

Poverty, 2000

The bad news is that 31 million people in the United States were poor in 2000. The good news is that the percentage of people in poverty (11.3 percent) is the lowest since 1979.

The poverty rate — with all its implications for health care, housing, and education — is one of this country's most important measures of well-being. Eleven percent of people in the United States were classified as poor in 2000,¹ according to the March 2001 Current Population Survey (CPS).² The average poverty threshold for a family of four was \$17,603. The average

Words That Count

- Poverty** is defined according to the Office of Management and Budget's (OMB's) Statistical Policy Directive 14. The Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who is poor. If a family's total income is less than the threshold, the family and every individual in it is considered poor. The poverty thresholds do not vary geographically, but they are updated annually for inflation using the official 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). Information on poverty in 2000 was collected in the March 2001 Current Population Survey.

¹ The poverty rate and the number of poor are estimates for the 2000 calendar year are based on data collected in the March 2001 Current Population Survey, conducted by the Census Bureau.

² This chapter includes estimates that are calculated using sample data from the Current Population Survey (CPS), weighted by population controls based on the 1990 decennial census. The population universe for the March CPS is the civilian noninstitutional population plus armed forces living off base and with their families on post. As a result, these estimates will differ from population estimates computed from either the intercensal estimates program, or the 2000 decennial census.

income deficit for poor families — the amount needed to raise a family out of poverty — was \$6,820. However, averages cannot adequately describe this phenomenon which visits all communities but burdens some more greatly than others.

The poverty experience varies by family type, age group, and employment status.

Married-couple families had the lowest poverty rate (5 percent) of all family types in 2000. But because this family type is the most common, they still accounted for a large share of all poor families (42 percent). Female-householder families with no husband present had the highest poverty rate (25 percent). Although they were only 17 percent of all families, they represented 50 percent of poor families.

In 2000, the child poverty rate dropped to 16 percent — the lowest rate since 1979. However, the poverty rate for children under age 18 remained significantly higher than that for adults. Although children were only 26 percent of the total population, they represented 37 percent of the poor. Even though 1 in 6 children was poor, the ratio was 1 in 10 for both people aged 18 to 64 and those aged 65 and older.

People aged 16 and older who worked at any time during the year had a lower poverty rate than nonworkers, 6 percent compared with 20 percent. Among poor people aged 16 and older, 41 percent worked. However, the share who worked full-time, year-round was 12 percent. In the general population aged 16 and older, 70 percent worked and 47 percent were employed full-time, year-round.

Blacks and Hispanics experienced poverty rate decreases between 1999 and 2000. Among Blacks, the poverty rate fell 1½ percentage points, dropping to the lowest point since 1959, the first year these statistics were available. Blacks also had a decrease in the number of poor in 2000 — down to 7.9 million. Despite this decrease, the poverty rate for Blacks

(22 percent) remained nearly three times as high as the rate for White non-Hispanics (8 percent). About 14.6 million White non-Hispanics lived in poverty in 2000.

rates or number of poor between 1999 and 2000. The poverty rate in 2000 was 10.3 percent for the Northeast, 9.5 percent for the Midwest, 12.5 percent for the South and 11.9 percent for the West.

Twenty-one percent of the Hispanic population³ was poor in 2000 — statistically equivalent to the lowest rates recorded for this group during the 1970s. The earliest poverty rates for this group were available in 1972. The number of poor Hispanics did not change significantly between 1999 and 2000 (7.2 million in 2000).

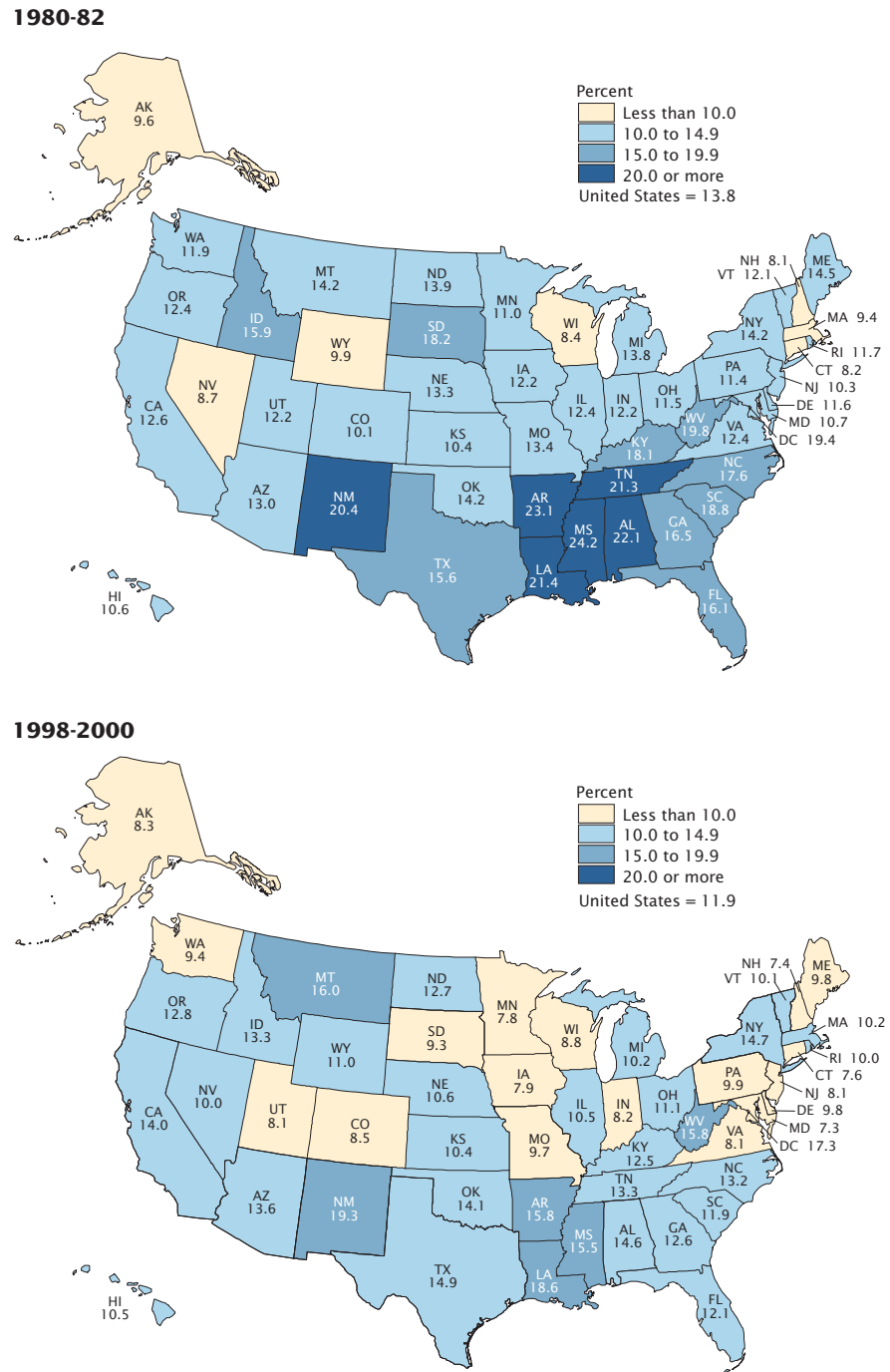
In 2000, about 1.2 million Asians and Pacific Islanders lived in poverty. The 10.8 percent poverty rate for this population was not statistically different from the 1999 rate of 10.7 percent, but statistically equivalent to its record low. Poverty statistics on Asian and Pacific Islanders were first available in 1987.

In 2000, the native population had a lower poverty rate (11 percent) than the foreign-born population (16 percent). Among the foreign born, the poverty rate for noncitizens (19 percent) was almost double the rate for naturalized citizens (10 percent).

None of the four regions had a significant change in poverty

³ Hispanics may be of any race.

Figure 13-1.
Poverty Rate for Individuals by State: Annual Average 1980-1982 and 1998-2000



Note: Numbers are 3-year averages.
Source: U.S. Census Bureau, Current Population Surveys, March 1981-1983 and March 1999-2001.

SPOTLIGHT ON WELFARE

About 15 percent of civilians in the United States participated in assistance programs during a typical month in 1993 and 1994.

Changes in the welfare system as a result of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, also known as the welfare reform bill, have intensified the public's interest in information on the characteristics of people who participate in welfare programs. Because the Survey of Income and Program Participation (SIPP)⁴ follows individuals over time, it can track the movement of people in and out of the welfare programs.

In an average month during both 1993 and 1994, about 40 million people participated in means-tested assistance programs,⁵ such as Aid to Families with

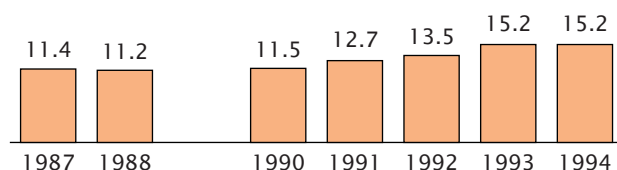
⁴ This sidebar includes estimates that are calculated using sample data from the Survey of Income and Program Participation (SIPP), weighted by population controls based on the 1990 decennial census. The population universe for the SIPP is the civilian noninstitutional population. As a result, these estimates will differ from population estimates computed from either the intercensal estimates program, or the 2000 decennial census.

⁵ Means-tested programs are those that require the income and/or assets of individuals to be below a specified threshold in order to apply for cash or noncash benefits.

Figure 13-2.

Average Monthly Participation in Means-Tested Programs: Selected Years 1987-94

(Percent of total population)



Source: U.S. Census Bureau, 1987, 1990, 1991, and 1993 Longitudinal Files of the Survey of Income and Program Participation.

Dependent Children (AFDC), General Assistance (GA), food stamps, Supplemental Security Income (SSI), Medicaid, and housing assistance. With an individual participation rate of 11 percent, Medicaid was the most frequently identified program of the major programs examined in the SIPP. In fact, people covered by Medicaid were more likely than people covered by other programs to participate for the entire 24-month period covered by this study.

The poor were much more likely than others to receive at least one type of benefit in 1994. Three out of every four people living in poverty were program participants during at least 1 month in 1994, compared with one in ten whose incomes were above the poverty threshold.

Participation rates vary dramatically among various demographic groups.

Since poverty and participation in the major programs are closely related, differences among racial and ethnic groups can, in part, be explained by differences in poverty rates. In 1994, the average monthly poverty rate was about 13 percent for Whites and 31 percent for Blacks, while their average monthly participation rates were 12 percent and 36 percent, respectively. The average monthly poverty rate was 14 percent for non-Hispanics and 31 percent for those of Hispanic origin, while their average monthly participation rates were 13 percent and 32 percent, respectively.

Children under 18 years old were more than twice as likely as older adults to receive some type of assistance. During an average month in 1994, 27 percent of children received some type of benefit, compared with 11 percent of people aged 18 to 64 and 12 percent of people aged 65 and older.⁶ Children also tended to be long-term participants. Seventeen percent participated in all 24 months of the study, compared with 7 percent of people aged 18 to 64 and 10 percent of people aged 65 and older.

Individuals in households maintained by women were five times as likely to participate in means-tested programs than individuals in married-couple families — 45 percent versus 9 percent. And adults without a high

⁶ There is no statistical difference between the percentage of people aged 18 to 64 and the percentage of people aged 65 and older who receive means-tested benefits.

school diploma were more than twice as likely as high school graduates and five times as likely as people with some college to be participants. Their rates were 26 percent, 11 percent, and 5 percent, respectively.

Among people aged 18 and older, unemployed people and people who did not participate in the labor force were more likely to receive benefits than employed people. In an average month during 1994, 27 percent of the unemployed received benefits and 21 percent of people that same age who were not in the labor force were program participants. Only 4 percent of full-time workers and 9 percent of those with part-time jobs received some type of benefit. The unemployed may receive unemployment benefits in addition to major means-tested benefits. In 1994, 19 percent of the unemployed received unemployment compensation, while 11 percent received AFDC or GA, 17 percent were covered by Medicaid, and 20 percent received food stamps.

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The Census Bureau Can Tell You More

- For more detailed information, consult the following U.S. Census Bureau Current Population Report: *Poverty in the United States: 2000* by Joseph Dalaker.
- Look for complete reports and detailed tables on the Census Bureau's World Wide Web site (www.census.gov). Click on "P" and select "Poverty" or "W" and select "Well-Being."
- Contact the Housing and Household Economic Statistics' Statistical Information Staff at 301-457-3242 or e-mail hhes-info@census.gov.
- For information on publications and other resources, see Appendix A.