 or more, Cameron County and Hidalgo County in Texas had the highest proportion of people in poverty, about 41 percent (Table 1).

The large counties with lowest poverty rates are Loudoun County in Virginia, Morris County and Somerset County in New Jersey, Howard County in Maryland, and Waukesha County in Wisconsin, which all had poverty rates less than 5 percent.

Looking at counties with populations of at least 65,000 but less than 250,000, Apache County, Arizona, had a poverty rate of 44.5 percent, as shown in Table 2. This rate was not statistically different from the rate for McKinley County, New Mexico. Kendall County, Illinois, had a lower proportion of people in poverty (1.1 percent) than all but two of the other counties of comparable size: Hunterdon County, New Jersey, and Carver County, Minnesota.

Table 1.

Percentage in Poverty in the Past 12 Months for Ten of the Highest and Lowest Poverty-Rate Counties With 250,000 or More People: 2005

(Data are limited to the household population and exclude the population living in institutions, college dormitories, and other group quarters. For information on confidentiality protection, sampling error, nonsampling error, and definitions, see <http://www.census.gov/acs/www/>)

Area	Highest rate		Area	Lowest rate	
	Estimate ¹	Margin of error ²		Estimate ¹	Margin of error ²
Counties³			Counties³		
Cameron County, TX	41.2	3.7	Loudoun County, VA	2.6	0.7
Hidalgo County, TX	41.0	2.3	Morris County, NJ	2.9	0.7
Bronx County, NY	29.2	1.3	Howard County, MD	3.4	1.0
El Paso County, TX	29.2	2.0	Somerset County, NJ	3.6	0.9
St. Louis city, MO	25.4	2.5	Waukesha County, WI	3.7	0.8
Orleans Parish, LA	24.5	2.2	St. Charles County, MO	4.4	0.9
Philadelphia County, PA	24.5	1.3	Montgomery County, MD	4.5	0.6
Caddo Parish, LA	23.5	2.9	Burlington County, NJ	4.6	0.8
Tulare County, CA	23.4	2.2	Prince William County, VA	4.6	1.4
Baltimore city, MD	22.6	2.2	Rockingham County, NH	4.8	1.3

¹ Poverty status is determined for all individuals except for unrelated individuals under 15 years old.

² When the margin of error is added to and subtracted from the point estimate, that range becomes the 90-percent confidence interval.

³ Population size is based on 2005 population estimates.

Note: Because of sampling variability, some of the estimates in this table may not be statistically different from one another or from estimates for other geographic areas not listed in the table.

Source: U.S. Census Bureau, 2005 American Community Survey.

Table 2.

Percentage in Poverty in the Past 12 Months for Ten of the Highest and Lowest Poverty-Rate Counties With 65,000 People to 249,999 People: 2005

(Data are limited to the household population and exclude the population living in institutions, college dormitories, and other group quarters. For information on confidentiality protection, sampling error, nonsampling error, and definitions, see <http://www.census.gov/acs/www/>)

Area	Highest rate		Area	Lowest rate	
	Estimate ¹	Margin of error ²		Estimate ¹	Margin of error ²
Counties³			Counties³		
Apache County, AZ	44.5	7.2	Kendall County, IL	1.2	0.7
McKinley County, NM	34.7	7.5	Hunterdon County, NJ	1.4	0.6
Robeson County, NC	32.9	4.2	Carver County, MN	2.4	1.0
St. Landry Parish, LA	31.7	3.9	Scott County, MN	2.5	0.8
Webb County, TX	31.4	4.4	Putnam County, NY	2.5	0.8
Brazos County, TX	30.4	2.9	Ozaukee County, WI	2.6	1.1
Clarke County, GA	29.5	2.6	Douglas County, CO	2.9	0.9
Forrest County, MS	29.2	4.4	Carroll County, MD	3.1	0.7
Navajo County, AZ	29.0	4.1	Washington County, MN	3.6	0.9
Payne County, OK	28.8	3.8	Litchfield County, CT	4.0	0.9

¹ Poverty status is determined for all individuals except for unrelated individuals under 15 years old.

² When the margin of error is added to or subtracted from the point estimate, that range becomes the 90-percent confidence interval.

³ Population size is based on 2005 population estimates.

Note: Because of sampling variability, some of the estimates in this table may not be statistically different from one another or from estimates for other geographic areas not listed in the table.

Source: U.S. Census Bureau, 2005 American Community Survey.

Participation in Means-Tested Programs: 2001 to 2003⁸

Among noninstitutionalized civilians living in the United States, the average monthly participation rate in one or more major means-tested programs increased from 14 percent in 2001 to 15 percent in 2003, according to the Survey of Income and Program Participation (SIPP).⁹ On average, 44.0 million people were participants in each month in 2003. These programs included:

- Temporary Assistance for Needy Families (TANF)
- General assistance (GA)
- Food stamps
- Supplemental Security Income (SSI)
- Medicaid
- Housing assistance

On average, 12 percent of the population participated in Medicaid in each month in 2003. Individuals were more likely to participate in Medicaid than in any of the other programs. Among all the programs in this study, Medicaid had the highest percentage of people participating in all 36 months of the study period from 2001 to 2003—4 percent.

⁸ Means-tested programs are those that require income and/or assets of an individual or family to fall below specified thresholds in order to qualify for cash and noncash benefits.

⁹ The data in this section were collected from February 2001 to January 2004 in all nine waves (interviews) of the SIPP.

Six percent of the population participated in means-tested programs in each of the 36 months between 2001 and 2003. About 11 percent of people under 18 years old were participants during this time, compared with 5 percent of people aged 18 to 64 and 7 percent of people aged 65 and older.

Individuals in family households maintained by women with no husband present were more likely to participate in means-tested programs in an average month in 2003 than those in family households maintained by men with no wife present or those in married-couple households. The participation rates were 40 percent, 20 percent, and 10 percent, respectively.

In an average month in 2003, 51 percent of individuals living in households with family incomes below the poverty threshold participated in means-tested programs. Among people in households with higher incomes, 10 percent participated in these programs.

People living in poverty tended to be long-term participants in means-tested programs. Participation lasted 12 months or longer for 37 percent of the poverty population, compared with 5 percent of the population with higher incomes.

Poverty (1996 to 1999)

Most surveys produce data for one point in time, while information from longitudinal surveys provides a dynamic view of how people move in and out of poverty over time. Data for this analysis were collected in the 1996 Panel of the Survey of Income and Program Participation (SIPP) and reflect the dynamics of poverty from January 1996 to December 1999 for the civilian noninstitutionalized population.

Based on the sample of people who remained in the survey from 1996 to 1999, 40.9 million people, or 16 percent of the population, were in poverty (using the official poverty measure) in an average month in 1996. By 1999, the average number in poverty had fallen to 34.8 million, yielding an average monthly rate of 13 percent. Overall, 34 percent of people were in poverty for at least 2 months during the study period and 2 percent were in poverty every month of the 4-year period from 1996 through 1999.

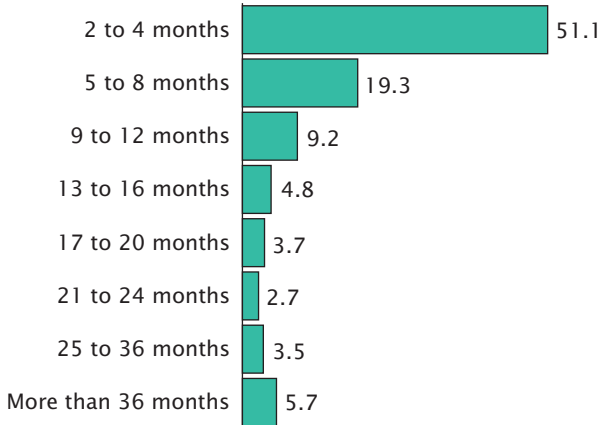
Reflecting declines in poverty between 1996 and 1999, more people exited than entered poverty over the study period. Of those who were in poverty in

1996, 65 percent remained in poverty in 1997, 56 percent were in poverty in 1998, and 50 percent continued to be in poverty in 1999.¹⁰ Of those who were not in poverty in 1996, 2.9 percent entered poverty in 1997, 3.3 percent in 1998, and 3.5 percent in 1999.

Poverty transitions occur more frequently when using a monthly rather than an annual poverty measure, reflecting the higher volume of short-term fluctuations in income. The majority of poverty experiences ended

within 4 months. About four-fifths ended within a year (Figure 3).

Figure 3.
Duration of Poverty Spells: 1996 to 1999
(Percent of poverty spells. Excludes spells under way during the first interview month)



Note: 2.0 percent of people were in poverty for all 48 months; they are not included in the above distribution.

Source: U.S. Census Bureau, Survey of Income and Program Participation, 1996 Panel.

¹⁰ The percentage of people who exited poverty in 1998 was not statistically different from the percentage who exited in 1999.

The Census Bureau Can Tell You More

Consult the following Census Bureau Current Population Reports: *Income, Poverty, and Health Insurance Coverage in the United States: 2005* (P60-231) by Carmen DeNavas-Walt, Bernadette D. Proctor, and Cheryl Hill Lee; *Income, Earnings, and Poverty Data From the 2005 American Community Survey (ACS-02)* by Bruce H. Webster Jr. and Alemayehu Bishaw; and *Dynamics of Economic Well-Being: Participation in Government Programs, 2001 Through 2003: Who Gets Assistance?* (P70-108) by Tracy A. Loveless and Jan Tin.

See *Supplemental Measures of Material Well-Being: Expenditures, Consumption, and Poverty 1998 and*

2001 (P23-201), published in September 2005, for additional information on measuring economic well-being.

Look for complete reports and detailed tables on the Census Bureau's Web site <www.census.gov>. Click on "Subjects A to Z," then click on "P" and select "Poverty Data."

Contact the Census Bureau's Demographic Call Center (toll-free) at 1-866-758-1060.

E-mail <ask.census.gov>.

For information on the accuracy of the estimates, see Appendix A.