

**APPENDIX E-POVERTY, INCOME DISTRIBUTION AND
ANTIPOVERTY EFFECTIVENESS**

CONTENTS

The U.S. Poverty Measure.....	E-1
Trends in the Overall Poverty Rate.....	E-4
Poverty Rates for Selected Demographic Groups	E-11
Poverty Rates for Families	E-11
Education, Employment, Work Disability, and Poverty Status Among Non-Aged Adults.....	E-14
Labor Force Attachment and Poverty Among Adults – the “Working Poor”	E-15
Poverty by Metro Area, Areas of Concentrated Poverty, and State.....	E-26
Social and Economic Costs of Poverty	E-40
Trends in Family Composition and Income, 1979-2006	E-43
Definitions and Methods	E-44
Measuring Variation	E-44
Adjustments for Census Bureau Income	
Income Measure	E-45
Income Shares	E-52
Trends in Pretax Cash Incomes by Type of Family	E-52
Pretax Adjusted Family Income.....	E-54
Average Family Cash Income by Family Type	E-59
Antipoverty Effectiveness of Various Cash and Non-cash Transfers.....	E-65
Alternative Poverty Measures.....	E-77
Setting, Updating, and Adjusting Poverty Thresholds.....	E-77
Defining Family Resources	E-90
Consistency Between Poverty Thresholds and Resources.....	E-92
Poverty Measurement in Practice – Methods and Issues	E-92
Estimates of Poverty by Age Under Official Poverty and Selected Alternative Measures.....	E-97

THE U.S. POVERTY MEASURE

When the Federal Government began measuring poverty in the early 1960s, the continued existence of poor people in a time of the “Affluent Society” seemed anomalous. Official concern soon translated into efforts to measure the size of the poverty population, and the search began for programmatic ways to alleviate poverty. The first rough estimates of the

incidence of poverty were based on survey data indicating that families generally spent about one-third of their income on food. A poverty level income was then calculated by using as a yardstick the amount of money necessary to purchase the lowest cost “nutritionally adequate” diet calculated by the Department of Agriculture (roughly equivalent to the current Thrifty Food Plan). This price tag was multiplied by three to produce a poverty threshold. The assumption underlying this procedure is that if a family did not have enough income to buy the lowest cost nutritionally adequate diet, and twice that amount to buy other goods and services, it was “poor.” Adjustments were made for the size of the family, the sex of the family head, and for whether the family lived on a farm. Farm families were assumed to need less cash income because their needs could be met partially by farm products, particularly food. The adjustments for sex of the family head and for farm-nonfarm residence were abolished in 1981. Policy officials made a major change to the basic approach for calculating the poverty threshold in 1969. Officials decided that rather than increasing the previous year’s threshold by the change in prices of the food-plan market basket, that the thresholds be adjusted instead by the Consumer Price Index (CPI), as overall prices were rising faster.

In addition to this major change, the Census Bureau made minor revisions in its method of estimating the poverty threshold four times—in 1966, 1974, 1979, and 1981. These revisions changed the estimate of the poverty rate. The first two revisions slightly reduced the estimated number of poor, while the more recent revisions slightly increased the number. In 1984, the Census Bureau also revised its method of imputing missing values for interest income, which slightly lowered the estimated poverty rate.

Unless otherwise noted, the tables in this appendix provide poverty data calculated using the official Census definition of poverty. The Census definition of poverty has remained fairly standard over time and is useful for measuring progress against poverty. Under this definition, poverty is determined by comparing pretax cash income with the poverty threshold. The final section of this appendix discusses recommendations made by a National Academy of Sciences panel of experts to devise a new poverty measure, and presents alternative measures based on panel recommendations.

Poverty estimates are available from a variety of U.S. Census Bureau surveys. The Annual Social and Economic Supplement (ASEC) to the Current Population Survey (CPS) provides the longest historical data series by which annual estimates may be obtained and is the principal source of data presented in this appendix. Other sources of poverty statistics include estimates from the Decennial Census, the Survey of Income and Program Participation (SIPP) and the American Community Survey (ACS). Each is designed to meet different needs. For example, the CPS/ASEC is most suitable for estimating poverty based on individuals’ and families’ annual reported income at the national level and multi-state geographic regions, and when averaged over several years, for States. In contrast, data from the Decennial Censuses and, more recently, from

the ACS, are used to estimate poverty for small geographic areas, but collect less detailed information than the ASEC/CPS. The SIPP collects more detailed information than the ASEC/CPS, and features a longitudinal design, collecting monthly data on survey respondents for several years, thereby allowing for measurement of changes in individuals economic circumstances over time (three to four years). Poverty statistics are not directly comparable across the various sources, due to their varying methodologies.

Table E-1 shows the population, number of persons in poverty, and the poverty rate in 2006 by age, race, region and family type. In 2006, 12.3 percent (36.5 million persons) of the total U.S. population lived in poverty. Of all demographic groups shown, poverty was second highest among female-headed families with children (30.5 percent). Among children under age 18, 17.4 percent, or 12.8 million children, lived in poverty in 2006.

Weighted average poverty thresholds for families of various sizes for selected years between 1959 and 2006 are presented in Table E-2. The weighted average poverty thresholds give an indication of the relative annual income cutoff under which a family of a specified size and composition and its members would be considered poor, based on their family pre-tax cash income. The thresholds are “weighted thresholds,” in that they represent the average poverty thresholds of families of a given size but of varying composition based on their representation in the population. For example, the weighted average threshold for a three-person family in 2006 is \$16,079, representing the population weighted average of poor families of three persons with two adults and one child (\$16,227, not shown in table), one parent with two children (\$16,242, not shown in table) and for three-person families with no children (\$15,769, also not shown in table).

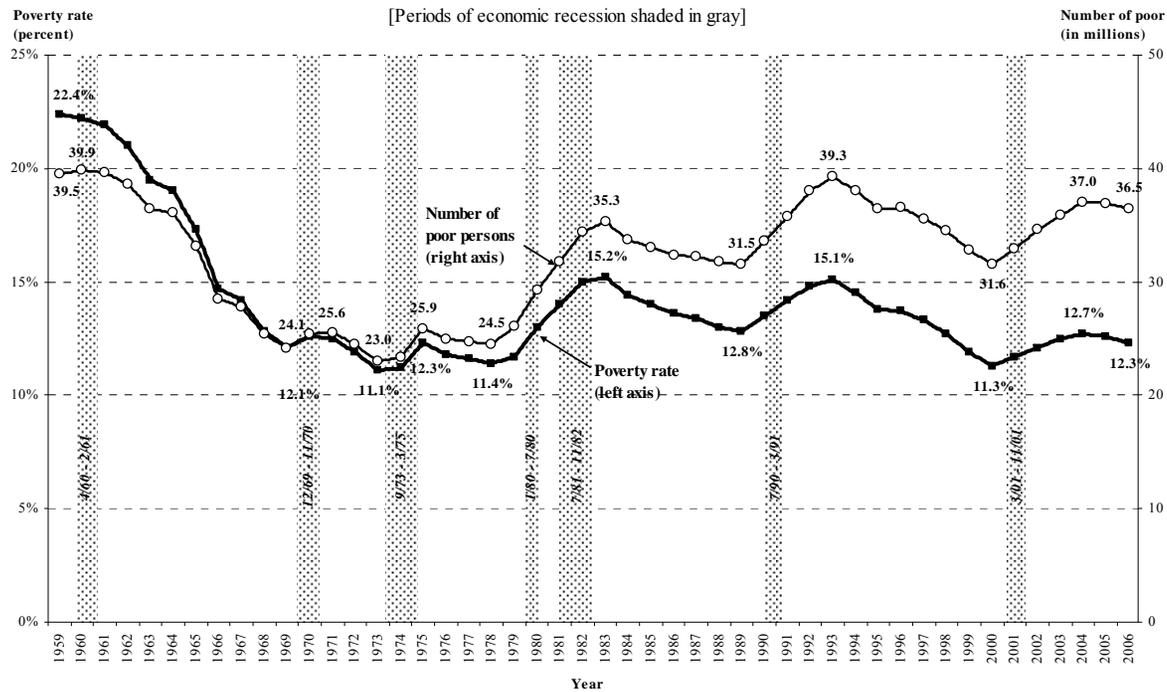
TRENDS IN THE OVERALL POVERTY RATE¹

In 1959, the overall poverty rate for individuals in the United States was 22.4 percent, representing 39.5 million poor persons (Chart E-1 and Tables E-3 and E-4). Between 1959 and 1969, the poverty rate declined dramatically and steadily to 12.1 percent. As a result of a sluggish economy, the rate increased slightly to 12.6 percent by 1970. In 1972 and 1973, however, it began to decrease again. The lowest rate over the entire 48-year period occurred in 1973, when the poverty rate was 11.1 percent. At that time roughly 23 million people were poor, 42 percent less than were poor in 1959, and the lowest number recorded over the period.

After having attained an historic low in 1973, the poverty rate increased soon after, reflecting the effects of an economic recession (September 1973 to March 1975), reaching 12.3 percent in 1975. After 1978 the poverty rate rose steadily, reaching 15.2 percent in 1983. Over the period, the country faced two back-to-back recessions (January 1980 to July 1980 and July 1981 to November 1982). The poverty rate fell from 1983 to 1989 when it reached 12.8 percent, and then rose again, in conjunction with an economic recession (July 1990 to March 1991), reaching 15.1 percent in 1993. Poverty declined every year between 1993 and 2000, reaching a low of 11.3 percent, the lowest rate since 1974. Over this period a strong economy, welfare reform legislation, and expansions to the Earned Income Tax Credit (EITC) are all generally attributed to having encouraged work and reduced poverty. After 2000, the poverty rate rose once again, again in conjunction with an economic recession (March 2001 to November 2001), reaching a recent high of 12.7 percent in 2004. Since 2004, the poverty rate has dropped, reaching 12.3 percent in 2006, accounting for 36.5 million poor persons

¹ All poverty trend information is based upon published Census Bureau data contained in Current Population Reports, Series P-60, Nos. 124, 140, 145, 149, 154, 157, 161, 166, 168, 174, 180, 185 and 233. These figures may differ with other parts of this report which provide a more refined breakdown of this age category. Data for blacks, the aged, and nonaged population were not available for the years 1961-65.

CHART E-1--TREND IN U.S. POVERTY RATE AND NUMBER OF POOR: 1959 TO 2006



Note- Estimates are for the civilian, non-institutionalized population. Recessionary periods shaded in gray are designated by the National Bureau of Economic Research (NBER) Business Cycle Dating Committee.

Source: Chart prepared by the Congressional Research Service based on U.S. Census Bureau ASEC/CPS data.

TABLE E-1--POVERTY STATUS OF PERSONS BY AGE, ETHNICITY, REGION, AND FAMILY TYPE, 2006

Category	Poverty rate (percent)	Population (thousands)	Percent of total population	Number of poor (thousands)	Percent of poverty population	Difference in number poor 2005 to 2006	Difference in poverty rate 2005 to 2006
Age:							
Under 18	17.4	73,727	24.9	12,827	35.2	-69	-0.2
18-64	10.8	186,688	63.0	20,239	55.5	-211	-0.3
65 and older	9.4	36,035	12.2	3,394	9.3	-210	-0.7
Race/Ethnicity: ¹							
White ²	10.3	237,619	80.2	24,416	67.0	-456	-0.3
White ² Non-Hispanic	8.2	196,049	66.1	16,013	43.9	-214	-0.1
Black ³	24.3	37,306	12.6	9,048	24.8	-120	-0.6
Hispanic ⁴	20.6	44,784	15.1	9,243	25.4	-126	-1.2
Region:							
Northeast	11.5	54,072	18.2	6,222	17.1	119	0.2
Midwest	11.2	65,411	22.1	7,324	20.1	-95	-0.2
South	13.8	107,902	36.4	14,882	40.8	28	-0.2
West	11.6	69,065	23.3	8,032	22.0	-541	-1.0
Family Type:							
Unrelated individuals	20.0	49,884	16.8	9,977	27.4	-448	-1.1
Married-couple families	5.7	187,788	63.3	10,755	29.5	-226	-0.2
Female-headed families, spouse absent	30.5	43,223	14.6	13,199	36.2	46	-0.6
Male-headed families, spouse absent	13.8	14,188	4.8	1,961	5.4	27	0.4
Unrelated subfamilies	41.5	1,367	0.5	567	1.6	111	4.1
Total	12.3	296,450	100.0	36,460	100.0	-490	-0.3

¹ Numbers in this category sum to more than national totals, and percentages to more than 100 due to responses regarding race.

² Refers to people who reported white and did not report any other race category.

³ Refers to people who reported black and did not report any other race category.

⁴ Persons of Hispanic origin may be of any race.

Source: U.S. Census Bureau (2007).

TABLE E-2--WEIGHTED AVERAGE POVERTY THRESHOLDS FOR NONFARM FAMILIES OF SPECIFIED SIZE, SELECTED YEARS 1960-2006, IN NOMINAL DOLLARS

Calendar Year	Unrelated Individuals			Two Persons			Families of More Than Two Persons				
	All ages	Under 65	65 or older	All ages	Head under 65	Head 65 or older	Three persons	Four persons	Five persons	Six persons	Seven persons
1960	\$1,490	\$1,503	\$1,418	\$1,924	\$1,982	\$1,788	\$2,359	\$3,022	\$3,560	\$4,002	\$4,921
1965	1,582	1,526	1,512	2,048	2,114	1,906	2,514	3,223	3,797	4,264	5,248
1970	1,954	2,010	1,861	2,525	2,604	2,348	3,099	3,968	4,680	5,260	6,468
1975	2,724	2,797	2,581	3,506	3,617	3,257	4,293	5,500	6,499	7,316	9,022
1980	4,190	4,290	3,949	5,363	5,537	4,983	6,565	8,414	9,966	11,269	12,761
1985	5,469	5,593	5,156	6,998	7,231	6,503	8,573	10,989	13,007	14,696	16,656
1990	6,652	6,800	6,268	8,509	8,794	7,905	10,419	13,359	15,792	17,839	20,241
1991	6,932	7,086	6,532	8,865	9,165	8,241	10,860	13,924	16,456	18,587	21,058
1992	7,143	7,299	6,729	9,137	9,443	8,487	11,186	14,335	16,952	19,137	21,594
1993	7,363	7,518	6,930	9,414	9,728	8,740	11,522	14,763	17,449	19,718	22,838
1994	7,547	7,710	7,108	9,661	9,976	8,967	11,821	15,141	17,900	20,235	22,923
1995	7,763	7,929	7,309	9,933	10,259	9,219	12,158	15,569	18,408	20,804	23,552
1996	7,995	8,163	7,525	10,233	10,564	9,491	12,516	16,036	18,952	21,389	24,268
1997	8,183	8,350	7,698	10,473	10,805	9,712	12,802	16,400	19,380	21,886	24,802
1998	8,316	8,480	7,818	10,634	10,972	9,862	13,003	16,660	19,680	22,228	25,257
1999	8,501	8,667	7,990	10,869	11,214	10,075	13,290	17,029	20,127	22,727	25,912
2000 ²	8,794	8,959	8,259	11,239	11,590	10,419	13,738	17,603	20,819	23,528	26,754
2001	9,039	9,214	8,494	11,569	11,920	10,715	14,128	18,104	21,405	24,195	27,517
2002	9,183	9,359	8,628	11,756	12,110	10,885	14,348	18,392	21,744	24,576	28,001
2003	9,393	9,573	8,825	12,015	12,384	11,133	14,680	18,810	22,245	25,122	28,544
2004	9,645	9,827	9,060	12,334	12,714	11,430	15,067	19,307	22,831	25,788	29,236
2005	9,973	10,160	9,367	12,755	13,145	11,815	15,577	19,971	23,613	26,683	30,249
2006	10,294	10,488	9,669	13,167	13,569	12,201	16,079	20,614	24,382	27,560	31,205

¹ Poverty threshold for seven persons, not seven persons or more.

² Based on a November 2001 weighting correction.

Source: U.S. Census Bureau, technical papers on the internet at: <http://www.census.gov/hhes/www/poverty/threshld.html>.

TABLE E-3--NUMBER OF PERSONS IN POVERTY BY
 DEMOGRAPHIC GROUPS, SELECTED YEARS 1959-2006
 [Numbers in Thousands]

Year	Overall	Aged (65+)	Children ¹ (Under 18)	Individuals in Female- Headed Families ²	Black	Hispanic Origin ³	White
1959	39,490	5,481	17,552	7,014	9,927	NA	28,484
1960	39,851	NA	17,634	7,247	NA	NA	28,309
1965	33,185	NA	14,676	7,524	NA	NA	22,496
1970	25,420	4,793	10,440	7,503	7,548	NA	17,848
1975	25,877	3,317	11,104	8,846	7,545	2,991	17,770
1980	29,272	3,871	11,543	10,120	8,579	3,491	19,699
1985	33,064	3,456	13,010	11,600	8,926	5,236	22,860
1990	33,585	3,658	13,431	12,578	9,837	6,006	22,326
1991	35,708	3,781	14,341	13,824	10,242	6,339	23,747
1992 ⁴	38,014	3,928	15,294	14,205	10,827	7,592	25,259
1993	39,265	3,755	15,727	14,636	10,877	8,126	26,226
1994	38,059	3,663	15,289	14,380	10,196	8,416	25,379
1995	36,425	3,318	14,665	14,205	9,872	8,574	24,243
1996	36,529	3,428	14,463	13,796	9,694	8,697	24,650
1997	35,574	3,376	14,113	13,494	9,116	8,308	24,396
1998	34,476	3,386	13,467	12,907	9,091	8,070	23,454
1999 ⁵	32,791	3,222	12,280	11,764	8,441	7,876	22,169
2000 ⁶	31,581	3,323	11,587	10,926	7,982	7,747	21,645
2001	32,907	3,414	11,733	11,223	8,136	7,997	22,739
2002 ⁷	34,570	3,576	12,133	11,657	8,602	8,555	23,466
2003	35,861	3,552	12,866	12,413	8,781	9,051	24,272
2004	37,040	3,453	13,041	12,832	9,014	9,122	25,327
2005	36,950	3,603	12,896	13,153	9,168	9,368	24,872
2006	36,460	3,394	12,827	13,199	9,048	9,243	24,416

¹ All children including unrelated children.

² Does not include females living alone.

³ Hispanic origin may be of any race; it is an overlapping category.

⁴ For 1992, figures are based on 1990 Census population controls.

⁵ For 1999, figures are based on 2000 Census population controls.

⁶ Data for 2000 are consistent with 2001 data through implementation of Census 2000-based population controls and a 28,000 sample expansion to the March Current Population Survey.

⁷ Starting in 2002, "Black" refers to people who reported only black as their racial category, and "White" refers to people who reported only white as their racial category.

NA-Not available.

Source: U.S. Census Bureau (2007 and various years).

TABLE E-4--POVERTY RATES FOR DEMOGRAPHIC GROUPS,
SELECTED YEARS 1959-2006
[In Percent]

Year	Overall	Aged (65+)	Children ¹ (Under 18)	Individuals in Female- Headed Families ²	Black	Hispanic Origin ³	White
1959	22.4	35.2	27.3	49.4	55.1	NA	18.1
1960	22.2	NA	26.9	48.9	NA	NA	17.8
1965	17.3	NA	21.0	46.0	NA	NA	13.3
1970	12.6	24.6	15.1	38.1	33.5	NA	9.9
1975	12.3	15.3	17.1	37.5	31.3	26.9	9.7
1980	13.0	15.7	18.3	36.7	32.5	25.7	10.2
1985	14.0	12.6	20.7	37.6	31.3	29.0	11.4
1990	13.5	12.2	20.6	37.2	31.9	28.1	10.7
1991	14.2	12.4	21.8	39.7	32.7	28.7	11.3
1992 ⁴	14.8	12.9	22.3	39.0	33.4	29.6	11.9
1993	15.1	12.2	22.7	38.7	33.1	30.6	12.2
1994	14.5	11.7	21.8	38.6	30.6	30.7	11.7
1995	13.8	10.5	20.8	36.5	29.3	30.3	11.2
1996	13.7	10.8	20.5	35.8	28.4	29.4	11.2
1997	13.3	10.5	19.9	35.1	26.5	27.1	11.0
1998	12.7	10.5	18.9	33.1	26.1	25.6	10.5
1999 ⁵	11.9	9.7	17.1	30.5	23.6	22.7	9.8
2000 ⁶	11.3	9.9	16.2	28.5	22.5	21.5	9.5
2001	11.7	10.1	16.3	28.6	22.7	21.4	9.9
2002 ⁷	12.1	10.4	16.7	28.8	24.1	21.8	10.2
2003	12.5	10.2	17.6	30.0	24.4	22.5	10.5
2004	12.7	9.8	17.8	30.5	24.7	21.9	10.8
2005	12.6	10.1	17.6	31.1	24.9	21.8	10.6
2006	12.3	9.4	17.4	30.5	24.3	20.6	10.3

¹ All children including unrelated children.

² Does not include females living alone.

³ Hispanic origin may be of any race; it is an overlapping category.

⁴ For 1992, figures are based on 1990 Census population controls.

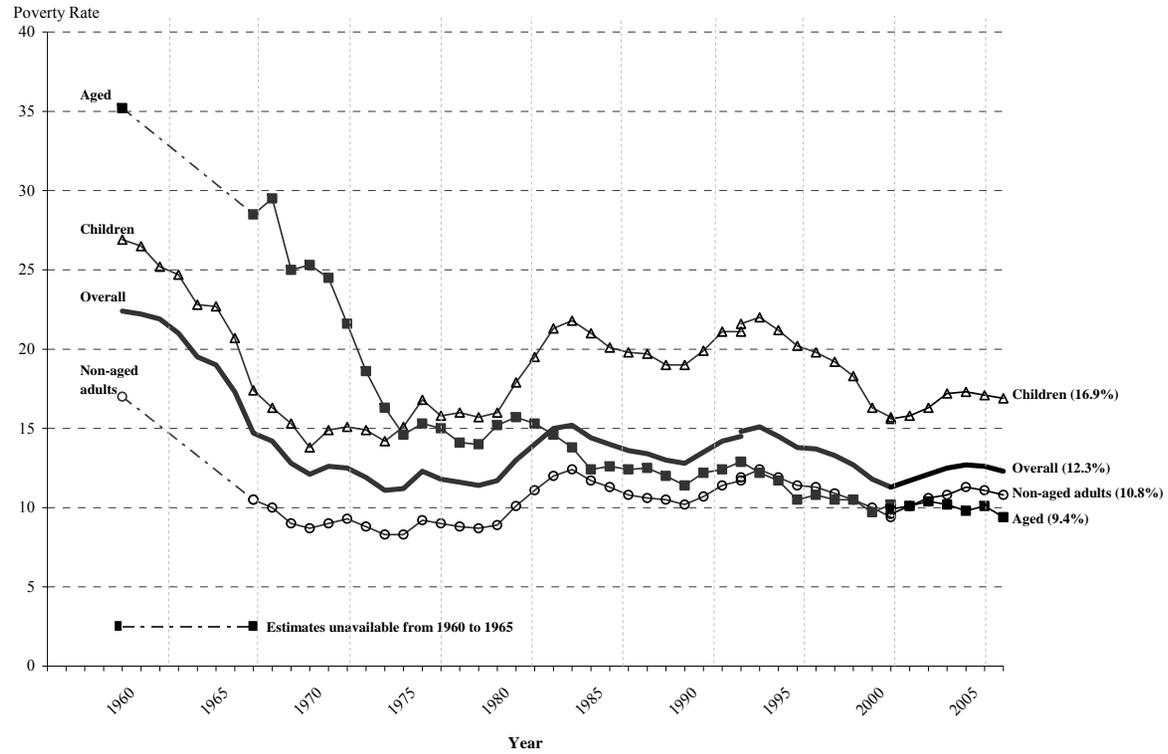
⁵ For 1999, figures are based on 2000 Census population controls.

⁶ Data for 2000 are consistent with 2001 data through implementation of Census 2000-based population controls and a 28,000 sample expansion to the March Current Population Survey.

⁷ Starting in 2002, "Black" refers to people who reported only Black as their racial category, and "White" refers to people who reported only White as their racial category.

Source: U.S. Census Bureau (2007 and various years).

CHART E-2--U.S. POVERTY RATES BY AGE GROUP: 1959-2006



Source: Chart prepared by the Congressional Research Service based on U.S. Census Bureau ASEC/CPS data.

POVERTY RATES FOR SELECTED DEMOGRAPHIC GROUPS

As Table E-4 illustrates, there are substantial differences between the overall poverty rate and the poverty rates of individuals in certain demographic subgroups. Most notably, blacks, individuals in female-headed households, and Hispanics have poverty rates that greatly exceed the average. The poverty rates for individuals in female-headed households remained above 35 percent over the 1959-97 period. However, it declined every year after 1991 until 2000 when it reached its lowest level ever at 28.5. The poverty rate for blacks and Hispanics remained near 30 percent during the 1980s and mid 1990s. However, both rates declined after the early 1990s and for blacks it reached its lowest level ever in 2000 at 22.5 percent, and for Hispanics a record low of 20.6 percent was reached in 2006. The poverty rate for the aged, which exceeded the overall poverty rate in 1959, fell quickly beginning in the 1960s. By 2006 it had reached a record low of 9.4 percent, a 73 percent decline since 1959. The poverty rate for whites was below the overall poverty rate throughout the entire 1959-2006 period. It was 10.3 percent in 2006. The poverty rate for children exceeded the overall poverty rate every year between 1959 and 2006. Poverty among children is addressed in greater detail in Appendix E, and among the aged in Appendix A.

POVERTY RATES FOR FAMILIES

Table E-5 shows the composition of the poverty population for various demographic groups for selected years between 1959 and 2006. Table E-6 presents poverty data for families and unrelated individuals (individuals living alone). Female-headed families with children and unrelated individuals are more likely to be poor than other families with children or families with aged members. In 2006, 33.4 percent of female-headed families with children were poor, compared with 6.7 percent of male-present families. Although only 6.4 percent of all families with an aged member were poor, 17.3 percent of all aged unrelated individuals were poor. About 20.8 percent of nonaged unrelated individuals were poor.

TABLE E-5--COMPOSITION OF POVERTY POPULATION FOR SELECTED DEMOGRAPHIC GROUPS¹, SELECTED YEARS 1959-2006

	[In Percent]								
	1959	1966	1975	1985	1990	1995	2000	2005 ⁵	2006
Aged	13.9	17.9	12.8	10.5	10.9	9.1	10.5	9.8	9.3
Children	43.6	42.6	42.1	38.8	39.5	39.5	36.0	34.1	34.6
Nonaged Adults	42.5	39.5	45.1	50.7	49.7	51.4	53.5	56.1	56.1
Individuals in Female-Headed Families ²	26.3	36.0	47.4	49.5	53.4	54.0	52.7	53.3	52.8
Individuals in All Other Families ²	73.7	64.0	52.6	50.5	46.6	46.0	47.3	46.7	47.2
Blacks	25.1	31.1	29.2	27.0	29.3	27.1	25.3	24.8	24.8
Whites	72.1	67.7	68.7	69.1	66.5	67.1	68.5	67.3	67.0
Other Races	2.8	1.2	2.1	3.9	4.2	5.8	6.2	7.9	8.2
Hispanic Origin ³	NA	NA	11.6	15.8	17.9	23.5	24.5	25.4	25.4
Individuals in Families: ⁴									
With Children	NA	NA	NA	NA	68.0	67.3	61.5	59.7	61.0
Male Present	NA	NA	NA	NA	30.7	29.7	28.3	26.8	26.7
Female-Headed	NA	NA	NA	NA	37.2	37.6	33.3	32.9	34.2
Individuals in All Other Families	NA	NA	NA	NA	32.0	32.7	38.5	40.3	39.0

¹ Demographic data are for March of the following year.

² Includes unrelated or single individuals.

³ Hispanic origin may be of any race, therefore numbers add to more than 100 percent.

⁴ Family includes related children under the age of 18.

⁵ 2005 data are not directly comparable to earlier years. Beginning in 2002, CPS respondents could for the first time report belonging to more than one racial group. The 2002 categories for blacks and whites represent respondents who reported a single race. In earlier years, persons of mixed race may have reported themselves as being black, white, or some other race.

NA- Not available.

Source: 1959-1985 estimates based on data from U.S. Census Bureau 'Money Income and Poverty Status of Families and Persons in the United States 1986,' p. 60 No. 159. 1990-2007 data from Congressional Research Service (CRS) tabulations of U.S. Census Bureau Current Population Survey Annual Social and Economic Supplement. Table prepared by CRS.

TABLE E-6--POVERTY RATES BY FAMILY TYPE, SELECTED YEARS 1987-2006,
AND PERCENTAGE OF FAMILIES AND UNRELATED INDIVIDUALS BY RATIO OF
TOTAL INCOME TO POVERTY THRESHOLD, 2006^{1,2}

Family Type	Poverty Rate (in percent)						Ratio of Total Income to Poverty Threshold, 2006							2006 Total (Thousands)
	1987	1990	1995	2000	2005	2006	Under 0.50	0.50 to 0.99	1.00 to 1.24	1.25 to 1.49	1.50 to 1.99	2.00 to 2.99	3.00 and Over	
Total:														
Families	11.0	11.1	11.1	8.9	10.1	10.0	4.2	5.8	3.7	3.9	8.5	16.8	57.2	79,021
Unrelated individuals	20.4	20.7	20.9	19.0	21.1	20.0	9.6	10.4	6.5	6.3	11.3	18.2	37.8	49,884
No members age 65 or older:														
Families	11.9	12.2	12.4	9.1	11.0	10.9	4.7	6.2	3.7	3.7	7.8	15.6	58.4	63,395
Unrelated individuals	19.1	19.1	20.7	18.6	21.5	20.8	11.3	9.5	4.9	4.8	9.6	18.0	41.9	38,057
Any member age 65 or older:														
Families	7.2	6.4	5.8	5.5	6.2	6.4	2.0	4.4	3.6	4.6	11.2	22.0	52.3	15,626
Unrelated individuals	23.9	24.7	21.4	20.0	19.5	17.3	3.9	13.4	11.7	11.1	16.7	18.6	24.6	11,826
Families with children:														
Female headed, no husband present	46.3	45.3	33.4	36.4	36.8	33.4	18.0	18.8	9.2	7.3	12.7	16.5	17.5	10,323
Male-present	8.1	8.5	6.7	7.5	7.5	6.7	2.3	5.1	3.6	3.9	9.0	18.8	57.2	29,973

¹ Based on Census poverty income thresholds.

² Unrelated subfamilies are treated as separate families. Related subfamilies are not treated as separate, but as members of the primary family with which they reside.

Source: Congressional Research Service (CRS) tabulations of U.S. Census Bureau Current Population Survey Annual Social and Economic Supplement. Table prepared by CRS.

EDUCATION, EMPLOYMENT, WORK DISABILITY, AND POVERTY
STATUS AMONG NON-AGED ADULTS

Adults with low education, those who are unemployed, or who have a work-related disability are especially prone to poverty. In 2006, among persons age 25 to 34, 29.2 percent who had no high school diploma were poor, compared to 15.9 percent who had a high school diploma only and 4.2 percent who had at least a bachelor's degree. (About 13 percent of 25 to 34 year-olds lack a high school diploma.) (See Table E-7.) Among persons between the ages of 16 and 64 who were unemployed in March 2007, 24.0 percent were poor based on their families' incomes in 2006; among those who were employed, 5.7 percent were poor. (See Table E-8.) In 2006, persons who reported a work disability represented 10.2 percent of the age 16 to 64 population, and 26.2 percent of the poor population within this age range. Among those with a severe work disability, 33.5 percent were poor, compared to 13.3 percent of those with a less severe disability and 9.0 percent who reported having no work-related disability. (See Table E-9.)

TABLE E-7--POVERTY STATUS BY LEVEL OF EDUCATIONAL
ATTAINMENT AMONG YOUNG ADULTS, AGES 25 TO 34:
2006

[Numbers in Thousands]

	Total	Poor	Poverty rate
Total	39,868	4,920	12.3%
Less than high school diploma	5,125	1,496	29.2%
High school diploma or equivalent	11,408	1,809	15.9%
Some college, no degree	7,234	796	11.0%
Associate degree	3,727	300	8.1%
Bachelor's degree or higher	12,374	519	4.2%

Source: Congressional Research Service (CRS) tabulation from U.S. Census Bureau 2007 Current Population Survey Annual Social and Economic Supplement (CPS-ASEC).

TABLE E-8--LABOR FORCE STATUS OF ADULT
CIVILIANS AGES 16 TO 64 IN MARCH 2007 AND
POVERTY STATUS IN 2006

[Numbers in Thousands]

	Total	Poor	Poverty rate
Total	194,998	21,447	11.0
Employed	139,350	7,975	5.7
Unemployed	7,014	1,685	24.0
Not in labor force	48,634	11,787	24.2

Source: Congressional Research Service (CRS) tabulation from U.S. Census Bureau 2007 Current Population Survey Annual Social and Economic Supplement (CPS-ASEC).

TABLE E-9--WORK DISABILITY AND POVERTY STATUS OF NON-AGED ADULTS (AGES 16 TO 64): 2006
[Numbers in Thousands]

	Total	Poor	Poverty rate	Share of poor adults
Total	195,765	21,502	11.0	100.0
No work disability	175,792	15,874	9.0	73.8
Any work disability	19,973	5,629	28.2	26.2
Non-severe work disability	5,250	699	13.3	3.2
Severe work disability	14,723	4,930	33.5	22.9

Note- Persons are identified as having a work disability if: (1) they reported having a health problem or disability which prevents them from working or which limits the kind or amount of work they can do; or (2) ever retired or left a job for health reasons; or (3) did not work in the survey week because of long-term physical or mental illness or disability which prevents the performance of any kind of work; or (4) did not work at all in the previous year because they were ill or disabled; or (5) under 65 years of age and covered by Medicare; or (6) under age 65 years of age and a recipient of Supplemental Security Income (SSI); or (7) received veteran's disability compensation. Persons are considered to have a severe work disability if they meet any of the criteria in 3 through 6, above. Details may not sum to totals due to rounding.

Source: Congressional Research Service (CRS) tabulation from U.S. Census Bureau 2007 Current Population Survey Annual Social and Economic Supplement (CPS-ASEC).

LABOR FORCE ATTACHMENT AND POVERTY AMONG ADULTS – THE “WORKING POOR”

Table E-10 depicts labor force attachment and poverty status of adults (persons age 16 and older) in 2006. The table shows that nearly 24.9 million persons age 16 and older (10.7 percent) were poor in 2006. Of this number, an estimated 9.9 million poor adults were in the labor force at some time during 2007, with 15 million not participating at all in that year. Persons are considered to be in the labor force if they are employed or actively looking for work during the reference period. Among poor adults with some labor force attachment during the year, the majority (7.4 million) are classified as “working poor,” based on the Bureau of Labor Statistics (BLS) definition of participating in the labor force (meaning worked or searched for work) for 27 or more weeks during the year and having family income below poverty. The 7.4 million “working poor” account for about 4.7 percent of adults who participated in the labor force during 2006, and 5.1 percent of those who were in the labor force 27 or more weeks. In 2006, the “working poor” accounted for about one-fifth (20.3 percent) of all poor persons (36.5 million). In 2006, among the “working poor”, women slightly outnumbered men (3.9 million compared to 3.6 million, respectively). At every age grouping, poverty rates are higher for women than for men. The differences are in part related to lower levels of labor force attachment among women, but even among women with substantial labor force attachment of 27 or more weeks during the year, their poverty rates are higher than those of men.

Table E-11 depicts the poverty status of labor force participants by job attachment. Job attachment is classified in terms of whether individuals worked full year (50 or more weeks during the year) or part year (fewer than 50 weeks

during the year) and by whether they usually worked full time (35 or more hours per week) or part-time (fewer than 35 hours per week). Persons who did not work at any time, but searched for work during the year, are included. The table shows, for example, that the majority of labor force participants hold full-time jobs (79.8 percent, i.e., 67.5 percent plus 12.3 percent), but a much smaller proportion of poor labor force participants (55.5 percent, i.e., 29.4 percent plus 26.1 percent) hold full-time jobs. Also, the majority of labor force participants hold down full-year jobs (77.0 percent, i.e., 67.5 percent plus 9.5 percent), compared to a minority of poor labor force participants (43.2 percent, i.e., 29.4 percent plus 12.8 percent). In 2006, just over two-thirds of labor force participants (67.5 percent) held full-time full-year jobs, compared to less than one-third (29.4 percent) of poor labor force participants. Among poor labor force participants, 7 percent did not work at any time during the year, although they searched for work at some point during the year—among this 7 percent, about half reported having searched for work for 27 or more weeks (354,000 of 692,000).

Table E-12 depicts adults, age 16 and older, who participated in the labor force at some time during 2006, by gender, race and Hispanic origin. The table shows that minority men and women are significantly more likely to be among the ranks of the “working poor” than non-minorities. In 2006, among adult men with 27 or more weeks of labor force attachment, 3.0 percent of white non-Hispanics were poor, compared to 7.2 percent of black non-Hispanics and 9.7 percent of Hispanics; among women with significant labor force attachment, 4.0 percent of white non-Hispanics were poor, compared to 12.2 percent of black non-Hispanics and 9.8 percent of Hispanics.

Table E-13 shows poor persons and persons in working-poor families in 2006, by family relationship. In 2006, the 7.4 million persons classified as “working poor” accounted for about one-fifth (20.3 percent) of all poor persons (36.5 million). In addition to the 7.4 million working poor, another 10.6 million related family members living with them were poor. Thus, an estimated 18.0 million poor persons, or nearly half (49.4 percent) of all poor persons (36.5 million), lived in families in which at least one member had significant labor force attachment – that is, where at least one family member was classified as being among the working poor. Among the 7.4 million working poor, nearly 4.2 million (56.4 percent) were family heads and 2.6 million (35.6 percent) were unrelated individuals – living alone or in a household with other, unrelated members. The majority of poor children (62.9 percent, number 7.6 million) lived in working poor families in 2006.

Chart E-3 shows the trend in poverty rates among adult civilians age 16 and over who participated in the labor force for 27 or more weeks during the year. The chart shows poverty rates based on pre-tax money income (i.e., the “official” poverty definition), as well as two measures that gauge the effect of Federal and State income taxes and Federal payroll (FICA) taxes on poverty; one which estimates the tax effects before considering tax credits, and the other

after considering the effect of refundable tax credits. Tax credits reduce the tax liability families would otherwise incur based on their regular (pre-credit) tax liability. Whereas most tax credits serve only to reduce a family's tax burden, refundable tax credits provide a refund to tax filers who have no tax liability. The post-tax post-credit poverty rates capture the effects of two tax credits: the Earned Income Tax Credit (EITC), which is fully refundable, and the Child Tax Credit (CTC), which is partially refundable on a share of taxable earnings above specified thresholds. (For a description of these tax credits, see Section 13.) The post-tax post-credit tax rates also reflect the effects of State refundable income tax provisions estimated by the Census Bureau on the CPS.

The EITC, enacted in 1975 (P.L. 94-12), has been expanded a number of times. Over the period depicted in the chart, notable expansions to the EITC occurred in 1990 (P.L. 101-508), which among other things increased the credit and adjusted it for family size (one child, two or more children) (provisions phased in 1991 and 1992); in 1993 (P.L. 103-66), which increased the credit rate and extended the credit to childless workers (ages 25 to 64) to help offset FICA taxes (provisions phased in from 1994 through 1996); and 2001 (P.L. 107-16), which extended the credit to higher income levels for married couples, to reduce marriage penalties associated with the credit and other tax provisions. Since 1996, the EITC has provided a "work bonus" for lower-income families amounting to as much as 34 cents on each dollar earned for a family with one child, and up to 40 cents on each dollar earned for families with two or more children²; childless workers between the ages of 25 and 64 may receive a tax refund up to 7.65 percent of earnings. In 2006, in order to have received these maximum credit rates, a childless taxpayer (ages 25 to 64) would have to have had earnings ranging between \$5,380 and \$8,740, which would have yielded a maximum credit of \$412; a taxpayer with one child would have had to have earnings ranging from \$8,080 to \$14,810 (\$16,810, if filing a joint-married return), for a maximum credit of \$2,747; and a taxpayer with two or more children would have to have had earnings ranging from \$11,340 to \$14,810 (\$16,810 if filing a joint-married-return), for a maximum credit of \$4,536. In 2006, the EITC fully phased out at \$12,120 for childless taxpayers (\$14,120, if married filing jointly), \$32,001 for taxpayers with one child (\$34,011, if married filing jointly), and \$36,348 for taxpayers with two or more children (\$38,348, if married filing jointly).

The Child Tax Credit, enacted in 1997 (P.L. 105-34), to provide additional tax relief to families with children, originally limited relief to tax filers who owed Federal income taxes. In 2001, major changes were made to the CTC (P.L. 107-16) which expanded the credit to as much as \$1,000 per child (fully phasing-in by 2003), and extended the credit, to a limited extent, to tax filers who owed no Federal income tax, but incurred FICA payroll taxes. The CTC is

² The American Recovery and Reinvestment Act of 2009 (ARRA, PL 111-5) increases the credit rate for families with three or more children to 45 percent in tax years 2009 and 2010.

partially refundable; to the extent that tax filer's earned income exceeds an inflation adjusted threshold (\$11,300 in 2006), a tax filer may claim 15 percent of earnings above the threshold until the full credit is reached, which in 2006 would have been an earned income level of about \$18,000 for a tax filer with one child.³

Chart E-3 shows, for example, that in 1987, among adult civilians with significant attachment to the labor force (i.e., participated 27 or more weeks during the year), 5.5 percent were poor in 1987 (the bottom-most, dark line). In that year, 6.7 percent of adults with significant attachment to the labor force would have been considered poor if Federal and State income taxes and payroll taxes owed were subtracted from their income (the upper-most line). In 1987, Federal and State tax liabilities would have raised the estimated share of "working-poor" adults by 1.2 percentage points, or nearly 22 percent. In 1987, the EITC reduced the tax burden on the poor, but only slightly; reducing the rate from 6.7 percent to 6.4 percent, which was still nearly one percentage point higher than the "official" (pre-tax money income) poverty rate. In 2006, the working-poor poverty rate is estimated at 5.1 percent, and the post-tax pre-credit poverty rate at 6.4 percent. The effect of the 1993 expansions to the EITC that phased-in from 1994 to 1996 on post-tax poverty are especially apparent in the chart. The chart shows that by 1995, the EITC had, on average, effectively offset the tax burden the working poor would have otherwise incurred, by reducing the post-tax pre-credit poverty rate from 7.0 percent to 6.0 percent, which just about equaled the "official" rate based on pre-tax money income. Since 1995, refundable tax credits have largely offset the tax burden among the working poor.

³ The Economic Stabilization Act of 2008 (P.L. 110-334) expanded the refundable portion of the credit for low-income families by lowering the income threshold at which the credit begins to phase in to \$8,500, effective for the 2008 tax year only. The American Recovery and Reinvestment Act of 2008 (P.L. 111-5) further lowers the threshold to \$3,000 for tax years 2009 and 2010 only.

TABLE E-10--LABOR FORCE ATTACHMENT AND POVERTY
STATUS OF ADULTS AGES 16 AND OLDER, 2006

[Numbers in Thousands]

	Total	Not in the labor force	Percent in labor force	In the labor force		
				Total	Fewer than 27 weeks	27 or more weeks
Total	231,800	73,237	68.4	158,563	13,334	145,229
16 to 19	16,950	9,217	45.6	7,733	3,605	4,128
20 to 24	20,532	4,583	77.7	15,949	2,650	13,299
25 to 34	39,868	6,070	84.8	33,798	1,967	31,831
35 to 44	42,762	6,660	84.4	36,102	1,486	34,617
45 to 54	43,461	7,232	83.4	36,230	1,253	34,977
55 to 64	32,191	10,275	68.1	21,917	1,298	20,618
65 and older	36,035	29,202	19.0	6,833	1,075	5,759
Number Poor						
Total	24,896	15,038	39.6	9,857	2,445	7,413
16 to 19	2,617	1,782	31.9	836	403	432
20 to 24	3,693	1,571	57.5	2,122	648	1,474
25 to 34	4,920	2,139	56.5	2,781	593	2,188
35 to 44	4,049	1,991	50.8	2,058	384	1,674
45 to 54	3,399	2,109	37.9	1,290	239	1,050
55 to 64	2,825	2,189	22.5	636	138	498
65 and older	3,394	3,258	4.0	136	39	96
Poverty rate (percent poor)						
Total	10.7	20.5	NA	6.2	18.3	5.1
16 to 19	15.4	19.3	NA	10.8	11.2	10.5
20 to 24	18.0	34.3	NA	13.3	24.4	11.1
25 to 34	12.3	35.2	NA	8.2	30.2	6.9
35 to 44	9.5	29.9	NA	5.7	25.8	4.8
45 to 54	7.8	29.2	NA	3.6	19.1	3.0
55 to 64	8.8	21.3	NA	2.9	10.6	2.4
65 and older	9.4	11.2	NA	2.0	3.6	1.7

TABLE E-10--LABOR FORCE ATTACHMENT AND POVERTY
STATUS OF ADULTS AGES 16 AND OLDER, 2006 -continued
[Numbers in Thousands]

	Total	Not in the labor force	Percent in labor force	In the labor force		
				Total	Fewer than 27 weeks	27 or more weeks
MEN						
Total	112,438	28,338	74.8	84,100	5,643	78,457
16 to 19	8,609	4,679	45.7	3,930	1,876	2,054
20 to 24	10,409	2,048	80.3	8,361	1,176	7,185
25 to 34	20,024	1,670	91.7	18,354	614	17,740
35 to 44	21,181	1,833	91.3	19,348	397	18,951
45 to 54	21,296	2,447	88.5	18,849	416	18,433
55 to 64	15,478	3,989	74.2	11,488	594	10,894
65 and older	15,443	11,672	24.4	3,770	570	3,200
Number Poor						
Total	10,155	5,669	44.2	4,485	930	3,556
16 to 19	1,309	913	30.2	395	194	201
20 to 24	1,489	600	59.7	890	222	668
25 to 34	1,951	695	64.4	1,256	200	1,056
35 to 44	1,659	708	57.3	950	130	821
45 to 54	1,518	895	41.0	623	95	528
55 to 64	1,210	905	25.2	304	74	231
65 and older	1,020	953	6.6	67	15	52
Poverty rate (percent poor)						
Total	9.0	20.0	NA	5.3	16.5	4.5
16 to 19	15.2	19.5	NA	10.1	10.4	9.8
20 to 24	14.3	29.3	NA	10.6	18.9	9.3
25 to 34	9.7	41.6	NA	6.8	32.6	6.0
35 to 44	7.8	38.6	NA	4.9	32.6	4.3
45 to 54	7.1	36.6	NA	3.3	22.9	2.9
55 to 64	7.8	22.7	NA	2.6	12.4	2.1
65 and older	6.6	8.2	NA	1.8	2.6	1.6

TABLE E-10--LABOR FORCE ATTACHMENT AND POVERTY
STATUS OF ADULTS AGES 16 AND OLDER, 2006 -continued
[Numbers in Thousands]

	Total	Not in the labor force	Percent in labor force	In the labor force		
				Total	Fewer than 27 weeks	27 or more weeks
WOMEN						
Total	119,362	44,899	62.4	74,463	7,691	66,772
16 to 19	8,341	4,538	45.6	3,803	1,729	2,074
20 to 24	10,123	2,535	75.0	7,589	1,474	6,114
25 to 34	19,843	4,400	77.8	15,444	1,353	14,090
35 to 44	21,582	4,827	77.6	16,755	1,089	15,666
45 to 54	22,166	4,785	78.4	17,381	837	16,544
55 to 64	16,713	6,285	62.4	10,428	704	9,724
65 and older	20,593	17,529	14.9	3,063	505	2,558
Number Poor						
Total	14,741	9,369	36.4	5,372	1,515	3,857
16 to 19	1,309	868	33.7	441	209	232
20 to 24	2,203	971	55.9	1,232	426	806
25 to 34	2,969	1,444	51.4	1,525	393	1,132
35 to 44	2,390	1,282	46.3	1,108	254	854
45 to 54	1,881	1,214	35.4	667	144	522
55 to 64	1,616	1,284	20.5	331	64	268
65 and older	2,373	2,305	2.9	68	24	44
Poverty rate (percent poor)						
Total	12.3	20.9	NA	7.2	19.7	5.8
16 to 19	15.7	19.1	NA	11.6	12.1	11.2
20 to 24	21.8	38.3	NA	16.2	28.9	13.2
25 to 34	15.0	32.8	NA	9.9	29.0	8.0
35 to 44	11.1	26.6	NA	6.6	23.3	5.4
45 to 54	8.5	25.4	NA	3.8	17.3	3.2
55 to 64	9.7	20.4	NA	3.2	9.1	2.8
65 and older	11.5	13.2	NA	2.2	4.9	1.7

Note- Persons are considered to be in the labor force if they were employed or looked for work at any time during the year. Details may not sum to totals due to rounding.

Source: Congressional Research Service (CRS) tabulation from U.S. Census Bureau 2007 Current Population Survey Annual Social and Economic Supplement (CPS-ASEC).

TABLE E-11--POVERTY STATUS AND JOB ATTACHMENT¹ OF LABOR FORCE PARTICIPANTS²
 AGE 16 AND OLDER, 2006
 [Numbers in Thousand]

	All labor force participants		Poor labor force participants					
			Working poor – participated in the labor force 27 or more weeks					
	Total	Percent distribution	Number poor	Percent distribution	Poverty rate	Number poor	Percent distribution	Poverty rate
Total	158,563	100.0	9,857	100.0	6.2	7,413	100.0	4.7
Full-time, full-year	107,105	67.5	2,898	29.4	2.7	2,898	39.1	2.7
Full-time, part-year	19,572	12.3	2,577	26.1	13.2	1,587	21.4	8.1
Part-time, full-year	15,124	9.5	1,361	13.8	9.0	1,361	18.4	9.0
Part-time, part year	14,856	9.4	2,331	23.6	15.7	1,213	16.4	8.2
Non-worker, searched for work	1,905	1.2	692	7.0	36.3	354	4.8	18.6

¹ Job attachment during the year is classified according to full-year work (50 or more weeks worked during the year) and part-year work (fewer than 50 weeks), and full-time work (usually worked 35 or more hours per week) and part-time work (usually worked fewer than 35 hours per week). Non-workers are persons who did not work, but searched for work, at some time during the year.

² Persons are considered to be in the labor force if they were employed or looked for work at any time during the year.

Note: Details may not sum to totals due to rounding.

Source: Congressional Research Service (CRS) tabulation from U.S. Census Bureau 2007 Current Population Survey Annual Social and Economic Supplement (CPS-ASEC).

TABLE E-12--PEOPLE AGE 16 AND OVER IN THE CIVILIAN LABOR FORCE, BY WEEKS IN THE LABOR FORCE, GENDER, RACE AND HISPANIC ORIGIN: 2006
[Numbers in Thousands]

	In the labor force at any time in 2006			In the labor force 27 or more weeks in 2006		
	Total	Poor	Percent poor	Total	Poor	Percent poor
Total	158,563	9,857	6.2	145,229	7,413	5.1
White only, non-Hispanic	109,570	4,818	4.4	100,281	3,464	3.5
Black only, non-Hispanic	17,259	1,989	11.5	15,883	1,563	9.8
Hispanic	21,708	2,449	11.3	19,985	1,951	9.8
Other, non-Hispanic	10,027	602	6.0	9,080	435	4.8
Men	84,100	4,485	5.3	78,457	3,556	4.5
White only, non-Hispanic	58,073	2,104	3.6	54,107	1,609	3.0
Black only, non-Hispanic	7,898	660	8.4	7,366	528	7.2
Hispanic	12,906	1,407	10.9	12,177	1,184	9.7
Other, non-Hispanic	5,223	314	6.0	4,807	235	4.9
Women	74,463	5,372	7.2	66,772	3,857	5.8
White only, non-Hispanic	51,496	2,713	5.3	46,173	1,855	4.0
Black only, non-Hispanic	9,361	1,329	14.2	8,517	1,035	12.2
Hispanic	8,802	1,042	11.8	7,808	767	9.8
Other, non-Hispanic	4,804	287	6.0	4,273	200	4.7

Note- Persons are considered to be in the labor force if they were employed or looked for work at any time during the year. Details may not sum to totals due to rounding.

Source: Congressional Research Service (CRS) tabulation from U.S. Census Bureau 2007 Current Population Survey Annual Social and Economic Supplement (CPS-ASEC).

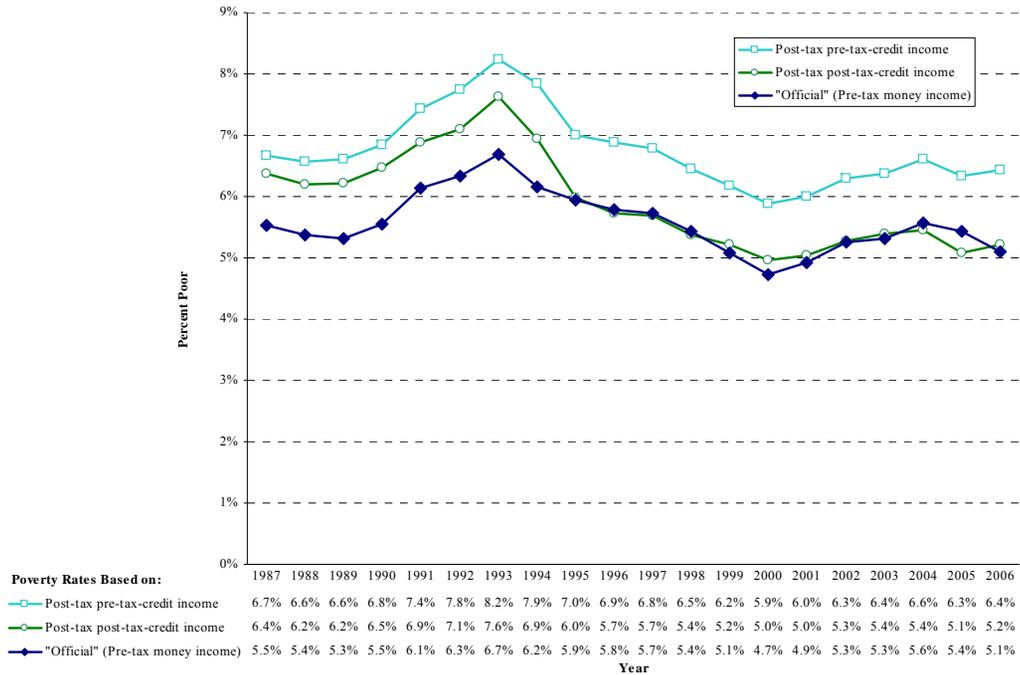
TABLE E-13--WORKING POOR AND PERSONS IN WORKING POOR FAMILIES, BY FAMILY RELATIONSHIP: 2006
[Numbers in Thousands]

	Persons in working poor families – at least one member with 27 or more weeks of labor force attachment and family income below poverty						
	Total	Poor	Working poor	Working poor as share of total poor population	Other family members	Total family members	Total family members as a share of total poor population
Total	296,450	36,460	7,413	20.3	10,545	17,958	49.3
In families	246,566	26,483	4,771	18.0	10,545	15,315	57.8
Family Heads	143,548	11,464	4,178	36.4	1,989	6,167	53.8
Husband or wife	120,162	6,013	1,971	32.8	1,481	3,451	57.4
Male head (spouse absent)	6,399	803	333	41.5	131	465	57.8
Female head (spouse absent)	16,987	4,648	1,873	40.3	377	2,251	48.4
Children under age 18	71,229	12,024	52	0.4	7,512	7,564	62.9
Adult children (age 18 and older)	21,229	1,540	322	20.9	510	833	54.0
Other family members	10,559	1,454	219	15.1	533	752	51.7
Unrelated individuals	49,884	9,977	2,642	26.5	0	2,642	26.5

Note- Persons are considered to be in the labor force if they were employed or looked for work at any time during the year.

Source: Congressional Research Service (CRS) tabulation from U.S. Census Bureau 2007 Current Population Survey Annual Social and Economic Supplement (CPS-ASEC).

CHART E-3--PRE- AND POST-TAX POVERTY RATES AMONG ADULT CIVILIANS AGE 16 AND OVER WHO PARTICIPATED IN THE LABOR FORCE FOR 27 OR MORE WEEKS DURING THE YEAR, 1987 TO 2006



Source: Chart prepared by the Congressional Research Service (CRS) based on analysis of U.S. Census Bureau Annual Social and Economic Supplement (ASEC) to the Current Population Survey (CPS) data.

**POVERTY BY METRO AREA, AREAS OF CONCENTRATED
POVERTY, AND STATE**

Tables E-14 and E-15 present poverty rates for non-metro and metro areas and by race in non-metro and metro areas respectively. Table E-14 shows that over the period depicted, poverty rates in non-metro areas have consistently been several percentage points higher than in metro areas in most years, but several percentage points lower than in central cities only, which consistently have had the highest poverty rates. For non-metro and suburban areas (i.e., outside principal cities) poverty rates in 2006 are above their most recent lows attained in 2000, but poverty rates in central cities have fallen back to their 2000 level after rising as a result of the 2000 recession through 2003.

**TABLE E-14--POVERTY RATES IN NON-METRO
AND METRO AREAS, SELECTED YEARS 1959-2006 [In Percent]**

Year	Non-metro	Metro		
		Total	Central Cities Only	Outside Principal Cities
1959	33.2	15.3	18.3	12.2
1968	18.0	10.0	13.4	7.3
1970	16.9	10.2	14.2	7.1
1975	15.4	10.8	15.0	7.6
1980	15.4	11.9	17.2	8.2
1985	18.3	12.7	19.0	8.4
1990	16.3	12.7	19.0	8.7
1991	16.1	13.7	20.2	9.6
1992 ¹	16.9	14.2	20.9	9.9
1993	17.2	14.6	21.5	10.3
1994	16.0	14.2	20.9	10.3
1995	15.6	13.4	20.6	9.1
1996	15.9	13.2	19.6	9.4
1997	15.9	12.6	18.8	9.0
1998	14.4	12.3	18.5	8.7
1999	14.2	11.2	16.4	8.3
2000 ²	13.4	10.8	16.1	7.8
2001	14.2	11.1	16.5	8.2
2002	14.2	11.6	16.7	8.9
2003	14.2	12.1	17.5	9.1
2004 ³	15.1	12.3	17.3	9.2
2005	14.5	12.2	17.0	9.3
2006	15.2	11.8	16.1	9.1

¹For 1992, figures are based on 1990 Census population controls.

²Data for 2000 are consistent with 2001 data through implementation of Census 2000-based population controls and a 28,000 sample expansion to the March Current Population Survey.

³Every 10 years the CPS sample is redesigned to reflect the results of the most recent decennial census. Poverty estimates for 2004 are based on the March CPS. In March 2005, the Census Bureau was in the middle of the redesign process with about 55 percent of the sample based on the 2000 census and the remainder based on the 1990 census.

Source: U.S. Census Bureau (2007 and various years). Table prepared by the Congressional Research

Service.

Table E-15 shows that despite recent progress, poverty among blacks and Hispanics remains much higher than poverty among whites in metro areas, non-metro areas, and inner cities.

TABLE E-15--PERCENTAGE OF PERSONS IN POVERTY BY RACE, BY METRO AND NON-METRO RESIDENCE, 2006

Race	Non-metro	Total	Metro	
			Central Cities Only	Outside Principal Cities
All Races	15.2	11.8	16.1	9.1
White only, non-Hispanic	11.9	7.3	9.2	6.4
Black only	29.8	23.6	27.9	18.1
Hispanic ¹	26.8	20.2	23.0	17.3

¹ Persons of Hispanic origin may be of any race.

Source: U.S. Census Bureau (2007). Table prepared by the Congressional Research Service.

Table E-16 presents data for the total population and poor population living in Census areas of concentrated poverty. The Census Bureau defines poverty areas based on the poverty rate of census tracts in metropolitan areas and census block numbering areas (BNAs) in non-metropolitan areas. The population of census tracts and BNAs ranges from 1,500 to 8,000 people. Areas of concentrated poverty are defined by the Census Bureau as census tracts (or BNAs) in which 20 percent or more of the population is poor. The Census Bureau further defines areas of “extreme poverty” as census tracts (or BNAs) in which 40 percent or more of the population is poor. The most recent poverty area data provided by the Census Bureau is for 2003, based on census tracts and BNAs defined in 1989, and their 1989 poverty levels. As a cautionary note, the poverty area designations are based on the areas of concentrated poverty that existed in 1989. Since then, poverty in such geographic areas has likely changed. Consequently, the data presented in Table E-16 for 2003 does not precisely account for the concentration of poverty areas for 2003; that could only be obtained if it were possible to redefine poverty areas contemporaneously, using 2003 data.

Table E-16 shows that 16.3 percent of the population lived in areas of concentrated poverty (i.e., area poverty rates of 20 percent more), but that 34.8 percent of the poor population lived in such areas. Nearly 8 percent of poor people lived in areas of extreme poverty (i.e., area poverty rates of 40 percent or more). The table shows that poor blacks (52.9 percent) and poor Hispanics (47.5 percent) are much more likely to live in areas of concentrated poverty than are poor white, non-Hispanics (18.8 percent).

TABLE E-16--TOTAL AND POOR POPULATION BY RESIDENCE IN
CENSUS AREAS OF CONCENTRATED POVERTY, 2003

[Numbers in Thousands]

	Total	White alone	White alone, not Hispanic	Black alone	Hispanic
Total	287,699	231,866	194,595	35,989	40,300
Poor	35,861	24,272	15,902	8,781	9,051
Poverty rate	12.5	10.5	8.2	24.4	22.5
Poverty area of 20 percent or more					
Total	46,761	30,235	18,216	13,522	12,903
Poor	12,488	7,010	2,991	4,649	4,295
Poverty rate	26.7	23.2	16.4	34.4	33.3
Share of total population	16.3	13.0	9.4	37.6	32.0
Share of poor	34.8	28.9	18.8	52.9	47.5
Share of the nonpoor	13.6	11.2	8.5	32.6	27.5
Poverty area of 30 percent or more					
Total	19,671	10,578	4,962	7,870	6,071
Poor	6,602	3,153	1,029	3,063	2,295
Poverty rate	33.6	29.8	20.7	38.9	37.8
Share of total population	6.8	4.6	2.5	21.9	15.1
Share of poor	18.4	13.0	6.5	34.9	25.4
Share of the nonpoor	5.2	3.6	2.2	17.7	12.1
Poverty area of 40 percent or more					
Total	7,105	3,368	1,205	3,219	2,401
Poor	2,790	1,202	328	1,362	952
Poverty rate	39.3	35.7	27.2	42.3	39.7
Share of total population	2.5	1.5	0.6	8.9	6.0
Share of poor	7.8	5.0	2.1	15.5	10.5
Share of the nonpoor	1.7	1.0	0.5	6.8	4.6
Outside of Poverty Areas					
Total	240,938	201,631	176,379	22,467	27,397
Poor	23,373	17,262	12,912	4,132	4,757
Poverty rate	9.7	8.6	7.3	18.4	17.4
Share of total population	83.7	87.0	90.6	62.4	68.0
Share of poor	65.2	71.1	81.2	47.1	52.6
Share of the nonpoor	86.4	88.8	91.5	67.4	72.5

Note- Census poverty areas are census tracts or census block numbering areas in which 20 percent or more of the population was poor in 1989.

Source: Table prepared by the Congressional Research Service based on U.S. Census Bureau data. See: Table POV39. Poverty Rate of Census Tract in 1989--Poverty Status of People at: http://pubdb3.census.gov/macro/032003/pov/new39_000.htm.

State poverty estimates are available from a number of U.S. Census Bureau sources. These include: the Annual Social and Economic Supplement to the Current Population Survey (CPS ASEC); the Decennial Census; the American Community Survey (ACS); and estimates from the Census Bureau's Small Area Income and Poverty Estimates program (SAIPE). However, estimates from the various sources are not directly comparable with each other, as each uses a different sampling strategy, applies different methods for collecting information from targeted respondents, and varies in terms of the detail of income and demographic information collected. Each source has its own strengths and

weaknesses. Estimates from the CPS ASEC are collected annually, and provide more detailed income and demographic data than the other sources. CPS-based poverty estimates also provide the longest, most reasonably consistent, historical series, by which to make comparisons over time. However, annual State-based CPS poverty estimates for many States have poor statistical reliability, due to the comparatively small samples from which they're based. State poverty estimates from the decennial census, while statistically more reliable than CPS estimates, are not directly comparable to CPS-based estimates and are available only every ten years. The American Community Survey, which will replace the decennial census long-form questionnaire, will provide estimates of comparable quality to those derived from the decennial census, but on a continual basis, rather than just every ten years. Since 2000, the ACS has provided poverty estimates for States, and more recently, for sub-State areas, such as counties, cities, and towns. The Census Bureau's SAIPE program provides State and sub-State (counties and school districts) poverty estimates for selected segments of the population (e.g., school-age population). SAIPE program estimates are based on a statistical model using data from the CPS, and more recently, the ACS, supplemented with data from Federal income tax returns, Food Stamp program participation, receipt of Supplemental Security Income, economic data from the Bureau of Economic Analysis, and data from the most recent census of poverty at the sub-national level that cannot be obtained directly from the CPS. The SAIPE program estimates are constructed so as to sum to national CPS estimates, and are intended to provide reasonably current and statistically acceptable estimates for purposes of allocating funds based on poverty to States, counties, and school districts.

Table E-17 presents State poverty rates from 1980 through 2006 as 3-year average rates for selected years. The estimates are based on U.S. Census Bureau data from the Annual Social and Economic Supplements (ASEC) to the Current Population Survey (CPS). The data are combined as 3-year averages to improve their statistical reliability, as single year State poverty estimates from the CPS are not very reliable due to small sample size. States with a statistically significant change in their poverty rate from one period to the next, are designated by an up or down arrow, to indicate a statistically significant increase, or decrease, in poverty, respectively. The table shows, for example, widespread declines in poverty among many States from the mid-1990s to the end of that decade, and beginning of the next. From 1994-1996 to 1999-2001, 22 States experienced statistically significant declines in their poverty rates; no State experienced a statistically significant increase. However, since the beginning of the current decade, 12 States experienced statistically significant increases in their poverty rates by 2004-2006, and only one State has experienced a statistically significant decrease. In spite of recent increases in poverty among States, in 2004-2006, 17 States still had statistically lower poverty rates than during the 1980-1982 period, and only one State had a poverty rate that was statistically higher.

Table E-18 provides poverty estimates for the U.S., as well as the 50 States, the District of Columbia, and Puerto Rico, based on the 2006 American Community Survey.⁴ The table shows, for example, that Alabama has an estimated poverty rate of 16.6 percent, with a margin of error at the 90 percent statistical confidence interval of plus or minus 0.5 percent. Consequently, Alabama's poverty rate from the ACS is estimated to fall within the range 16.1 percent to 17.1 percent. Chart E-4 shows States ranked according to their poverty rates in Table E-18, along with a 90-percent statistical confidence interval. It should be noted that a State's rank is approximate, as States' poverty estimates are subject to sampling error, as indicated by the 90-percent statistical confidence interval.⁵ The 2006 ACS data indicate that Mississippi (poverty rate of 21.1 percent) and the District of Columbia (poverty rate of 19.6 percent) are statistically tied as having the highest poverty rate of any State/jurisdiction (excluding Puerto Rico). Other States with comparatively high levels of poverty include Louisiana (19.0 percent), New Mexico (18.5 percent), which are statistically tied with each other, followed by Arkansas (17.3 percent), West Virginia (17.3 percent), Kentucky (17.0 percent), Oklahoma (17.0 percent), Texas (16.9 percent), and Alabama (16.6 percent), which are all statistically tied with one another. Two States are statistically tied as having the lowest poverty rate: Maryland (7.8 percent) and New Hampshire (8.0 percent).

⁴ The estimates depict poverty for the 12 months prior to the administration of the survey, which occurred over the course of the calendar year. For a household receiving the survey in January of 2006, poverty would be based on family income reported from January through December 2005; for a household receiving the survey in December 2006, poverty would be based on family income received from December 2005 through November 2006. Given the ACS continual data collection through the 2006 calendar year, the 2006 ACS poverty estimates for 2006 are centered on mid-December, 2005.

⁵ Two states' poverty rates are statistically different at the 90 percent statistical confidence interval if the confidence intervals bounding their respective poverty rates do not overlap with one another. However, some states with overlapping confidence intervals may also statistically differ at the 90 percent statistical confidence interval. In order to precisely determine whether two states' poverty rates differ from one another a statistical test of differences must be performed. The standard error for the difference between two estimates may be calculated as: $SE_{StateA} - SE_{StateB} = \sqrt{SE_{StateA}^2 + SE_{StateB}^2}$. Two estimates are considered statistically different if at the 90-percent statistical confidence interval the absolute value of the difference is greater than 1.645 times the standard error of the difference (i.e., $|Povrate_{StateA} - Povrate_{StateB}| > 1.645 \times (SE_{StateA} - SE_{StateB})$). Note that the standard error for a state's poverty estimate may be obtained by dividing the margin of error depicted in table E-18 by 1.645.

TABLE E-17--STATE POVERTY RATES: 3-YEAR AVERAGES, SELECTED YEARS: 1980-2006
[In Percent]

State	3-year average poverty rates from:						Average poverty rate from 2004 - 2006 less 3-year average poverty rate from:				
	1980 - 1982	1984 - 1986	1989 - 1991	1994 - 1996	1999 - 2001	2004 - 2006	1980 - 1982	1984 - 1986	1989 - 1991	1994 - 1996	1999 - 2001
Alabama	22.3	21.2	19.0	16.8	14.8	16.0	-6.3 ▼	-5.2 ▼	-3.0 ▼	-0.9	1.2
Alaska	9.7	9.9	11.2	8.5 ▼	7.9	9.3	-0.4	-0.6	-1.9	0.8	1.4
Arizona	13.1	14.4	14.2	17.5 ▲	12.8 ▼	14.7	1.6	0.3	0.5	-2.8 ▼	1.8
Arkansas	23.1	22.7	18.4 ▼	15.8	16.3	15.5	-7.6 ▼	-7.2 ▼	-2.9 ▼	-0.3	-0.8
California	12.8	13.2	14.2	17.2 ▲	13.1 ▼	12.9	0.1	-0.3	-1.3 ▼	-4.3 ▼	-0.2
Colorado	10.3	10.9	12.1	9.5	9.0	10.4	0.1	-0.5	-1.7	0.9	1.4
Connecticut	8.2	6.8	5.8	10.7 ▲	7.4 ▼	9.1	0.9	2.3 ▲	3.3 ▲	-1.6	1.7
Delaware	11.9	11.4	8.1	9.1	8.5	9.2	-2.7	-2.2	1.0	0.1	0.7
District of Columbia	19.4	18.1	19.2	22.5	16.0 ▼	18.9 ▲	-0.6	0.8	-0.4	-3.6 ▼	2.8 ▲
Florida	16.2	13.3 ▼	14.1	15.1	12.0 ▼	11.4	-4.8 ▼	-1.9 ▼	-2.7 ▼	-3.7 ▼	-0.6
Georgia	16.6	16.4	16.0	13.6	12.6	13.3	-3.3 ▼	-3.1 ▼	-2.7 ▼	-0.3	0.7
Hawaii	11.0	10.2	10.0	10.4	10.4	8.8	-2.2	-1.4	-1.2	-1.6	-1.6
Idaho	16.0	17.3	13.7 ▼	12.8	12.7	9.8 ▼	-6.2 ▼	-7.5 ▼	-4.0 ▼	-3.0 ▼	-2.9 ▼
Illinois	12.6	14.6 ▲	13.3	12.3	10.2 ▼	11.5 ▲	-1.1	-3.2 ▼	-1.8 ▼	-0.8	1.2 ▲
Indiana	12.3	12.5	14.1	10.3 ▼	7.9 ▼	11.6 ▲	-0.7	-0.9	-2.5	1.3	3.7 ▲
Iowa	12.4	15.1	10.1 ▼	10.8	7.7 ▼	10.8 ▲	-1.6	-4.3 ▼	0.7	0.0	3.1 ▲
Kansas	10.5	11.9	11.1	12.3	10.1	12.2 ▲	1.7	0.4	1.1	-0.1	2.1 ▲
Kentucky	18.3	18.7	17.4	16.7	12.4 ▼	16.5 ▲	-1.8	-2.3	-0.9	-0.3	4.0 ▲
Louisiana	21.7	20.2	22.0	22.0	17.5 ▼	17.4	-4.3 ▼	-2.9 ▼	-4.6 ▼	-4.6 ▼	-0.2
Maine	14.8	11.7	12.5	10.6	10.3	11.5	-3.3	-0.2	-1.1	0.9	1.1
Maryland	10.8	8.9	9.3	10.4	7.3 ▼	9.3 ▲	-1.5	0.5	0.0	-1.0	2.0 ▲
Massachusetts	9.6	9.1	10.2	10.3	10.2	10.5	0.9	1.4	0.3	0.2	0.3

TABLE E-17--STATE POVERTY RATES: 3-YEAR AVERAGES, SELECTED YEARS: 1980-2006 -continued
 [In Percent]

State	3-year average poverty rates from:						Average poverty rate from 2004 - 2006 less 3-year average poverty rate from:				
	1980 - 1982	1984 - 1986	1989 - 1991	1994 - 1996	1999 - 2001	2004 - 2006	1980 - 1982	1984 - 1986	1989 - 1991	1994 - 1996	1999 - 2001
Michigan	14.0	15.0	13.9	12.5	9.7 ▼	12.9 ▲	-1.2	-2.2 ▼	-1.0	0.4	3.2 ▲
Minnesota	11.0	11.4	12.0	10.2	6.8 ▼	7.8	-3.2 ▼	-3.6 ▼	-4.3 ▼	-2.5 ▼	1.0
Mississippi	24.3	25.6	23.8	21.3	16.8 ▼	19.8 ▲	-4.5 ▼	-5.8 ▼	-4.0 ▼	-1.5	3.0 ▲
Missouri	13.6	14.2	13.6	11.5	10.2	11.7	-1.9	-2.5 ▼	-1.9	0.2	1.5
Montana	14.4	15.4	15.8	14.6	14.4	13.8	-0.6	-1.6	-1.9	-0.8	-0.6
Nebraska	13.5	13.9	10.9 ▼	9.5	9.7	9.7	-3.8 ▼	-4.2 ▼	-1.1	0.2	0.1
Nevada	8.9	11.0	10.7	10.1	9.1	10.3	1.5	-0.7	-0.3	0.2	1.3
New Hampshire	8.3	5.6	7.1	6.5	6.2	5.5	-2.8	-0.1	-1.6	-1.0	-0.7
New Jersey	10.4	9.1	9.0	8.7	7.7	7.9	-2.5 ▼	-1.2	-1.2	-0.9	0.1
New Mexico	20.5	19.8	20.9	24.0	18.8 ▼	17.1	-3.4	-2.7	-3.8 ▼	-6.9 ▼	-1.7
New York	14.3	15.0	14.1	16.7 ▲	14.1 ▼	14.5	0.2	-0.5	0.4	-2.2 ▼	0.4
North Carolina	17.6	14.4 ▼	13.2	13.0	12.9	13.8	-3.8 ▼	-0.5	0.6	0.8	0.9
North Dakota	14.2	14.9	13.5	11.1	12.4	10.8	-3.4	-4.2 ▼	-2.7 ▼	-0.4	-1.7
Ohio	11.8	13.0	11.8	12.8	10.8 ▼	12.0	0.2	-1.0	0.2	-0.8	1.2
Oklahoma	14.4	14.7	15.8	16.8	14.3	13.9	-0.5	-0.8	-1.9	-2.9 ▼	-0.4
Oregon	12.6	12.3	11.3	11.6	11.8	11.9	-0.7	-0.5	0.6	0.3	0.1
Pennsylvania	11.6	12.1	10.8	12.1	9.2 ▼	11.3 ▲	-0.3	-0.8	0.5	-0.8	2.1 ▲
Rhode Island	11.9	10.3	8.2	10.6	9.9	11.4	-0.5	1.1	3.2 ▲	0.7	1.4
South Carolina	18.8	16.6	16.5	15.6	12.6 ▼	13.7	-5.1 ▼	-2.9 ▼	-2.8 ▼	-1.9	1.1
South Dakota	18.4	16.3	13.5	13.6	8.9 ▼	12.0 ▲	-6.4 ▼	-4.3 ▼	-1.5	-1.6	3.1 ▲
Tennessee	21.4	17.9 ▼	16.9	15.3	13.2	15.2	-6.1 ▼	-2.7 ▼	-1.7	-0.1	2.1
Texas	15.8	16.3	16.8	17.7	15.2 ▼	16.4	0.6	0.1	-0.5	-1.3	1.2

TABLE E-17--STATE POVERTY RATES: 3-YEAR AVERAGES, SELECTED YEARS: 1980-2006 -continued
 [In Percent]

State	3-year average poverty rates from:						Average poverty rate from 2004 - 2006 less 3-year average poverty rate from:					
	1980 - 1982	1984 - 1986	1989 - 1991	1994 - 1996	1999 - 2001	2004 - 2006	1980 - 1982	1984 - 1986	1989 - 1991	1994 - 1996	1999 - 2001	
Utah	12.2	11.5	9.8	8.0	7.9	9.5	-2.7	-2.0	-0.2	1.5	1.6	
Vermont	12.4	10.9	10.5	10.2	9.8	7.7 ▼	-4.7	-3.2	-2.8 ▼	-2.4 ▼	-2.0 ▼	
Virginia	12.5	9.9 ▼	10.6	11.1	8.1 ▼	9.1	-3.4 ▼	-0.8	-1.6	-2.0	1.0	
Washington	12.3	12.1	9.3 ▼	12.0	10.4	9.9	-2.4 ▼	-2.2	0.5	-2.2	-0.5	
West Virginia	20.0	21.7	17.2 ▼	17.9	15.6	15.0	-5.0 ▼	-6.7 ▼	-2.3	-3.0 ▼	-0.6	
Wisconsin	8.7	12.6 ▲	9.2 ▼	8.8	8.6	10.9 ▲	2.2 ▲	-1.7	1.7	2.1 ▲	2.3 ▲	
Wyoming	10.4	12.5	10.6	11.1	10.4	10.2	-0.2	-2.3	-0.4	-0.9	-0.2	
Number of States with statistically significant change in poverty:												
Increase in poverty			2	0	4	0	12	1	1	2	1	12
Decrease in poverty			4	7	2	22	2	17	18	14	12	2

▲: Statistically significant increase in poverty over the previous or indicated period measured at the 90 percent statistical confidence level.

▼: Statistically significant decrease in poverty over the previous or indicated period measured at the 90 percent statistical confidence level.

Source: Table prepared by the Congressional Research Service. Estimates based on U.S. Census Bureau data from the Annual Social and Economic Supplement to the Current Population Survey. See: U.S. Census Bureau, Historical Poverty Tables. Table 21. Number of Poor and Poverty Rate, by State: 1980 to 2006. Available on the internet at: <http://www.census.gov/hhes/www/poverty/histpov/hstpov21.html>.

TABLE E-18--NUMBER AND PERCENTAGE OF PEOPLE IN POVERTY AND PERCENTAGE OF PEOPLE BY RATIO OF INCOME-TO-POVERTY LEVEL IN THE PAST 12 MONTHS, BY STATE: 2006

	All people for whom poverty status is determined		People in poverty (Income-to-poverty ratio less than 100 percent)				People with Income-to-poverty ratio less than --			
	Number	Margin of error (+/-)	Number	Margin of error (+/-)	Percent-age	Margin of error (+/-)	50 percent		125 percent	
							Percent-age	Margin of error (+/-)	Percent-age	Margin of error (+/-)
Alabama	4,482,152	2,720	742,064	20,891	16.6	0.5	7.3	0.3	21.7	0.6
Alaska	651,997	1,058	70,919	7,094	10.9	1.1	4.5	0.6	14.2	1.2
Arizona	6,052,150	12,167	857,349	27,234	14.2	0.4	6.4	0.3	18.8	0.5
Arkansas	2,729,090	2,973	471,155	16,444	17.3	0.6	7.1	0.4	23.2	0.7
California	35,675,356	7,967	4,690,140	69,184	13.1	0.2	5.4	0.1	18.0	0.2
Colorado	4,653,251	2,663	556,153	17,838	12.0	0.4	5.5	0.3	15.8	0.5
Connecticut	3,393,432	2,120	280,108	12,632	8.3	0.4	3.7	0.3	10.9	0.4
Delaware	828,673	1,089	91,962	8,734	11.1	1.1	4.9	0.6	13.8	1.2
District of Columbia	551,161	908	108,100	7,848	19.6	1.4	10.5	1.2	23.0	1.3
Florida	17,686,295	6,001	2,226,587	41,963	12.6	0.2	5.2	0.2	17.1	0.3
Georgia	9,082,715	5,257	1,333,524	28,435	14.7	0.3	6.6	0.3	19.3	0.3
Hawaii	1,252,117	2,035	116,147	9,384	9.3	0.7	4.4	0.5	12.5	0.9
Idaho	1,431,508	2,111	180,177	8,124	12.6	0.6	4.7	0.4	17.6	0.7
Illinois	12,516,453	4,308	1,539,033	33,611	12.3	0.3	5.5	0.2	16.2	0.3
Indiana	6,125,557	3,393	777,712	24,218	12.7	0.4	5.8	0.3	16.6	0.5
Iowa	2,878,398	1,906	316,122	11,956	11.0	0.4	4.8	0.3	15.1	0.5
Kansas	2,679,951	1,806	330,976	12,307	12.4	0.5	5.0	0.3	16.7	0.5
Kentucky	4,087,474	2,992	693,479	19,675	17.0	0.5	6.9	0.4	22.0	0.5
Louisiana	4,165,324	2,394	793,223	23,967	19.0	0.6	8.3	0.4	24.2	0.7
Maine	1,285,599	1,319	165,956	9,369	12.9	0.7	4.8	0.4	16.8	0.8
Maryland	5,475,889	2,880	428,345	16,756	7.8	0.3	3.6	0.2	10.5	0.3
Massachusetts	6,235,586	2,474	620,188	19,066	9.9	0.3	4.5	0.2	13.1	0.3
Michigan	9,852,543	4,524	1,331,833	28,594	13.5	0.3	6.0	0.2	17.4	0.3
Minnesota	5,036,852	2,551	491,633	13,842	9.8	0.3	4.3	0.2	12.9	0.3
Mississippi	2,815,425	2,470	592,743	21,116	21.1	0.8	8.8	0.4	27.9	0.7
Missouri	5,674,490	3,452	769,584	23,237	13.6	0.4	5.9	0.3	18.3	0.5

TABLE E-18--NUMBER AND PERCENTAGE OF PEOPLE IN POVERTY AND PERCENTAGE OF PEOPLE BY RATIO OF INCOME-TO-POVERTY LEVEL IN THE PAST 12 MONTHS, BY STATE: 2006

-continued

	All people for whom poverty status is determined		People in poverty (Income-to-poverty ratio less than 100 percent)				People with Income-to-poverty ratio less than --			
	Number	Margin of error (+/-)	Number	Margin of error (+/-)	Percent-age	Margin of error (+/-)	50 percent		125 percent	
							Percent-age	Margin of error (+/-)	Percent-age	Margin of error (+/-)
Montana	921,449	1,204	125,655	7,460	13.6	0.8	5.9	0.5	18.4	1.0
Nebraska	1,715,413	1,577	197,037	9,781	11.5	0.6	5.0	0.4	15.9	0.6
Nevada	2,460,755	1,936	253,713	12,708	10.3	0.5	4.9	0.4	14.2	0.7
New Hampshire	1,276,753	1,706	102,404	7,079	8.0	0.6	3.6	0.4	10.5	0.6
New Jersey	8,540,402	3,957	741,873	24,336	8.7	0.3	3.9	0.2	11.6	0.3
New Mexico	1,912,288	2,059	353,694	13,260	18.5	0.7	7.6	0.6	24.3	0.8
New York	18,770,190	6,168	2,662,199	40,537	14.2	0.2	6.3	0.2	18.1	0.2
North Carolina	8,591,303	4,200	1,261,078	28,517	14.7	0.3	6.3	0.2	19.5	0.4
North Dakota	605,883	1,233	69,356	4,878	11.4	0.8	5.2	0.5	15.8	0.9
Ohio	11,156,019	4,411	1,486,363	36,291	13.3	0.3	6.1	0.2	17.2	0.3
Oklahoma	3,461,976	3,208	587,591	18,132	17.0	0.5	7.0	0.4	22.6	0.5
Oregon	3,626,910	2,739	480,613	17,873	13.3	0.5	5.5	0.3	17.7	0.6
Pennsylvania	12,015,358	4,038	1,448,228	27,368	12.1	0.2	5.3	0.2	15.9	0.3
Rhode Island	1,026,114	898	114,066	8,626	11.1	0.8	4.6	0.6	15.1	1.0
South Carolina	4,182,874	2,974	656,154	19,827	15.7	0.5	6.9	0.3	20.8	0.5
South Dakota	753,221	1,100	102,184	6,638	13.6	0.9	5.9	0.6	17.1	0.9
Tennessee	5,877,686	3,813	952,256	26,516	16.2	0.4	7.1	0.3	21.2	0.5
Texas	22,887,307	6,627	3,868,689	52,605	16.9	0.2	7.1	0.2	22.3	0.2
Utah	2,508,619	1,594	265,432	13,336	10.6	0.5	4.4	0.4	14.7	0.6
Vermont	603,568	570	62,281	4,414	10.3	0.7	4.0	0.6	13.9	0.8
Virginia	7,404,188	3,606	708,568	21,948	9.6	0.3	4.3	0.2	12.9	0.3
Washington	6,261,127	3,442	736,963	19,667	11.8	0.3	5.0	0.3	15.5	0.4
West Virginia	1,770,974	1,689	307,020	13,698	17.3	0.8	7.3	0.5	23.4	0.8
Wisconsin	5,401,346	2,490	591,850	18,703	11.0	0.3	4.6	0.2	14.6	0.4

TABLE E-18--NUMBER AND PERCENTAGE OF PEOPLE IN POVERTY AND PERCENTAGE OF PEOPLE BY RATIO OF INCOME-TO-POVERTY LEVEL IN THE PAST 12 MONTHS, BY STATE: 2006

-continued

	All people for whom poverty status is determined		People in poverty (Income-to-poverty ratio less than 100 percent)				People with Income-to-poverty ratio less than --			
	Number	Margin of error (+/-)	Number	Margin of error (+/-)	Percent-age	Margin of error (+/-)	50 percent		125 percent	
							Percent-age	Margin of error (+/-)	Percent-age	Margin of error (+/-)
Wyoming	499,930	1,064	46,774	4,882	9.4	1.0	3.7	0.6	14.0	1.2
United States	291,531,091	25,464	38,757,253	222,238	13.3	0.1	5.8	0.1	17.6	0.1
Puerto Rico	3,865,264	3,468	1,753,410	30,614	45.4	0.8	25.4	0.8	53.9	0.8

Source: Table prepared by the Congressional Research Service based on U.S. Census Bureau 2006 American Community Survey data.

CHART E-4--STATE POVERTY RATES IN THE PAST 12 MONTHS: 2006
 [With 90% Statistical Confidence Interval]



Source: Chart prepared by the Congressional Research Service based on U.S. Census Bureau 2006 American Community Survey data.

INTERNATIONAL POVERTY COMPARISONS

Estimates presented in this section are based on a comparative analysis of poverty in nine nations from the Luxembourg Income Study (LIS) (Smeeding).⁶ The LIS provides standardized income and demographic data from over 30 countries designed to support cross-national comparisons.

Cross-national comparisons of poverty among developed countries typically rely on a “relative measure of poverty,” establishing a poverty income cutoff set at a fixed percentage of median household income. Throughout much of Europe a standard set at 50 percent of median income is frequently used as a measure of relative poverty, and in the United Kingdom and the European Union, at 60 percent of the median income. Persons living in households with incomes below these thresholds may be considered poor. In contrast, the U.S. poverty measure is an “absolute measure of poverty,” based on a fixed dollar amount, adjusted for family size, developed in the 1960s, that is updated only for changes in prices. One difference between the European “relative income poverty standard” and the U.S. “absolute poverty income standard” is that the relative poverty standard will rise with real changes in the national standard of living (measured by change in income at or near the median), whereas the absolute poverty standard will not rise as median income rises over time due to economic growth. In 1960, the U.S. poverty line for a family of four amounted to about 48 percent of median family income for a family of four; by 2000, it amounted to only about 29 percent of median family income.

In the study results presented here, comparable measures of household disposable income are constructed to compare relative and absolute poverty across nine nations. The relative poverty standard is set at 50 percent of national household median income (i.e., European standards), whereas the absolute poverty standard is based on U.S. poverty thresholds converted to foreign exchange equivalents (i.e., purchasing power parity exchange rates estimated by the Organization for Economic Co-operation and Development (OECD)). Disposable income used in this analysis is more comprehensive than that used for official U.S. poverty statistics, which is based on pre-tax money income. Here, disposable income includes money income, less direct income and payroll taxes, and includes all cash and near cash transfers, such as food stamps, cash housing allowances, and refundable tax credits, such as the Earned Income Tax Credit (EITC) in the United States.

Table E-19 shows that among the nine countries examined, the U.S. ranks as having the second highest poverty rate (8.7 percent), based on an absolute poverty standard (superseded only by the United Kingdom at 12.4 percent), and the highest poverty rate overall based on a relative poverty standard (17.0 percent). Applying the relative poverty standard commonly used among

⁶ Smeeding, Timothy. *Poor People in Rich Nations: The United States in Comparative Perspective*. Luxembourg Income Study Working Paper Series. Working Paper No. 419. October 2005. Available on the internet at: <http://www.lisproject.org/publications/liswps/419.pdf>.

European nations to the U.S. nearly doubles the share of the population that would be considered poor when measured by the official U.S. absolute poverty standard. Applying the European poverty definition, overall poverty in the U.S. (17.0 percent) is over three times that of Finland (5.4 percent) and the child poverty rate (18.8 percent) is nearly six and one half times that of Finland (2.9 percent). Poverty among the elderly looks much different under a relative poverty definition than under an absolute one. In the U.S., for example, the elderly poverty rate more than triples, jumping from 9.2 percent, under the absolute poverty definition to 28.4 percent under the relative poverty definition.

TABLE E-19--POVERTY RATES IN NINE RICH COUNTRIES UNDER U.S.¹ (ABSOLUTE) AND EUROPEAN² (RELATIVE) DEFINITIONS OF POVERTY BASED DISPOSABLE CASH INCOME³: 2000⁴

Nation	[In Percent]					
	Overall Poverty Rate and (rank)		Child Poverty Rate and (rank)		Elderly Poverty Rate and (rank)	
	Absolute (U.S.) Definition	Relative (European) Definition	Absolute (U.S.) Definition	Relative (European) Definition	Absolute (U.S.) Definition	Relative (European) Definition
United States	8.7 (2)	17.0 (1)	12.4 (2)	18.8 (1)	9.2 (2)	28.4 (1)
United Kingdom ⁴	12.4 (1)	12.4 (2)	17.5 (1)	13.2 (2)	16.1 (1)	23.9 (2)
Canada	6.9 (6)	11.4 (3)	9.0 (5)	13.2 (2)	1.1 (9)	6.3 (8)
Germany	7.6 (3)	8.3 (4)	9.1 (4)	7.6 (5)	7.1 (7)	11.2 (5)
Belgium	6.3 (8)	8.0 (5)	7.2 (6)	6.0 (7)	8.6 (3)	17.2 (4)
Austria	5.2 (9)	7.7 (6)	5.8 (7)	6.4 (6)	7.4 (5)	17.4 (3)
Netherlands	7.2 (5)	7.3 (7)	10.4 (3)	9.0 (4)	1.7 (8)	2.0 (9)
Sweden	7.5 (4)	6.5 (8)	5.8 (7)	3.8 (8)	7.3 (6)	8.3 (7)
Finland	6.7 (7)	5.4 (9)	4.6 (9)	2.9 (9)	8.6 (3)	10.1 (6)
Overall average	7.6	9.3	9.1	9.0	7.5	13.9

¹Official U.S. poverty thresholds adjusted to nations' currencies based on purchasing power parity exchange rates estimated by the Organization for Economic Co-operation and Development (OECD).

²50 percent of median national household income, adjusted by household size equivalence scale.

³Disposable cash income includes money income less direct income and payroll taxes, and includes all cash and near cash transfers, such as food stamps, cash housing allowances, and refundable tax credits, such as the Earned Income Tax Credit in the U.S. This income definition is more comprehensive than that used for official poverty statistics in the U.S., which is based on cash income only.

⁴Estimates for the United Kingdom are for 1999.

Source: Table prepared by the Congressional Research Service based on data from "Poor People in Rich Nations: The United States in Comparative Perspective", by Timothy Smeeding. Luxembourg Income Study Working Paper Series. Working Paper No. 419. October 2005

Table E-20 depicts the anti-poverty effects of government spending on poverty under a relative income poverty measure. The table shows for example that the U.S. poverty rate based on gross market income alone is estimated at 23.1 percent, which is lower than five of the other eight nations depicted. Market income includes earnings, income from investments, occupational (private and public sector) pensions and other private transfers. In two of the countries (i.e., Belgium and Austria) market income is measured as total income net of taxes and social contributions. In the U.S., social insurance and taxes, reduce poverty from its market income only level (23.1 percent) to 19.3 percent, or a 16.5

percent reduction, compared to an average reduction of 48.6 percent in the nine countries, overall, and as high as a 74.3 percent reduction in Belgium. When social assistance (i.e., means-tested assistance, including cash welfare, near cash assistance, such as food stamps and housing allowances, and refundable tax credits, such as the EITC in the U.S. and the Family Tax Credit in the U.K.) is added to social insurance and taxes poverty is reduced further. In the U.S., overall relative poverty is reduced to 17.0 percent, a 26.4 percent reduction from the market income only poverty level, whereas in the nine countries overall, the average relative poverty rate is reduced to 9.3 percent, amounting to a 63.1 percent reduction in poverty as a result of government social spending.

TABLE E-20--ANTI-POVERTY EFFECT OF GOVERNMENT SPENDING
IN NINE RICH COUNTRIES BASED ON RELATIVE INCOME POVERTY
MEASURE¹: 2000²

Nation	Poverty Based on:			Percent reduction in poverty due to:	
	Market income only	Market income, social insurance and taxes	Market income, social insurance, taxes, and social assistance	Social insurance, taxes, and social assistance	
				and taxes	and taxes
United States	23.1	19.3	17.0	-16.5	-26.4
United Kingdom ²	31.1	23.5	12.4	-24.4	-60.1
Canada	21.1	12.9	11.4	-38.9	-46.0
Germany	28.1	10.6	8.3	-62.3	-70.5
Belgium	34.6	8.9	8.0	-74.3	-76.9
Austria	31.8	9.1	7.7	-71.4	-75.8
Netherlands	21.0	9.6	7.3	-54.3	-65.2
Sweden	28.8	11.7	6.5	-59.4	-77.4
Finland	17.8	11.4	5.4	-36.0	-69.7
Overall average	26.4	13.0	9.3	-48.6	-63.1

¹50 percent of median national household income, adjusted by household size equivalence scale.

²Estimates for the United Kingdom are for 1999.

Source: Table prepared by the Congressional Research Service based on data from "Poor People in Rich Nations: The United States in Comparative Perspective", by Timothy Smeeding. Luxembourg Income Study Working Paper Series. Working Paper No. 419. October 2005

SOCIAL AND ECONOMIC COSTS OF POVERTY

Poverty is known not only to negatively affect the poor themselves, but to have negative social and economic impacts on society as a whole (U.S. Government Accountability Office).⁷ Setting aside the potential causes of poverty, research studies have found that poverty experienced in early childhood can have a number of immediate and lasting effects, affecting individuals well

⁷ U.S. Government Accountability Office. POVERTY IN AMERICA: Economic Research Shows Adverse Impacts on Health Status and Other Social Conditions as well as the Economic Growth Rate. GAO Report 97-07-344. Washington, DC: United States Government Accountability Office, January 2007. Available on the internet at: <http://www.gao.gov/new.items/d07344.pdf>.

into adulthood. Poverty and low income decrease the life chances of American children. Poverty has been shown to affect children's cognitive development and subsequent school performance, thereby affecting future job prospects in adulthood. Poor teen adolescent girls are more likely to become teenage mothers than their non-poor counterparts, contributing to a cycle of poverty from one generation to the next. Poor adolescents are more likely to engage in criminal activity leading to arrest and incarceration. Poverty has been shown to be associated, both as a cause and consequence, with poor health. Poverty's effects on individuals' health may affect their longevity and years spent in poor health, having consequences for individuals' ability to engage in gainful employment, and reducing their overall quality of life. Research suggests that poverty can negatively affect economic growth by stifling individuals' accumulation of human capital (i.e., knowledge, skills, and cognitive and physical abilities), which is a vital component to economic growth. To the degree that poverty contributes to higher rates of crime, poverty may result in diversion of societal resources from productive activities to protective measures (e.g., spending on police, prisons, and private security), as well as impose costs on victims of poverty-related crime.

At least one study estimated the economic costs of early childhood poverty on children's outcomes as adults (Duncan, Kalil, and Ziol-Guest).⁸ The study controlled for other background characteristics, such that the estimates reflect primarily the effect of lack of income, rather than other characteristics associated with poverty (e.g., parent's education and test scores, race, gender, age of mother at time of birth, number of siblings). The researchers estimate that eliminating poverty in early childhood (from pre-natality through age 5) would have the effect of boosting annual work hours once those children reach adulthood by 12.4 percent and earnings by 28.7 percent per year. Over the course of a lifetime, these estimated effects translate into additional lifetime earnings of between \$53,000 and \$100,000 per child, depending upon the assumed duration of the poverty effect (the lower bound estimate applies to estimated effects sustained between ages of 25 and 37, and the upper bound estimate to the effect if sustained through age 54). The aggregate earnings benefit of eliminating poverty among children born each year, from their prenatal year through age 5, translates to between \$20 billion and \$36 billion for each annual cohort of children born. Besides leading to subsequent earnings increases in adulthood, the authors estimate that eliminating early childhood poverty would reduce subsequent welfare benefit receipt (i.e., Food Stamps, and among women, cash welfare) as adults, leading to estimated savings of \$820 million for all children born in a given year for whom poverty is eliminated in early childhood.

⁸ Duncan, Greg J., Ariel Kalil, and Kathleen Ziol-Guest. *Economic Costs of Early Childhood Poverty*. Issue Paper No. 4. Washington, DC. Partnership for America's Economic Success, February 28, 2008. Available on the internet at: http://www.partnershipforsuccess.org/docs/researchproject_duncan_200802_paper.pdf.

Others have attempted to estimate the effects of poverty in terms of lost productivity and added social and economic costs to the U.S. economy as a whole (Holzer, Schanzenbach, Duncan and Ludwig).⁹ The authors attempt to quantify the overall costs to the economy of having children grow up in poverty, both in terms of subsequent lost economic productivity as adults, but also in terms of the added costs to society associated with higher crime and poorer health in later life that may be linked to childhood poverty. The study's results give an indication of the relative drain on the economy of allowing children to grow up poor, or conversely, the potential increase in economic productivity and reduced social costs that might accrue if childhood poverty were eliminated in the U.S.

Their approach, by focusing on children and estimating subsequent effects of poverty into adulthood and through the life cycle, captures only part of the costs of poverty to society. For example, many children do not grow up in poverty, but become poor as adults; these effects are not included in their estimates. The authors attempt to factor out the influence of heredity on subsequent outcomes of children as they move into and through adulthood to focus on environmental factors associated with growing up poor, per se. Here, the presumption is that societal interventions that change the conditions in which poor children live, such as lack of family income, poor neighborhoods, poor schools, can be viewed as social investments, having potential long-term payoffs for society as a whole.

The authors calculate that allowing children to grow up in poverty for one quarter or more of their childhood (about 17 percent of all children), reduces their productivity as adults by about \$170 billion dollars per year, resulting in an aggregate loss of output amounting to 1.3 percent of the nation's gross domestic product (GDP).

Next, the authors calculate the estimated costs of childhood poverty on crime. Here, they include only the costs of crime associated with "street crime" victimization; costs of economic crimes such as fraud and white collar crime are excluded, as are the costs associated with protective measures against crime, such as police, prisons, and private security. By their calculations, childhood poverty accounts for about \$170 billion of the estimated \$700 billion cost to victims of "street crime", or about 1.3 percent of GDP -- a magnitude similar to the loss in productivity, calculated above.

Lastly, the authors calculate the effects of childhood poverty on poor health and its associated costs. Here they estimate the costs of childhood poverty in terms of both additional direct health care expenditures associated with poor health through the life-cycle, as well as costs associated with differential mortality and morbidity between the poor and nonpoor. They estimate that childhood poverty increases direct health care expenditures and other direct

⁹ Holzer, Harry J., Diane Whitmore Schanzenbach, Greg J. Duncan, and Jens Ludwig. *The Economic Costs of Poverty in the United States: Subsequent Effects of Children Growing Up Poor*. Washington, DC: Center for American Progress, January 24, 2007. Available on the internet at: http://www.americanprogress.org/issues/2007/01/pdf/poverty_report.pdf

expenditures, such as special education, by about 0.2 percent of GDP. They estimate that childhood poverty results in lower quantity of life (i.e., earlier mortality) and lower quality of life (i.e., greater morbidity), resulting in a loss of “health capital” or “quality adjusted life-years”; they value this loss associated with childhood poverty at about \$149 billion per year, or about 1.1 percent of GDP. This is a separate effect from that attributed earlier to lost output, described above. After factoring out estimated hereditary effects on health, the authors estimate that childhood poverty’s effects on health expenditures and lost “health capital” amounts to about 1.2 percent of GDP.

When added together, the authors estimate the costs of childhood poverty resulting from foregone earnings and productivity (1.3 percent of GDP), high crime rates (1.3 percent of GDP), and poor health as adults (1.2 percent of GDP) total to 3.8 percent of GDP, or about \$500 billion per year. The authors consider this to be an underestimate of the true costs of poverty. The magnitude of the cost of childhood poverty to the economy and society suggests that investments in anti-poverty strategies, in addition to current means-tested spending, have the potential of reaping measurable benefits to the U.S. economy and society as a whole.

TRENDS IN FAMILY COMPOSITION AND INCOME, 1979-2006

In the past several decades, the level of family income and inequality among family incomes has changed significantly under a variety of income measures. As measured by the Congressional Budget Office (CBO), the level of family income increased from 1979 to 2000, but has fallen since 2000. Since 1979, family income inequality has grown, regardless of whether family incomes have been rising (1979 to 2000) or falling (2000 to 2006).

In this section, trends in the distribution of family income and family composition are presented over a 28-year period, from 1979 to 2006. While the general trends in families' economic well-being are similar regardless of how they are measured, varying results for the distribution of family incomes are obtained depending on which income measure is used. Three commonly used income measures (all adjusted for inflation) are family cash income, family cash income per capita, and adjusted family income (AFI), family income divided by the poverty threshold for the appropriate family size). While no measure perfectly captures the economic well-being of families, AFI most accurately accounts for differences in family size by incorporating the scale implicit in the official Federal poverty thresholds.

Family composition in the United States has undergone pronounced changes since 1979 (Table E-21). The number of married couples with children has been almost flat since 1979. By contrast, the number of families headed by a single mother grew by 57 percent over the entire 1979-2006 period, the number of non-elderly childless units grew by 77 percent, and the number of elderly childless units grew by 48 percent.

Changes in family composition also are reflected in the number of persons and earners per family. The average family has become smaller, reflecting in part relatively fewer families with children (and fewer children in those families). The average family also had fewer earners in 2006 than in 1979.

DEFINITIONS AND METHODS

Analyzing trends in the distribution of family incomes over time requires making decisions about a number of variables: How should variation in incomes be measured? What is the appropriate timeframe over which to examine changes? How should inflation be taken into account? And, finally, what is the appropriate measure of income to use?

Income measures

Two income measures are presented in this analysis. One is family income, and the other is average Adjusted Family Income (AFI). AFI is calculated by taking families' incomes and dividing by their corresponding official Federal poverty thresholds, which vary by family size and composition.

Measuring variation

Most of the data in this section are presented for income quintiles, each of which represents one-fifth of the income distribution (either families or persons, as indicated). Quintiles are calculated by ordering all relevant family units from those with the lowest income to those with the highest. For the analysis of changes in incomes among different types of families, quintiles are defined separately for each family type.

The analysis of changes in the distribution of family incomes over time is done by examining average incomes, adjusted for inflation, by income quintile for specific types of families.

Timeframe

The analysis focuses on data for 4 years: 1979, 1989, 2000, and 2006. The first 3 years reflect peaks in the business cycle, and allow comparisons to be made across time periods in which general economic conditions were broadly similar.

Adjustments for Census Bureau income topcoding

Income data provided by the Census Bureau to outside researchers are frequently limited in certain ways both to protect confidentiality and to reduce the impact of reporting and coding errors on statistical calculations. Beginning with information for 1995, the Census Bureau substantially increased the maximum earnings it reports for individuals on public-use computer files. As a result, comparisons of incomes for high-income individuals and families in

years before and after 1995 may reflect actual differences in their economic circumstances, differences in the way their income is coded, or both.

To account for this reporting change, income data for 2000 are presented here in two ways. First, individuals' earnings for 2000 are limited to (or topcoded at) the same inflation-adjusted value they were limited to in 1989 (\$99,999 in 1989; \$138,870 in 2000.) Second, individuals' earnings in 2000 are presented the same way they are reported on the Census Bureau's public-use files (in 2000, the upper earnings limit for individuals' earnings was nearly \$613,000, and in 2006, nearly \$884,000; for families, the upper earnings limit was nearly \$685,000 in 2000, and near \$1.2 million in 2006).

Adjustment for inflation

To examine changes in family income over time, the dollar amounts must be adjusted for inflation to compare actual buying power. Adjustment for inflation is done here using the CPI-U-X1, a revised version of the official Consumer Price Index that provides a consistent treatment of the costs of home ownership over the years examined. The CPI-U-X1 is an index of the cost of a market basket of goods and services representing the average consumption of the urban population.

INCOME MEASURES

The purpose of examining the distribution of family incomes over time is to analyze changes in family economic well-being. Two important issues in choosing an appropriate income measure are how to adjust for differences in family size and what to include as income.

One measure is real family cash income, which is the sum of wage, salary, and self-employment earnings, private pension and retirement income, interest and dividends, and government cash transfers received by each family member. By this measure, which takes inflation into account but not changes in family size, non-cash transfers, or taxes, the average income of families increased throughout the 1979-2000 period, but fell from 2000 to 2006 (Table E-22, top panel). The period from 1989 to 2000 saw growth roughly comparable to the prior decade under the one measure that imposes consistent income topcoding over the period, and more robust growth under the income measure that allows more income in the top quintile. It is notable that for the 60 percent of American families in the middle- and upper-income quintiles, average income growth over the decade of the 1980s is stronger than growth during the preceding period, when a similar method of computing income in the upper quintile is used for both periods. Further, average income growth during the 1989-2000 period exceeded growth during the 1980s across all income quintiles, with the exception of the highest, when using this comparable measure with consistent income topcoding. Over the period from 2000-2006, incomes fell across all

income quintiles, and the declines were greater in the bottom income quintiles than in the upper income quintiles.

Examining the income data by quintiles also shows why the two measures of computing family income for the 1989 through 2000 period yield such different estimates of income growth; namely, \$53,616 to \$57,313 or 6.9 percent under one definition versus \$53,616 to \$60,528 or 12.9 percent under the other. Not surprisingly, the decision to allow more income at the top of the distribution has an impact only on the top income quintile (see the last two columns of the top panel). More specifically, income growth in the top quintile under the more restricted definition with consistent income topcoding is only from \$126,351 to \$139,036 or 10.0 percent, whereas growth under the unrestricted income definition is from \$126,351 to \$155,107 or 22.8 percent. Thus, the difference in the two measures of average family income growth over the 1989-2000 period is accounted for entirely by the top quintile.

Family cash income has several shortcomings as a measure of change in economic well-being. Most notably, it fails to take into account change in family size and composition: a family of one with \$30,000 in income is treated as being as well off as a family of four with \$30,000 in income. This assumption is inappropriate, however, as a family of four requires more income to attain the same standard of living as a single person.

An alternative approach to measuring family economic well-being is to take advantage of the family size adjustment implicit in the official Federal poverty thresholds. This scale assumes, for example, that a family of four needs about twice as much income as a single person to attain an equivalent standard of living (Table E-23). The equivalence scale implicit in the poverty thresholds may not perfectly capture the disparate needs of families of different sizes, but it yields a better assessment of relative economic well-being than making no adjustment (mean family cash income) or assuming no economies of scale (mean family cash income per capita).

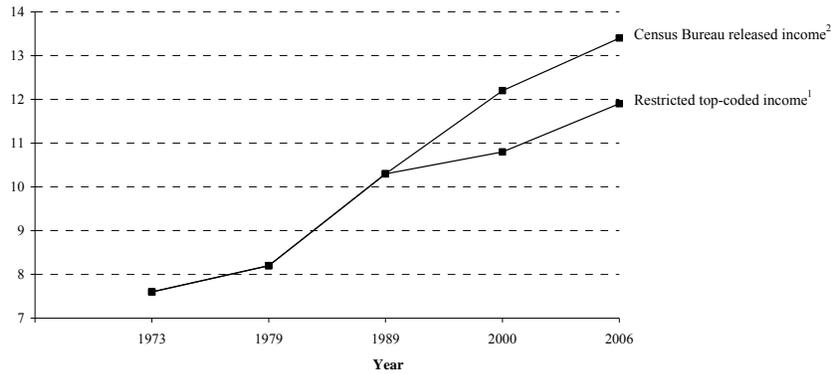
The AFI measure shown in the second panel of Table E-22 incorporates the equivalence scale underlying the poverty thresholds. Each family's pretax cash income is divided by its poverty threshold, yielding family income as a multiple of poverty. Thus, for example, the average family in the middle quintile in 2000 had an income of 3.49 times its poverty threshold.¹⁰

By taking family size into account, the AFI measure greatly increases the income gains over the 1979-2000 period and attenuates the income losses over the 2000-2006 period. The obvious conclusion to be drawn from the comparison of the two income definitions is that taking family size into account substantially improves the picture of family income changes over the years depicted. The only case for which this is not true is for the lowest quintile in the 1979-1989 period, where AFI resulted in a greater percentage income loss (-4.3 percent) than did family cash income (-2.1 percent). However, as Chart E-5 shows, the

¹⁰ Poverty thresholds for one- and two-person families in this section do not vary by the age of the family head. The 1989 weighted averages are adjusted for inflation using the CPI-U-X1.

difference in income between the top and bottom quintiles, even under the AFI measure, grew substantially throughout the 1973-2006 period.

CHART E-5--RATIO OF AVERAGE ADJUSTED FAMILY INCOME OF HIGHEST QUINTILE TO AVERAGE FAMILY INCOME OF LOWEST QUINTILE, 1973 - 2006



¹ Individuals' nominal earnings in 2000 are restricted to \$138,780 and in 2006 to \$162,579. Those topcoded values are equal to the 1989 topcoded value (\$99,999) adjusted for inflation.

² Individuals' nominal earnings in 2000 and 2006 are as reported on Census public-use files, which use higher earnings topcodes than the inflation adjusted 1989 topcoded values.

Source: Congressional Budget Office tabulations of data from the March Current Population Survey, 1974, 1980, 1990, 2001, and 2007.

TABLE E-21-FAMILY COMPOSITION AND NUMBER OF EARNERS PER FAMILY,
SELECTED YEARS 1979-2006

[Numbers in Thousands]

Family group	Year				Percent Change		
	1979	1989	2000	2006	1979-89	1989-2000	2000-2006
Distribution of families by family type (in thousands):							
Families with children	32,166	34,768	37,823	39,876	8.1	8.8	5.4
Married couples with children	24,166	24,378	25,096	25,547	0.9	2.9	1.8
Single mothers with children	5,650	7,123	7,968	8,854	26.1	11.9	11.1
Nonelderly childless units ¹	35,730	46,467	57,709	63,262	30.1	24.2	9.6
Elderly childless units ²	16,331	20,428	22,384	24,180	25.1	9.6	8.0
Total number of families	84,229	101,663	117,917	127,318	20.7	16.0	8.0
Distribution of persons by family type (in thousands):							
Families with children	130,426	135,381	148,866	153,876	3.8	10.0	3.4
Married couples with children	101,318	99,471	104,705	104,696	-1.8	5.3	0.0
Single mothers with children	18,132	21,504	23,808	26,221	18.6	10.7	10.1
Nonelderly childless units ¹	60,514	77,025	90,414	99,584	27.3	17.4	10.1
Elderly childless units ²	26,778	33,440	36,519	39,545	24.9	9.2	8.3
Total number of persons	217,718	245,846	275,799	293,005	12.9	12.2	6.2
Average number of persons per family:							
Under 18	0.75	0.63	0.61	0.57	-16.1	-3.1	-5.7
18-64	1.55	1.50	1.45	1.45	-3.4	-3.2	-0.2
65 and older	0.28	0.29	0.28	0.28	3.9	-3.7	-0.3
Total	2.59	2.42	2.34	2.30	-6.6	-3.2	-1.6

E-48

TABLE E-21-FAMILY COMPOSITION AND NUMBER OF EARNERS PER FAMILY,
SELECTED YEARS 1979-2006 -continued

[Numbers in Thousands]

Family group	Year				Percent Change		
	1979	1989	2000	2006	1979-89	1989-2000	2000-2006
Average number of earners per family:							
Male earners	0.75	0.69	0.65	0.64	-8.5	-5.3	-2.3
Female earners	0.59	0.58	0.58	0.55	-1.1	0.0	-4.6
Total	1.34	1.27	1.23	1.19	-5.2	-2.9	-3.4

¹ Families in which both the head and spouse are under age 65 and there are no children under 18, and unrelated individuals under age 65.

² Families in which either the head or the spouse is 65 or older and there are no children under 18, and unrelated individuals 65 and older.

Source: Congressional Budget Office based on data from the March 1980, 1990, 2001, and 2007 Current Population Surveys.

TABLE E-22--ALTERNATIVE MEASURES OF FAMILY INCOME BY INCOME QUINTILE AND CHANGE OVER TIME, SELECTED YEARS 1979-2006 FOR ALL FAMILIES

[In 2006 dollars]

Income measure and quintile	1979	1989	2000 ¹	2000 ²	2006 ¹	2006 ²	Percent Change				
							1979-1989	1989-2000 ¹	1989-2000 ²	2000-2006 ¹	2000-2006 ²
Mean family cash income (family weighted):											
Lowest	\$9,745	\$9,537	\$9,619	\$9,619	\$8,136	\$8,136	-2.1	0.9	0.9	-15.4	-15.4
Second	24,885	24,561	25,249	25,249	22,899	22,899	-1.3	2.8	2.8	-9.3	-9.3
Middle	41,635	41,984	42,821	42,821	39,781	39,781	0.8	2.0	2.0	-7.1	-7.1
Fourth	62,886	65,641	69,842	69,842	65,557	65,557	4.4	6.4	6.4	-6.1	-6.1
Highest	110,929	126,351	139,036	155,107	135,012	149,540	13.9	10.0	22.8	-2.9	-3.6
Total	50,016	53,616	57,313	60,528	54,277	57,183	7.2	6.9	12.9	-5.3	-5.5
Mean adjusted family income (person weighted): ³											
Lowest	0.90	0.86	0.92	0.92	0.81	0.81	-4.3	6.8	6.8	-12.0	-12.0
Second	2.06	2.09	2.22	2.22	2.05	2.05	1.3	6.4	6.4	-7.4	-7.4
Middle	3.07	3.27	3.49	3.49	3.30	3.30	6.7	6.6	6.6	-5.4	-5.4
Fourth	4.32	4.77	5.21	5.21	5.01	5.01	10.4	9.3	9.3	-3.9	-3.9
Highest	7.39	8.84	9.90	11.20	9.67	10.85	19.6	12.0	26.7	-2.3	-3.2
Total	3.55	3.97	4.35	4.61	4.17	4.41	11.7	9.6	16.2	-4.1	-4.4

¹ Individuals' nominal earnings in 2000 are limited to \$138,870 and in 2006 are limited to \$162,579. Those topcoded values are equal to the 1989 topcoded value (\$99,999) adjusted for inflation.

² Individuals' nominal earnings in 2000 and 2006 are as reported on Census public-use files, which use higher earnings topcodes than were used in the preceding column.

³ Family income divided by the poverty threshold. Thresholds are based on the 1989 distribution of family sizes, with no adjustment for the age of the head of the household or the number of children.

NA- Not available.

Note- Income is pretax income.

Source: Congressional Budget Office tabulations of data from the March Current Population Survey, 1980, 1990, 2001 and 2007.

TABLE E-23--POVERTY THRESHOLDS AND EQUIVALENCE
VALUES FOR DIFFERENT FAMILY SIZES, 2006

Family size (persons)	Official Poverty Threshold	Adjusted Poverty Threshold	Equivalence Value ¹
1	\$10,294	\$9,441	1.0
2	13,167	12,081	1.3
3	16,079	14,787	1.6
4	20,614	18,961	2.0
5	24,382	22,424	2.4
6	27,560	25,312	2.7
7	31,205	28,665	3.0
8	34,774	31,905	3.4
9 or more	41,499	38,116	4.0

¹ Equivalence value is calculated on the official poverty thresholds. Values would be slightly different using the adjusted poverty threshold because of different numbers of children in a family of a given size.

Note- Poverty thresholds shown for one- and two-person families are a weighted average of the separate official thresholds for elderly and nonelderly individuals and families. Adjusted thresholds are computed using the CPI-U-X1 to adjust for inflation. The official poverty threshold is adjusted for inflation using the Consumer Price Index (CPI).

Source: Congressional Budget Office.

TABLE E-24--SHARES OF FAMILY INCOME BY INCOME QUINTILE
FOR ALL FAMILIES, SELECTED YEARS 1979-2006

Income measure and quintile	[In Percent]					
	1979	1989	2000 ¹	2000 ²	2006 ¹	2006 ²
Family cash income (family weighted):						
Lowest	3.9	3.6	3.4	3.2	3.0	2.8
Second	10.0	9.2	8.8	8.3	8.4	8.0
Middle	16.6	15.7	14.9	14.1	14.7	13.9
Fourth	25.1	24.5	24.4	23.1	24.2	22.9
Highest	44.4	47.1	48.5	51.3	49.7	52.3
Adjusted family income (person weighted): ³						
Lowest	5.1	4.3	4.2	4.0	3.9	3.7
Second	11.6	10.5	10.2	9.6	9.8	9.3
Middle	17.3	16.5	16.1	15.1	15.8	15.0
Fourth	24.3	24.0	24.0	22.6	24.0	22.8
Highest	41.7	44.6	45.5	48.6	46.4	49.3

¹ Individuals' nominal earnings in 2000 are limited to \$138,870 and in 2006 are limited to \$162,579. Those topcoded values are equal to the 1989 topcoded value (\$99,999) adjusted for inflation.

² Individuals' nominal earnings in 2000 and 2006 are as reported on Census public-use files, which use higher earnings topcodes than were used in the preceding column.

³ Family income divided by the poverty threshold. Thresholds are based on the 1989 distribution of family sizes, with no adjustment for the age of the head of the household or the number of children.

Source: Congressional Budget Office tabulations of data from the March Current Population Survey, 1980, 1990, 2001, and 2007.

INCOME SHARES

Another way of tracking income trends is to look at changes in the percentage share of income received by families in each quintile. Income shares measure whether families have gained or lost in relative terms. That is, a given quintile may receive a smaller share of real income even as its average income has increased.

The two income measures (family cash income and AFI) show broadly similar trends in the share of income received by each quintile (Table E-24). In general, between 1979 and 2000, the shares of the lowest four quintiles fell, and the share of the top quintile rose. The measures show somewhat different patterns of shares at any point in time, however. For example, in 2000 the top quintile had 48.5 percent of income under the family cash income definition, but 45.5 percent under the AFI definition. In that same year, the bottom quintile had 3.4 percent under the family cash income definition, but 4.2 percent under the AFI definition. From 2000 to 2006 all income quintiles saw their incomes fall over the period. As shown earlier, in table E-22, the relative declines were greater in the lower quintiles than in the upper quintiles. Consequently, the income shares analysis, like the other analyses in this section, shows that the top quintile had an increasing percentage of the income pie over the 1979-2006 period.

TRENDS IN PRETAX CASH INCOMES BY TYPE OF FAMILY

As we have seen (Table E-21), the composition of the typical family has changed over time. Compared with 1979, there were fewer persons in each family in 2000, on average, and married couples with children made up a smaller fraction of all families (Table E-25). Additional insights can therefore be gained by looking at changes in incomes for specific family types. This analysis distinguishes six types of family units:

1. *Married couples with children*, which are families composed of a married couple living only with their own or related children, at least one of whom is under age 18;
2. *Single mothers with children*, which are families composed of unmarried, divorced, separated, or widowed mothers living only with their own or related children, at least one of whom is under age 18;
3. *Non-elderly childless families*, which are families composed of two or more related people living together, in which the family head and the spouse of the head are both under age 65 and there are no children under age 18;
4. *Non-elderly unrelated individuals*, which are people over age 17 and under age 65 who are not living with relatives;
5. *Elderly childless families*, which are families composed of two or more related people living together, in which either the family head or the

spouse of the head is 65 or older and there are no children under age 18; and

6. *Elderly unrelated individuals*, which are people 65 or older who are not living with relatives.

In addition, results also are presented for four aggregates:

1. *All families with children*, which comprises married couples, single mothers, and other families with children;
2. *Nonelderly childless units*, which comprises nonelderly childless families and non-elderly unrelated individuals;
3. *Elderly childless units*, which comprises elderly childless families and elderly unrelated individuals; and
4. *All families*, which comprises all families and unrelated individuals (i.e., the noninstitutionalized U.S. population).

Unless otherwise noted, the analysis of changes in income for each family type listed above is based on quintiles computed for that family type. This procedure permits comparisons within, but not across, family types; the quintile in which a particular family is found says nothing about its place among all families, but measures its position in relation to families of the same type. For example, individuals in the middle quintile of single mothers with children may be in the lowest quintile of the all-families grouping.

Comparisons over time show how the incomes of families of a given type compare with similar families at another time, not how incomes have changed for a particular type of family. Families may move among income quintiles as their incomes—or the incomes of other families—rise or fall; they also may change types as their members grow older, have children, marry, or divorce. In addition, the average number of members and earners within a given type of family may change over time, as may the characteristics of those persons.

TABLE E-25--AVERAGE FAMILY SIZE AND NUMBER OF FAMILIES
BY FAMILY TYPE, WEIGHTED BY FAMILIES,
SELECTED YEARS 1979-2006

Family type and year	Persons per family	Number of families (thousands)	Percent of families
All families: ¹			
1979	2.59	84,229	100.0
1989	2.42	101,663	100.0
2000	2.34	117,917	100.0
2006	2.30	127,318	100.0
All families with children:			
1979	4.09	32,166	38.2
1989	3.89	34,768	34.2
2000	3.94	37,823	32.1
2006	3.86	39,876	31.3
Married couples with children:			
1979	4.23	24,166	28.7
1989	4.08	24,378	24.0
2000	4.17	25,096	21.3

TABLE E-25--AVERAGE FAMILY SIZE AND NUMBER OF FAMILIES
BY FAMILY TYPE, WEIGHTED BY FAMILIES,
SELECTED YEARS 1979-2006 -continued

Family type and year	Persons per family	Number of families (thousands)	Percent of families
2006	4.10	25,547	20.1
Single mothers with children:			
1979	3.24	5,650	6.7
1989	3.02	7,123	7.0
2000	2.99	7,968	6.8
2006	2.96	8,854	7.0
Nonelderly childless units:			
1979	1.68	35,730	42.4
1989	1.66	46,467	45.7
2000	1.57	57,710	48.9
2006	1.57	63,262	49.7
Nonelderly childless families:			
1979	2.35	17,931	21.3
1989	2.44	21,257	20.9
2000	2.40	23,354	19.8
2006	2.42	25,561	20.1
Nonelderly unrelated individuals:			
1979	1.00	17,799	21.1
1989	1.00	25,210	24.8
2000	1.00	34,355	29.1
2006	1.00	37,701	29.6
Elderly childless units:			
1979	1.62	16,331	19.4
1989	1.64	20,428	20.1
2000	1.63	22,384	19.0
2006	1.64	24,180	19.0
Elderly childless families:			
1979	2.16	8,676	10.3
1989	2.23	10,600	10.4
2000	2.20	11,733	10.0
2006	2.23	12,485	9.8
Elderly unrelated individuals:			
1979	1.00	7,655	9.1
1989	1.00	9,828	9.7
2000	1.00	10,651	9.0
2006	1.00	11,694	9.2

¹ Corresponds more closely to Census definition of household. Includes families of one person.

Source: Congressional Budget Office tabulations of data from the March Current Population Survey, 1980, 1990, 2001, and 2007.

PRETAX ADJUSTED FAMILY INCOME

Trends in incomes for different family types show more variation than trends for families overall (Table E-26). During the 1979-89 period, the bottom two quintiles of families with children experienced reduced income, by 11.7 percent and 4.1 percent respectively for the lowest and second quintiles; meanwhile, the highest quintile had an income increase of 17.0 percent. These

losses at the bottom were greater for families with children than for all families. Over the 1989-2000 period, nearly all families at every income level saw their incomes increase (the exception being elderly and non-elderly unrelated individuals in the bottom income quintile and non-elderly childless units in the bottom two quintiles). Over the 2000-2006 period, virtually every demographic group lost income, and within demographic groups every quintile lost income. Over this period, relative income losses tended to be greater in the lower income brackets than in the higher income brackets.

Most of the divergence in incomes among families with children reflects compositional change, as families of single mothers with children became increasingly common (Table E-21). The lowest quintile of married couples with children had a 3.0 percent decline in average AFI between 1979 and 1989; the lowest quintile of single mothers with children fared much worse, with a 22.0 percent decline during the same period. These two family types as a whole, however, showed income gains over the period: 11.2 percent for married couples with children and 3.3 percent for single mothers with children. More recently, during the 1989-2000 period, all quintiles of both family types experienced rising incomes. Single mothers in the bottom experienced the greatest increases in income, far exceeding increases among married families with children during this period. These developments in the bottom quintiles are almost certainly due to increased work by poor and low-income mothers in general and by mothers leaving welfare for work in particular.

Elderly persons experienced income gains across the board between 1979 and 2000, and income losses between 2000 and 2006. For elderly childless units, which include both single persons and married couples, average AFI rose 13.4 percent (1979-1989) and 1.8 percent (1989-2000) for the lowest quintile shown in the last panel of table E-26, and 26.0 and 12.7 percent respectively over the same periods for the highest quintile (using the new method of income coding). Despite their gains, the elderly generally had much lower incomes than the non-elderly. In 2000, for example, the average income of elderly childless units was about 3.9 times poverty; the average income of non-elderly childless units, by comparison, was about 5.6 times poverty (not shown in table). Over the 2000-2006 period elderly childless units in the bottom quintile saw their incomes fall by 3.9 percent, compared to 0.42 percent for such units in the top quintile.

TABLE E-26--AVERAGE PRETAX ADJUSTED FAMILY INCOME (INCOME AS A MULTIPLE OF POVERTY)
BY FAMILY TYPE AND INCOME QUINTILE, WEIGHTED BY PERSONS, SELECTED YEARS 1979-2006

Family type and quintile	Year						Percent Change				
	1979	1989	2000 ¹	2000 ²	2006 ¹	2006 ²	1979- 1989	1989- 2000 ¹	1989- 2000 ²	2000- 2006 ¹	2000- 2006 ²
All families:											
Lowest	0.90	0.85	0.92	0.92	0.81	0.81	-4.3	6.8	6.8	-12.0	-12.0
Second	2.06	2.09	2.22	2.22	2.05	2.05	1.3	6.4	6.4	-7.4	-7.4
Middle	3.07	3.27	3.49	3.49	3.30	3.30	6.7	6.6	6.6	-5.4	-5.4
Fourth	4.32	4.77	5.21	5.21	5.01	5.01	10.4	9.3	9.3	-3.9	-3.9
Highest	7.39	8.84	9.90	11.20	9.67	10.85	19.6	12.0	26.7	-2.3	-3.2
Total	3.55	3.97	4.35	4.61	4.17	4.41	11.7	9.6	16.2	-4.1	-4.4
All families with children:											
Lowest	0.84	0.74	0.84	0.84	0.74	0.74	-11.7	13.3	13.3	-12.9	-12.9
Second	1.95	1.87	2.04	2.04	1.89	1.89	-4.1	9.1	9.1	-7.7	-7.7
Middle	2.84	2.93	3.20	3.20	3.01	3.01	3.3	9.1	9.1	-6.1	-6.1
Fourth	3.85	4.14	4.69	4.69	4.49	4.49	7.5	13.3	13.3	-4.2	-4.2
Highest	6.15	7.20	8.60	10.07	8.38	9.59	17.0	19.5	39.9	-2.5	-4.7
Total	3.30	3.38	3.87	4.17	3.70	3.94	2.3	14.7	23.5	-4.5	-5.4
Married couples with children:											
Lowest	1.18	1.14	1.24	1.24	1.18	1.18	-3.0	8.3	8.3	-5.4	-5.4
Second	2.29	2.34	2.57	2.57	2.45	2.45	2.0	10.0	10.0	-4.5	-4.5
Middle	3.12	3.34	3.77	3.77	3.64	3.64	7.1	12.8	12.8	-3.4	-3.4
Fourth	4.11	4.52	5.27	5.27	5.16	5.16	10.1	16.5	16.5	-2.0	-2.1
Highest	6.41	7.67	9.19	11.25	9.08	10.80	19.7	19.8	46.6	-1.2	-4.0
Total	3.42	3.80	4.41	4.82	4.30	4.65	11.2	15.9	26.7	-2.4	-3.6
Single mothers with children:											
Lowest	0.32	0.25	0.31	0.31	0.21	0.21	-22.0	24.2	24.2	-33.2	-33.2
Second	0.75	0.64	0.89	0.89	0.75	0.75	-14.0	38.0	38.0	-16.4	-16.4
Middle	1.22	1.14	1.48	1.48	1.35	1.35	-6.1	29.3	29.3	-8.8	-8.8
Fourth	2.01	2.03	2.37	2.37	2.19	2.19	0.9	16.9	16.9	-7.6	-7.6
Highest	3.65	4.14	4.84	4.97	4.70	4.88	13.6	16.7	19.9	-3.0	-1.9
Total	1.59	1.64	1.98	2.00	1.84	1.87	3.3	20.4	22.0	-7.1	-6.5

TABLE E-26--AVERAGE PRETAX ADJUSTED FAMILY INCOME (INCOME AS A MULTIPLE OF POVERTY)
 BY FAMILY TYPE AND INCOME QUINTILE, WEIGHTED BY PERSONS, SELECTED YEARS 1979-2006
 -continued

Family type and quintile	Year						Percent Change				
	1979	1989	2000 ¹	2000 ²	2006 ¹	2006 ²	1979- 1989	1989- 2000 ¹	1989- 2000 ²	2000- 2006 ¹	2000- 2006 ²
Nonelderly childless units:											
Lowest	1.24	1.19	1.06	1.06	0.87	0.87	-3.7	-11.3	-11.3	-17.8	-17.8
Second	2.91	2.94	2.88	2.88	2.61	2.61	1.0	-2.0	-2.0	-9.3	-9.3
Middle	4.27	4.45	4.48	4.48	4.20	4.20	4.3	0.6	0.6	-6.1	-6.1
Fourth	5.78	6.29	6.54	6.54	6.17	6.17	8.8	4.0	4.0	-5.6	-5.6
Highest	9.35	10.94	11.91	13.28	11.65	12.96	17.0	8.8	21.4	-2.2	-2.4
Total	4.71	5.16	5.37	5.65	5.10	5.37	9.6	4.1	9.4	-5.1	-5.0
Nonelderly childless families:											
Lowest	1.85	1.80	1.85	1.85	1.63	1.63	-2.8	2.9	2.9	-12.1	-12.1
Second	3.59	3.68	3.84	3.84	3.59	3.59	2.4	4.4	4.4	-6.7	-6.7
Middle	4.89	5.20	5.48	5.48	5.22	5.22	6.4	5.3	5.3	-4.8	-4.8
Fourth	6.33	7.03	7.57	7.57	7.25	7.25	11.1	7.7	7.7	-4.3	-4.3
Highest	9.94	11.72	12.97	14.73	12.69	14.22	17.9	10.6	25.7	-2.1	-3.4
Total	5.32	5.89	6.34	6.69	6.07	6.38	10.7	7.7	13.7	-4.2	-4.7
Nonelderly unrelated individuals:											
Lowest	0.61	0.61	0.57	0.57	0.39	0.39	-0.3	-6.2	-6.2	-31.3	-31.3
Second	1.72	1.83	1.88	1.88	1.60	1.60	6.6	2.6	2.6	-15.0	-15.0
Middle	2.78	3.00	3.09	3.09	2.73	2.73	7.9	3.0	3.0	-11.6	-11.6
Fourth	4.03	4.46	4.60	4.60	4.25	4.25	10.7	3.1	3.1	-7.7	-7.7
Highest	7.11	8.48	9.11	9.76	8.73	9.52	19.3	7.4	15.0	-4.2	-2.5
Total	3.25	3.68	3.85	3.98	3.54	3.70	13.1	4.7	8.2	-8.1	-7.1
Elderly childless units:											
Lowest	0.84	0.95	0.97	0.97	0.94	0.94	13.4	1.8	1.8	-3.9	-3.9
Second	1.50	1.73	1.82	1.82	1.77	1.77	15.2	5.3	5.3	-3.0	-3.0
Middle	2.26	2.64	2.74	2.74	2.66	2.66	16.7	3.9	3.9	-3.1	-3.1
Fourth	3.38	4.02	4.10	4.10	4.07	4.07	19.0	1.9	1.9	-0.6	-0.6
Highest	6.85	8.63	9.43	9.73	9.11	9.69	26.0	9.2	12.7	-3.4	-0.4
Total	2.97	3.59	3.81	3.87	3.71	3.83	21.0	6.0	7.7	-2.7	-1.3

TABLE E-26--AVERAGE PRETAX ADJUSTED FAMILY INCOME (INCOME AS A MULTIPLE OF POVERTY)
 BY FAMILY TYPE AND INCOME QUINTILE, WEIGHTED BY PERSONS, SELECTED YEARS 1979-2006
 -continued

Family type and quintile	Year						Percent Change				
	1979	1989	2000 ¹	2000 ²	2006 ¹	2006 ²	1979- 1989	1989- 2000 ¹	1989- 2000 ²	2000- 2006 ¹	2000- 2006 ²
Elderly childless families:											
Lowest	1.06	1.20	1.26	1.26	1.19	1.19	13.1	5.1	5.1	-5.4	-5.4
Second	1.86	2.15	2.27	2.27	2.19	2.19	15.4	5.7	5.7	-3.5	-3.5
Middle	2.67	3.14	3.23	3.23	3.15	3.15	17.5	3.0	3.0	-2.4	-2.4
Fourth	3.83	4.61	4.71	4.71	4.66	4.66	20.5	2.1	2.1	-1.0	-1.0
Highest	7.37	9.54	10.15	10.53	9.73	10.49	29.5	6.4	10.3	-4.1	-0.4
Total	3.36	4.13	4.32	4.40	4.18	4.34	22.9	4.7	6.6	-3.2	-1.4
Elderly unrelated individuals:											
Lowest	0.64	0.73	0.71	0.71	0.69	0.69	13.8	-2.5	-2.5	-2.7	-2.7
Second	1.01	1.17	1.21	1.21	1.21	1.21	15.1	3.0	3.0	-0.4	-0.4
Middle	1.37	1.62	1.70	1.70	1.68	1.68	18.6	4.7	4.7	-1.2	-1.2
Fourth	2.05	2.46	2.58	2.58	2.55	2.55	20.3	4.6	4.6	-1.0	-1.0
Highest	4.83	5.58	6.43	6.53	6.55	6.76	15.5	15.3	17.1	1.8	3.5
Total	1.98	2.31	2.53	2.55	2.54	2.58	16.9	9.2	10.0	0.4	1.3

¹ Individual's nominal earnings in 2000 are limited to \$138,870 and in 2006 are limited to \$162,579. Those topcoded values are equal to the 1989 topcoded value (\$99,999) adjusted for inflation.

² Individual's nominal earnings in 2000 and 2006 are as reported on Census public-use files, which use higher earnings topcodes than were used in the preceding column.

Note- Poverty thresholds are based on the 1989 distribution of family sizes, with no adjustment for the age of the head of household or the number of children. Quintiles are based on the number of persons.

Source: Congressional Budget Office tabulations of data from the March Current Population Survey, 1980, 1990, 2001, and 2007.

AVERAGE FAMILY CASH INCOME BY FAMILY TYPE

For all families, average cash income grew more slowly than average pretax AFI between 1979 and 2000, and fell more rapidly than pre-tax AFI between 2000-2006. This was also generally true for specific family types.

Average family cash income grew throughout the 1979-2000 period for families with children (Table E-27, second panel). However, families at the bottom of the income distribution lost ground during the 1979-89 period, experiencing an income decline of 17.7 percent. The decline stopped between 1989 and 2000 when the income of families with children in the bottom quintile increased at a faster pace than all quintiles except for the highest. As was the case with all the measures we have examined, average family cash income of families in the top two quintiles improved substantially throughout the 1979-2000 period.

As compared with the cash family income losses in the bottom quintile for all families, the pattern of losses in the bottom quintile was even greater for single mothers with children before 1989 (Table E-27, fourth panel). From 1979 to 1989, for example, these mothers lost almost a quarter of their income. However, between 1989 and 2000 this group made up for at least some of the lost ground as their income increased by 28.0 percent. During this period, which included strengthened government efforts to encourage supported work among low-income parents, many of them single mothers, income gains by single mothers with children in the lowest, second, and middle quintiles far exceeded gains at the top of the income spectrum for this group.

As noted earlier, income fell for virtually all demographic groups and for nearly every income quintile within each demographic group from 2000 to 2006. Within demographic groups, the relative declines in income were greatest among units at the bottom of the income distribution. Families headed by single mothers with children in the bottom income quintile lost over one-third (34.4 percent) of their income over the 2000-2006 period, the biggest loss experienced by any group over the period.

Because the change in family size among elderly persons was almost negligible over the period, their trend in average family cash incomes is almost identical to the trend in average pretax AFI. Elderly childless units and elderly childless families experienced income gains in every quintile during the 1979-1989 and 1989-2000 periods.

Table E-28 shows family cash income limits (the income cutoffs between quintiles) by quintile and family type. Between 1979 and 1989, income limits among families with children declined or grew slowly while those for the elderly increased, in some cases significantly. This pattern reversed itself in the 1989-2000 period, as income limits for families with children grew at roughly twice the pace as among elderly childless units. In general during the 1979-2000 period, income limits among the higher quintiles increased more than among the lower quintiles. In fact, income limits for the lower quintiles have decreased for

several family types during several periods. A notable exception involves the limits among single mothers with children. Following declines in the 1979-1989 period, income limits for this group rose sharply in the 1990s, with especially steep increases at the bottom of the income ladder. For example, the 36.8 percent increase noted for the lowest quintile of single mothers with children was the greatest for any group during any period from 1979-2000. From 2000 to 2006, income limits for families with children fell markedly, whereas income limits for the elderly fell only slightly, in comparison.

TABLE E-27--AVERAGE FAMILY CASH INCOME BY FAMILY TYPE AND INCOME QUINTILE, SELECTED YEARS 1979-2006

Family type and income quintile	Year						Percent Change				
	1979	1989	2000 ¹	2000 ²	2006 ¹	2006 ²	1979-1989	1989-2000 ¹	1989-2000 ²	2000-2006 ¹	2000-2006 ²
All families:											
Lowest	\$9,745	\$9,537	\$9,619	\$9,619	\$8,136	\$8,136	-2.1	0.9	0.9	-15.4	-15.4
Second	24,885	24,563	25,249	25,249	22,899	22,899	-1.3	2.8	2.8	-9.3	-9.3
Middle	41,635	41,986	42,821	42,821	39,781	39,781	0.8	2.0	2.0	-7.1	-7.1
Fourth	62,886	65,644	69,842	69,842	65,557	65,557	4.4	6.4	6.4	-6.1	-6.1
Highest	110,929	126,356	139,036	155,107	135,012	149,540	13.9	10.0	22.8	-2.9	-3.6
Total	50,016	53,617	57,313	60,528	54,277	57,183	7.2	6.9	12.9	-5.3	-5.5
All families with children:											
Lowest	15,232	12,543	14,505	14,505	12,273	12,273	-17.7	15.6	15.6	-15.4	-15.4
Second	36,361	33,600	36,361	36,361	32,910	32,910	-7.6	8.2	8.2	-9.5	-9.5
Middle	54,167	53,768	58,885	58,885	54,518	54,518	-0.7	9.5	9.5	-7.4	-7.4
Fourth	73,064	76,778	86,687	86,687	82,752	82,752	5.1	12.9	12.9	-4.5	-4.5
Highest	118,637	133,278	157,048	184,953	152,817	175,851	12.3	17.8	38.8	-2.7	-4.9
Total	59,492	61,994	70,697	76,278	67,054	71,661	4.2	14.0	23.0	-5.2	-6.1
Married couples with children:											
Lowest	24,628	23,751	26,529	26,529	24,383	24,383	-3.6	11.7	11.7	-8.1	-8.1
Second	46,000	46,603	52,003	52,003	49,393	49,393	1.3	11.6	11.6	-5.0	-5.0
Middle	61,282	64,525	74,062	74,062	70,850	70,850	5.3	14.8	14.8	-4.3	-4.3
Fourth	79,041	86,348	101,227	101,227	98,084	98,084	9.2	17.2	17.2	-3.1	-3.1
Highest	124,451	143,351	172,206	211,654	170,069	202,770	15.2	20.1	47.6	-1.2	-4.2
Total	67,081	72,916	85,206	93,095	82,556	89,096	8.7	16.9	27.7	-3.1	-4.3
Single mothers with children:											
Lowest	5,428	4,170	5,337	5,337	3,503	3,503	-23.2	28.0	28.0	-34.4	-34.4
Second	13,205	10,960	14,957	14,957	12,606	12,606	-17.0	36.5	36.5	-15.7	-15.7
Middle	21,356	19,206	23,457	23,457	21,537	21,537	-10.1	22.1	22.1	-8.2	-8.2
Fourth	32,360	31,616	36,105	36,105	33,577	33,577	-2.3	14.2	14.2	-7.0	-7.0
Highest	58,064	62,462	72,443	74,440	70,133	73,102	7.6	16.0	19.2	-3.2	-1.8
Total	26,083	25,684	30,460	30,859	28,271	28,865	-1.5	18.6	20.2	-7.2	-6.5

E-61

TABLE E-27--AVERAGE FAMILY CASH INCOME BY FAMILY TYPE AND INCOME QUINTILE, SELECTED YEARS 1979-2006 -continued

[In 2006 dollars]

Family type and income quintile	Year						Percent Change				
	1979	1989	2000 ¹	2000 ²	2006 ¹	2006 ²	1979-1989	1989-2000 ¹	1989-2000 ²	2000-2006 ¹	2000-2006 ²
Nonelderly childless units:											
Lowest	9,532	9,312	8,270	8,270	6,851	6,851	-2.3	-11.2	-11.2	-17.2	-17.2
Second	25,701	25,757	24,972	24,972	22,705	22,705	0.2	-3.0	-3.0	-9.1	-9.1
Middle	41,291	42,524	41,847	41,847	38,766	38,766	3.0	-1.6	-1.6	-7.4	-7.4
Fourth	62,133	65,930	67,267	67,267	62,509	62,509	6.1	2.0	2.0	-7.1	-7.1
Highest	112,411	129,341	134,577	147,931	131,287	143,739	15.1	4.0	14.4	-2.4	-2.8
Total	50,214	54,572	55,386	58,058	52,423	54,914	8.7	1.5	6.4	-5.3	-5.4
Nonelderly childless families:											
Lowest	22,568	22,297	23,068	23,068	20,567	20,567	-1.2	3.5	3.5	-10.8	-10.8
Second	45,154	46,962	49,456	49,456	46,334	46,334	4.0	5.3	5.3	-6.3	-6.3
Middle	62,755	67,835	72,258	72,258	68,112	68,112	8.1	6.5	6.5	-5.7	-5.7
Fourth	83,011	93,845	101,032	101,032	96,800	96,800	13.1	7.7	7.7	-4.2	-4.2
Highest	134,984	160,024	172,642	196,631	170,137	190,389	18.6	7.9	22.9	-1.5	-3.2
Total	69,694	78,192	83,691	88,489	80,390	84,440	12.2	7.0	13.2	-3.9	-4.6
Nonelderly unrelated individuals:											
Lowest	5,697	5,727	5,367	5,367	3,687	3,687	0.5	-6.3	-6.3	-31.3	-31.3
Second	16,188	17,269	17,734	17,734	15,070	15,070	6.7	2.7	2.7	-15.0	-15.0
Middle	26,119	28,273	29,155	29,155	25,776	25,776	8.2	3.1	3.1	-11.6	-11.6
Fourth	37,931	42,032	43,408	43,408	40,078	40,078	10.0	3.3	3.3	-7.7	-7.7
Highest	67,008	79,975	86,032	92,164	82,430	89,876	19.4	7.6	15.2	-4.2	-2.5
Total	30,588	34,655	36,340	37,565	33,408	34,897	13.3	4.9	8.4	-8.1	-7.1
Elderly childless units:											
Lowest	7,531	8,492	8,604	8,604	8,308	8,308	12.8	1.3	1.3	-3.4	-3.4
Second	13,603	15,718	16,640	16,640	16,221	16,221	15.5	5.9	5.9	-2.5	-2.5
Middle	21,664	25,117	26,629	26,629	25,881	25,881	15.9	6.0	6.0	-2.8	-2.8
Fourth	34,470	40,693	42,364	42,364	42,066	42,066	18.1	4.1	4.1	-0.7	-0.7
Highest	77,351	96,008	103,829	106,889	100,923	106,871	24.1	8.1	11.3	-2.8	0.0
Total	30,924	37,206	39,613	40,225	38,680	39,870	20.3	6.5	8.1	-2.4	-0.9

E-62

TABLE E-27--AVERAGE FAMILY CASH INCOME BY FAMILY TYPE AND INCOME QUINTILE, SELECTED YEARS 1979-2006 -continued
[In 2006 dollars]

Family type and income quintile	Year						Percent Change				
	1979	1989	2000 ¹	2000 ²	2006 ¹	2006 ²	1979-1989	1989-2000 ¹	1989-2000 ²	2000-2006 ¹	2000-2006 ²
Elderly childless families:											
Lowest	12,786	14,542	15,338	15,338	14,717	14,717	13.7	5.5	5.5	-4.0	-4.0
Second	22,503	25,973	27,533	27,533	26,669	26,669	15.4	6.0	6.0	-3.1	-3.1
Middle	32,110	38,034	39,320	39,320	38,686	38,686	18.4	3.4	3.4	-1.6	-1.6
Fourth	46,967	56,723	58,482	58,482	58,328	58,328	20.8	3.1	3.1	-0.3	-0.3
Highest	94,237	122,141	128,850	133,842	123,958	133,587	29.6	5.5	9.6	-3.8	-0.2
Total	41,720	51,483	53,904	54,903	52,472	54,397	23.4	4.7	6.6	-2.7	-0.9
Elderly unrelated individuals:											
Lowest	6,043	6,864	6,680	6,680	6,498	6,498	13.6	-2.7	-2.7	-2.7	-2.7
Second	9,644	11,301	11,464	11,464	11,417	11,417	14.8	3.6	3.6	-0.4	-0.4
Middle	12,946	15,310	16,082	16,082	15,891	15,891	18.3	5.0	5.0	-1.2	-1.2
Fourth	19,316	23,234	24,340	24,340	24,087	24,087	20.3	4.8	4.8	-1.0	-1.0
Highest	45,497	52,580	60,741	60,741	61,836	63,851	15.6	15.5	17.3	1.8	3.5
Total	18,690	21,811	23,862	23,862	23,946	24,349	16.7	9.4	10.3	0.4	1.3

¹ Individual's nominal earnings in 2000 are limited to \$138,870 and in 2006 are limited to \$162,579. Those topcoded values are equal to the 1989 topcoded value (\$99,999) adjusted for inflation.

² Individual's nominal earnings in 2000 and 2006 are as reported on Census public-use files, which use higher earnings topcodes than were used in the preceding column.

Note- Quintiles are based on the number of families.

Source: Congressional Budget Office tabulations of data from the March Current Population Survey, 1980, 1990, 2001, and 2007.

TABLE E-28--FAMILY CASH INCOME LIMITS¹ BY QUINTILE AND
 FAMILY TYPE, SELECTED YEARS 1979-2006
 [In 2006 Dollars]

Family type and income quintile	1979	1989	2000	2006	Percent Change		
					1979- 1989	1989- 2000	2000- 2006
All families:							
Lowest	17,240	16,993	17,561	15,600	-1.4	3.3	-11.2
Second	32,677	32,524	33,132	30,045	-0.5	1.9	-9.3
Middle	51,504	52,107	54,129	50,100	1.2	3.9	-7.4
Fourth	76,333	81,808	88,662	84,621	7.2	8.4	-4.6
All families with children:							
Lowest	27,230	23,528	25,756	23,040	-13.6	9.5	-10.5
Second	45,625	43,805	46,829	43,010	-4.0	6.9	-8.2
Middle	62,729	64,057	71,388	66,500	2.1	11.4	-6.8
Fourth	85,170	91,720	106,123	101,102	7.7	15.7	-4.7
Married couples with children:							
Lowest	37,305	36,870	40,976	38,600	-1.2	11.1	-5.8
Second	54,026	55,456	62,977	60,000	2.6	13.6	-4.7
Middle	68,853	74,014	85,463	82,634	7.5	15.5	-3.3
Fourth	91,222	101,125	121,089	117,623	10.9	19.7	-2.9
Single mothers with children:							
Lowest	9,884	7,755	10,607	8,006	-21.5	36.8	-24.5
Second	16,894	14,632	19,060	17,000	-13.4	30.3	-10.8
Middle	26,529	24,388	29,072	26,800	-8.1	19.2	-7.8
Fourth	39,484	40,539	45,307	42,072	2.7	11.8	-7.1
Nonelderly childless units:							
Lowest	18,245	17,970	16,976	15,000	-1.5	-5.5	-11.6
Second	32,738	33,412	32,780	30,000	2.1	-1.9	-8.5
Middle	50,418	52,189	52,571	48,440	3.5	0.7	-7.9
Fourth	76,268	82,397	86,096	80,405	8.0	4.5	-6.6
Nonelderly childless families:							
Lowest	35,862	36,581	37,611	35,000	2.0	2.8	-6.9
Second	54,265	56,920	60,594	57,089	4.9	6.5	-5.8
Middle	71,889	79,502	84,391	80,018	10.6	6.1	-5.2
Fourth	96,960	111,757	120,707	117,000	15.3	8.0	-3.1
Nonelderly unrelated individuals:							
Lowest	11,026	11,706	11,707	9,932	6.2	0.0	-15.2
Second	21,239	22,761	23,415	20,000	7.2	2.9	-14.6
Middle	31,353	34,175	35,122	31,645	9.0	2.8	-9.9
Fourth	46,156	51,433	53,932	50,000	11.4	4.9	-7.3
Elderly childless units:							
Lowest	10,696	12,138	12,665	12,423	13.5	4.3	-1.9
Second	17,172	19,859	21,115	20,538	15.7	6.3	-2.7
Middle	26,782	31,295	32,978	32,076	16.9	5.4	-2.7
Fourth	44,297	52,629	55,685	55,170	18.8	5.8	-0.9
Elderly childless families:							
Lowest	18,345	20,757	21,941	21,688	13.1	5.7	-1.2
Second	26,989	31,628	33,122	31,876	17.2	4.7	-3.8

TABLE E-28--FAMILY CASH INCOME LIMITS¹ BY QUINTILE AND
FAMILY TYPE, SELECTED YEARS 1979-2006 -continued
[In 2006 Dollars]

Family type and income quintile	1979	1989	2000	2006	Percent Change		
					1979- 1989	1989- 2000	2000- 2006
Middle	37,632	45,523	46,949	46,355	21.0	3.1	-1.3
Fourth	59,199	70,560	74,077	73,935	19.2	5.0	-0.2
Elderly unrelated individuals:							
Lowest	8,131	9,248	9,537	9,504	13.7	3.1	-0.3
Second	11,154	12,850	13,283	13,322	15.2	3.4	0.3
Middle	15,434	18,482	19,213	19,000	19.8	4.0	-1.1
Fourth	24,507	29,363	30,763	31,117	19.8	4.8	1.2

¹ Income cutoff between quintiles.

Source: Congressional Budget Office tabulations of data from the March Current Population Survey, 1980, 1990, 2001, and 2007.

ANTIPOVERTY EFFECTIVENESS OF VARIOUS CASH AND NON-CASH TRANSFERS

Tables E-29 through E-31 provide estimates of the number and percentage of individuals removed from poverty by market income and by social insurance programs (Social Security, unemployment compensation, and workers' compensation), means-tested cash programs (Aid to Families with Dependent Children (through 1996), Temporary Assistance for Needy Families (TANF, after 1996), Supplemental Security Income (SSI), and general assistance), means-tested non-cash programs (food stamps (renamed the Supplemental Nutrition Assistance Program, or SNAP¹¹), housing benefits, and school lunch), and Federal payroll and income taxes and the Earned Income Tax Credit (ETIC) and Child Tax Credit (CTC). Tables are provided separately for elderly persons, for children, and for persons in units with an unmarried head and children under age 18, for selected years between 1979 and 2006. The selected years reflect peaks and troughs in the overall poverty rate.

The tables present alternative measures of poverty to the official measure. They include counts of the number of people below the poverty line before any government benefits are taken into account, after each type of benefit is added to income, and after the government cash and non-cash benefits and Federal taxes and the EIC are added to (or subtracted from) income.

The tables also measure the effect of these government programs on the "poverty gap" - the gap between a poor family's income and the poverty line.

¹¹ The Food Stamp program was renamed the Supplemental Nutrition Assistance Program (SNAP) under the Food, Conservation and Energy Act of 2008 (P.L. 110-234), with the mandated name change effective October 1, 2008.

The poverty gap represents the degree of poverty by showing the amount of money that would be needed to lift every poor person exactly to the poverty line.

Table E-29 shows the anti-poverty effectiveness of market income and government programs for the elderly. Based both on cash income before transfers and on post-transfer income, the poverty rates among the elderly in 2006 were the lowest on record. As compared with 1979, when 54.2 percent of the elderly were poor before transfers, in 2006 46.6 percent of the elderly were poor before transfers. The comparable figures for the percentage of the elderly in poverty after transfers and taxes were 13.5 in 1979 and 8.2 in 2006. The impact of Social Security transfers is by the far the greatest reason that so many of the elderly are removed from poverty by government transfers. In 1979 Social Security payments reduced the poverty rate from 54.2 percent to 17.4 percent; in 2006 the comparable figures were 46.6 to 10.4 percent. In 1979, a total of 8.9 million elderly persons were removed from poverty by Social Security; in 2006, the number had jumped to 13.0 million. The figures for the poverty gap for the elderly are not quite as impressive as the overall figures. Both the total number of dollars required to close the poverty gap and the size of the poverty gap per person in poverty have grown in recent years. The aggregate poverty gap in 2006 (\$8.9 billion) was \$1.72 billion greater than in 1989 (\$7.2 billion in 2006 constant dollars) and the poverty gap per person was 34 percent higher (\$2,987 in 2006, compared to \$2,225 in 1989, in 2006 constant dollars).

Both pre-transfer market-income, and social insurance, largely Social Security, have resulted in substantial reductions in aged poverty in most recent years when compared to 1979, as noted above. However, while social insurance has done more to lift the aged out of poverty in most recent years than in 1979 (e.g., a respective 77.7 percent reduction in the number of poor in 2006 compared to 68 percent in 1979) means-tested cash and non-cash transfers have been less effective in reducing the residual number aged poor (e.g. a respective 4.7 percent reduction in 2006, compared to 6.2 percent in 1979). Moreover, as noted above, after taking social insurance, means-tested transfers and taxes into account, among the remaining aged poor, their poverty in more recent years is deeper than in earlier years, as indicated by their per capita poverty gap.

TABLE E-29--ANTIPOVERTY EFFECTIVENESS OF CASH AND NON-CASH TRANSFERS (INCLUDING FEDERAL INCOME AND PAYROLL TAXES) FOR ALL PERSONS AGE 65 AND OLDER, SELECTED YEARS 1979-2006

Number of elderly and poverty measure	1979	1983	1989	1996	2000	2004	2006
Total population (in thousands):	24,194	26,313	29,566	31,877	33,566	35,209	36,035
Number of poor persons (thousands):							
Cash income before transfers	13,120	13,253	14,031	15,991	16,163	17,520	16,785
Plus social insurance	4,202	4,095	4,009	3,905	3,705	3,847	3,743
Plus means-tested cash transfers	3,682	3,625	3,369	3,428	3,323	3,453	3,394
Plus means-tested non-cash benefits	3,261	3,158	3,207	2,936	2,841	3,025	2,961
Plus EITC and CTC, less Federal payroll and income taxes	3,276	3,177	3,226	2,945	2,844	3,027	2,965
Number of persons (in thousands) removed from poverty due to:							
Social insurance	8,918	9,158	10,021	12,086	12,459	13,673	13,042
Means-tested cash	520	470	640	477	382	394	349
Means-tested non-cash benefits	421	467	162	492	482	428	433
EITC, CTC and Federal payroll and income taxes	-15	-19	-19	-9	-3	-2	-4
Total number removed from poverty	9,844	10,076	10,805	13,046	13,319	14,493	13,820
Percent of persons removed from poverty due to:							
Social insurance	68.0	69.1	71.4	75.6	77.1	78.0	77.7
Means-tested cash	4.0	3.5	4.6	3.0	2.4	2.2	2.1
Means-tested non-cash benefits	3.2	3.5	1.2	3.1	3.0	2.4	2.6
EITC, CTC and Federal payroll and income taxes	-0.1	-0.1	-0.1	-0.1	0.0	0.0	0.0
Total percent removed from poverty	75.0	76.0	77.0	81.6	82.4	82.7	82.3
Poverty rate (in percent):							
Cash income before transfers	54.2	50.4	47.5	50.2	48.2	49.8	46.6
Plus social insurance	17.4	15.6	13.6	12.2	11.0	10.9	10.4
Plus means-tested cash transfers	15.2	13.8	11.4	10.8	9.9	9.8	9.4

TABLE E-29--ANTIPOVERTY EFFECTIVENESS OF CASH AND NON-CASH TRANSFERS (INCLUDING FEDERAL INCOME AND PAYROLL TAXES) FOR ALL PERSONS AGE 65 AND OLDER, SELECTED YEARS
1979-2006 -continued

Number of elderly and poverty measure	1979	1983	1989	1996	2000	2004	2006
Plus means-tested non-cash benefits	13.5	12.0	10.8	9.2	8.5	8.6	8.2
Plus EITC and CTC, less Federal payroll and income taxes	13.5	12.1	10.9	9.2	8.5	8.6	8.2
Total reduction in poverty rate	40.7	38.3	36.5	40.9	39.7	41.2	38.4
Poverty gap (billions of 2006 dollars):							
Cash income before transfers	73.1	74.7	78.1	92.0	93.0	103.1	97.7
Plus social insurance	12.8	12.4	12.0	12.7	11.8	13.2	12.7
Plus means-tested cash transfers	8.6	8.2	7.8	8.9	9.0	10.2	10.0
Plus means-tested non-cash benefits	7.2	7.1	7.2	7.7	7.8	9.0	8.9
Plus EITC and CTC, less Federal payroll and income taxes	7.2	7.1	7.2	7.7	7.8	9.0	8.9
Poverty gap per poor person (in 2006 dollars):							
Cash income before transfers	5,566	5,637	5,569	5,756	5,753	5,884	5,823
Plus social insurance	3,040	3,030	2,997	3,251	3,174	3,425	3,388
Plus means-tested cash transfers	2,338	2,258	2,320	2,594	2,697	2,966	2,947
Plus means-tested non-cash benefits	2,214	2,230	2,237	2,612	2,761	2,987	2,995
Plus EITC and CTC, less Federal payroll and income taxes	2,204	2,230	2,225	2,599	2,752	2,983	2,987
Reduction in poverty gap (in billions) due to:							
Social insurance	60.3	62.3	66.1	79.4	81.2	89.9	85.1
Means-tested cash	4.1	4.3	4.2	3.8	2.8	2.9	2.7
Means-tested non-cash benefits	1.3	1.1	0.6	1.2	1.1	1.2	1.1
EITC, CTC and Federal payroll and income taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total reduction in poverty gap (in billions)	65.8	67.6	71.0	84.4	85.2	94.1	88.9
Percent reduction in the poverty gap due to:							
Social insurance	82.5	83.4	84.6	86.2	87.4	87.2	87.0

TABLE E-29--ANTIPOVERTY EFFECTIVENESS OF CASH AND NON-CASH TRANSFERS (INCLUDING FEDERAL INCOME AND PAYROLL TAXES) FOR ALL PERSONS AGE 65 AND OLDER, SELECTED YEARS
1979-2006 -continued

Number of elderly and poverty measure	1979	1983	1989	1996	2000	2004	2006
Means-tested cash	5.7	5.7	5.4	4.1	3.0	2.8	2.7
Means-tested non-cash benefits	1.8	1.5	0.8	1.3	1.2	1.2	1.2
EITC, CTC and Federal payroll and income taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total percent reduction in the poverty gap	90.0	90.4	90.8	91.7	91.6	91.2	90.9

Note- Poverty gap dollars for each year adjusted to 2006 dollars. Details may not sum to totals due to rounding.

Source: Table prepared by the Congressional Research Services based on analysis of U.S. Census Bureau Current Population Survey (CPS) data.

Estimates for 1979 through 1983 based on Congressional Budget Office calculations of CPS data presented in earlier Green Book editions.

The impact of market income and the safety net on children's poverty are shown in Table E-30. The poverty rate among children before transfers was 19.9 percent in 2006, 1.3 percentage points higher than in 2000, but 6.0 percentage points lower than in 1983. Similarly, the child poverty rate after transfers and taxes in 2006 was 12.8 percent, 8.5 percentage points or 40 percent below its level in 1983. These figures show substantial progress against children's poverty, both before and after government transfers. The drop in the pre-transfer poverty level from 1996 suggests the substantial increase in work by former welfare mothers has played an important role in poverty reduction among children.

The important role of work by single mothers in reducing child poverty is also shown by the data on percentage of children removed from poverty due to Federal taxes. The row of figures for taxes in all the panels of Table E-30 show that Federal tax policy is having a major and growing effect in reducing child poverty. In 1983, Federal taxes actually increased the relative number of children in poverty by 5.1 percent. However, the Federal Government reduced taxes and increased the EIC for low-income families with children by enacting reform legislation in 1986, 1990, 1993, and 2001, and in 2001 by also expanding the Child Tax Credit (CTC) and making it partially refundable to families above specified income thresholds. As a result of these changes, Federal tax policy began to have the impact of reducing poverty among children, starting as early as 1991 (not shown in table). By 2006, Federal EIC and CTC payments to families reduced the child poverty rate by 2.4 percentage points, from 15.2 percent before counting the effect of Federal taxes, to 12.8 percent after. It seems reasonable to conclude that the effectiveness of the EIC in fighting poverty can be attributed to two factors—the increasing generosity of EIC policy itself and the increase in work by low-income families with children, especially families headed by mothers. In combination, Federal tax and transfer policies had the direct effect of reducing child poverty by 35.8 percent in 2006; twice that of combined tax transfer policies in 1983 when such policies accounted for a 17.7 percent reduction in poverty. Additionally, the combination of tax-transfer policies and labor market conditions helped to reduce the incidence of pre-transfer poverty among children from 25.9 percent in 1983, to 19.9 percent in 2006.

Data on the poverty gap for children are somewhat mixed. The pre-transfer per capita poverty gap fell in 2006 constant dollars from \$3,371 in 1983 to \$2,935 in 2000, and in 2006 was estimated at \$2,968. In contrast, the post-transfer post-tax per capita poverty gap increased from \$1,763 in 1983 to \$2,042 in 2000, and was estimated at \$2,150 in 2006. Thus, while the pre-transfer poverty gap fell over this period, the post-transfer post-tax poverty gap rose. This period saw significant declines in receipt of cash and other welfare benefits. Cash and non-cash need-tested benefits have also become less effective in recent years in reducing the poverty gap. As shown in the middle two rows of the last panel of Table E-30, taken together these policies reduced the poverty

gap only 30.2 percent in 2006 (means-tested cash, 10.2 percent, and means-tested non-cash, 20.2 percent), as compared to 42.8 percent in 1996 (means-tested cash, 21.5 percent, and means-tested non-cash, 21.3 percent) and 46.2 percent in 1979 (means-tested cash, 28.7 percent, and means-tested non-cash, 17.5 percent). Tax policy through the EIC, combined with the CTC, has retained its potency in reducing the poverty gap in recent years, reducing the gap by 7.7 percent in 2006. Despite the effectiveness of the EIC and CTC, the overall impact of government programs reduced the poverty gap less in 2006 than in 1996 or any previous year. The major reason for the reduced effectiveness of government programs in reducing the poverty gap seems to be a decline in the impact of means-tested cash benefits. In 1979 these benefits reduced the poverty gap by 28.7 percent. By contrast, in 2006 they reduced the poverty gap by only 10.2 percent..

TABLE E-30--ANTIPOVERTY EFFECTIVENESS OF CASH AND NON-CASH TRANSFERS (INCLUDING FEDERAL INCOME AND PAYROLL TAXES) FOR ALL CHILDREN UNDER 18, SELECTED YEARS 1979-2006

Number of children and poverty measure	1979	1983	1989	1996	2000	2004	2006
Total population (in thousands):	63,375	62,333	64,144	70,650	71,741	73,241	73,727
Number of poor persons (thousands):							
Cash income before transfers	12,761	16,146	14,431	16,690	13,352	15,006	14,673
Plus social insurance	11,364	14,405	13,254	15,426	12,203	13,545	13,372
Plus means-tested cash transfers	10,377	13,911	12,590	14,463	11,586	13,033	12,827
Plus means-tested noncash benefits	8,421	12,464	11,433	12,576	10,340	11,430	11,200
Plus EITC and CTC, less Federal taxes	8,620	13,293	11,735	11,321	9,033	9,589	9,419
Number of persons (in thousands) removed from poverty due to:							
Social insurance	1,397	1,741	1,177	1,264	1,149	1,461	1,301
Means-tested cash	987	494	664	962	617	512	545
Means-tested non-cash benefits	1,956	1,447	1,157	1,888	1,246	1,603	1,626
EITC, CTC and Federal taxes	-199	-829	-301	1,255	1,306	1,841	1,782
Total persons removed from poverty	4,141	2,853	2,696	5,369	4,319	5,417	5,254
Percent of persons removed from poverty due to:							
Social insurance	10.9	10.8	8.2	7.6	8.6	9.7	8.9
Means-tested cash	7.7	3.1	4.6	5.8	4.6	3.4	3.7
Means-tested non-cash benefits	15.3	9.0	8.0	11.3	9.3	10.7	11.1
EITC, CTC and Federal taxes	-1.6	-5.1	-2.1	7.5	9.8	12.3	12.1
Total percent removed from poverty	32.5	17.7	18.7	32.2	32.3	36.1	35.8
Poverty rate (in percent):							
Cash income before transfers	20.1	25.9	22.5	22.5	18.6	20.5	19.9
Plus social insurance	17.9	23.1	20.7	20.7	17.0	18.5	18.1
Plus means-tested cash transfers	16.4	22.3	19.6	19.6	16.1	17.8	17.4
Plus means-tested non-cash benefits	13.3	20.0	17.8	17.8	14.4	15.6	15.2
Plus EITC and CTC, less Federal taxes	13.6	21.3	18.3	18.3	12.6	13.1	12.8
Total reduction in poverty rate	6.5	4.6	4.2	4.2	6.0	7.4	7.1
Poverty gap (billions of 2006 dollars):							
Cash income before transfers	41.0	54.5	47.9	54.3	39.2	44.9	43.6
Plus social insurance	34.4	45.8	41.3	46.9	33.7	37.6	36.8
Plus means-tested cash transfers	22.6	32.7	29.5	35.2	28.6	32.8	32.3

TABLE E-30--ANTIPOVERTY EFFECTIVENESS OF CASH AND NON-CASH TRANSFERS (INCLUDING FEDERAL INCOME AND PAYROLL TAXES) FOR ALL CHILDREN UNDER 18, SELECTED YEARS 1979-2006

-continued

Number of children and poverty measure	1979	1983	1989	1996	2000	2004	2006
Plus means-tested non-cash benefits	15.5	22.7	21.9	23.6	21.4	23.8	23.6
Plus EITC and CTC, less Federal taxes	15.5	23.4	21.7	20.6	18.4	20.7	20.3
Poverty gap per poor person (in 2006 dollars):							
Cash income before transfers	3,218	3,371	3,322	3,255	2,935	2,989	2,968
Plus social insurance	3,030	3,181	3,117	3,038	2,762	2,776	2,749
Plus means-tested cash transfers	2,181	2,354	2,345	2,431	2,468	2,514	2,519
Plus means-tested non-cash benefits	1,832	1,827	1,913	1,875	2,068	2,085	2,107
Plus EITC and CTC, less Federal taxes	1,790	1,763	1,852	1,822	2,042	2,160	2,150
Reduction in poverty gap (in billions) due to:							
Social insurance	6.6	8.6	6.6	7.5	5.5	7.3	6.8
Means-tested cash	11.8	13.1	11.8	11.7	5.1	4.8	4.5
Means-tested non-cash benefits	7.2	10.0	7.7	11.6	7.2	8.9	8.7
EITC, CTC and Federal taxes	0.0	-0.7	0.1	2.9	2.9	3.1	3.3
Total reduction in poverty gap (in billions)	25.7	31.0	26.2	33.7	20.7	24.1	23.3
Percent reduction in the poverty gap due to:							
Social insurance	16.1	15.8	13.8	13.7	14.0	16.2	15.6
Means-tested cash	28.7	24.1	24.6	21.5	13.0	10.8	10.2
Means-tested non-cash benefits	17.5	18.3	16.0	21.3	18.4	19.9	20.0
EITC, CTC and Federal taxes	0.0	-1.2	0.3	5.4	7.5	6.9	7.7
Total percent reduction in poverty gap	62.6	57.0	54.7	62.0	52.9	53.8	53.5

Note- Poverty gap dollars for each year adjusted to 2006 dollars. Details may not sum to totals due to rounding.

Source: Table prepared by the Congressional Research Service based on analysis of U.S. Census Bureau Current Population Survey (CPS) data.

Estimates for 1979 through 1983 based on Congressional Budget Office calculations of CPS data presented in earlier Green Book editions.

Poverty data for persons in units headed by single parents are presented in Table E-31. The first point to emphasize with these data (see the top row) is that there has been a very large increase in the number of persons in families with unmarried heads. The number jumped from 23.5 million in 1979 to 40.7 million in 2006, a 73 percent increase. By contrast, the number of persons in married-couple families increased from 101.3 million to only 104.7 million in 2006 (see Table E-21), an increase of about 3 percent.

Single-parent families, who tend to have a high poverty rate, have been increasing at much more rapid rate than married-couple families, who tend to have a much lower poverty rate, thereby placing increased upward pressure on the overall child poverty rate. Even so, poverty rates among persons in single-parent families have fallen substantially from what they were in the 1980s and mid-1990s. In 2006, the pre-transfer poverty rate of persons in single-parent families was 39.6 percent; 2.9 percentage points above 2000 (36.7 percent), but 7.0 percentage points below 1996 (46.6 percent) and 14.2 percentage points below 1983 (53.8 percent). The post-tax post-transfer poverty rate in 2006 (26.1 percent) was 1.5 percentage points above 2000 (24.6 percent), but 5.4 percentage points below 1996 (31.5 percent) and 16.2 percentage points below 1983 (42.3 percent). Again, as was seen in the case of children, progress against pre-transfer poverty has been substantial in recent years, in all likelihood due to the increase in work by single mothers.

Among persons in single-parent families, progress against poverty as measured by the poverty gap has been uneven, as was the case for children, overall. The per capita pre-transfer poverty gap for persons in single-parent families in 2006 (\$3,326) is only slightly above that of 2000 (\$3,290), which marked an all-time low. Over the period shown, need-tested cash transfers to single-parent families in 2006 were less effective in reducing the per capita poverty gap than in any year. In 2006, need-tested cash transfers reduced the poverty gap by 12.0 percent, which was one half the rate in 1996 (24.3 percent), and two-thirds less than in 1979 (36.3 percent). Need-tested non-cash benefits, in combination with need tested cash assistance reduces the poverty gap further, but to much lesser extent in 2006 (33.6 percent) than in 1996 (47.5percent) or in 1979 (55.1 percent). When Federal tax benefits from the EIC and CTC are taken into account, they reduced the poverty gap among persons in single-parent families by an additional 5.6 percent in 2006. However, these tax benefits have not been sufficient to offset the diminished effect of need-tested benefits in reducing the poverty gap in recent years. Together, the combination of social insurance benefits, means-tested cash and non-cash benefits, and net Federal taxes and tax benefits, reduced the poverty gap by 69.5 percent in 1979, 65.6 percent in 1996, but only by 55.2 percent in 2006.

TABLE E-31--ANTIPOVERTY EFFECTIVENESS OF CASH AND NON-CASH TRANSFERS (INCLUDING FEDERAL INCOME AND PAYROLL TAXES) FOR PERSONS IN UNITS WITH AN UNMARRIED HEAD AND RELATED CHILDREN UNDER 18, SELECTED YEARS 1979-2006

Number of persons and poverty measure	1979	1983	1989	1996	2000	2004	2006
Total population (in thousands):	23,547	25,559	29,255	36,515	36,445	40,123	40,749
Number of poor persons (in thousands):							
Cash income before transfers	11,786	13,751	14,118	17,007	13,368	15,685	16,118
Plus social insurance	10,645	12,611	13,054	15,690	12,336	14,132	14,721
Plus means-tested cash transfers	9,491	12,063	12,388	14,692	11,608	13,460	13,992
Plus food and housing benefits	7,115	10,531	11,442	12,682	10,276	11,660	12,192
Plus EITC and CTC, less Federal payroll and income taxes	7,141	10,800	11,445	11,496	8,963	10,328	10,654
Number of persons (in thousands) removed from poverty due to:							
Social Insurance	923	890	1,063	1,317	1,033	1,553	1,398
Means-tested cash	1,154	548	666	997	728	672	728
Food and housing benefits	2,376	1,532	946	2,011	1,332	1,800	1,800
EITC, CTC and Federal payroll and income taxes	-26	-269	-3	1,186	1,313	1,332	1,539
Total persons removed from poverty	4,645	2,951	2,673	5,511	4,405	5,357	5,465
Percent of persons removed from poverty due to:							
Social insurance	7.8	6.5	7.5	7.7	7.7	9.9	8.7
Means-tested cash	9.8	4.0	4.7	5.9	5.4	4.3	4.5
Food and housing benefits	20.2	11.1	6.7	11.8	10.0	11.5	11.2
EITC, CTC and Federal payroll and income taxes	-0.2	-2.0	0.0	7.0	9.8	8.5	9.5
Total percent removed from poverty	39.4	21.5	18.9	32.4	33.0	34.2	33.9
Poverty rate (in percent):							
Cash income before transfers	50.1	53.8	48.3	46.6	36.7	39.1	39.6
Plus social insurance	45.2	49.3	44.6	43.0	33.8	35.2	36.1
Plus means-tested cash transfers	40.3	47.2	42.3	40.2	31.9	33.5	34.3
Plus food and housing benefits	30.2	41.2	39.1	34.7	28.2	29.1	29.9
Plus EITC and CTC, less Federal payroll and income taxes	30.3	42.3	39.1	31.5	24.6	25.7	26.1
Total reduction in poverty rate	19.7	11.6	9.1	15.1	12.1	13.4	13.4
Poverty gap (millions of 2006 dollars):							
Cash income before transfers	43,570	55,958	55,009	62,594	43,982	53,224	53,613
Plus social insurance	37,388	48,577	48,144	53,825	37,709	44,151	45,035

E-73

TABLE E-31--ANTIPOVERTY EFFECTIVENESS OF CASH AND NON-CASH TRANSFERS (INCLUDING FEDERAL INCOME AND PAYROLL TAXES) FOR PERSONS IN UNITS WITH AN UNMARRIED HEAD AND RELATED CHILDREN UNDER 18, SELECTED YEARS 1979-2006 -continued

Number of persons and poverty measure	1979	1983	1989	1996	2000	2004	2006
Plus means-tested cash transfers	21,574	31,914	32,908	38,622	31,042	37,311	38,607
Plus means-tested non-cash benefits	13,387	20,740	23,926	24,130	22,162	25,716	27,023
Plus EITC and CTC, less Federal taxes	13,292	20,873	23,626	21,530	19,481	23,289	24,038
Poverty gap per poor person (in 2006 dollars):							
Cash income before transfers	3,697	4,069	3,896	3,680	3,290	3,393	3,326
Plus social insurance	3,512	3,852	3,688	3,431	3,057	3,124	3,059
Plus means-tested cash transfers	2,273	2,646	2,656	2,629	2,674	2,772	2,759
Plus means-tested non-cash benefits	1,882	1,970	2,091	1,903	2,157	2,205	2,216
Plus EITC and CTC, less Federal taxes	1,861	1,933	2,064	1,873	2,173	2,255	2,256
Reduction in poverty gap (in millions) due to:							
Social insurance	4,948	5,322	6,865	8,770	6,272	9,072	8,578
Means-tested cash	15,814	16,663	15,236	15,203	6,667	6,841	6,428
Means-tested non-cash benefits	8,186	11,173	8,982	14,492	8,880	11,594	11,584
EITC, CTC and Federal taxes	95	-131	299	2,600	2,681	2,427	2,985
Total reduction in poverty gap (in millions)	30,278	35,086	31,383	41,064	24,501	29,934	29,575
Percent reduction in the poverty gap due to:							
Social insurance	11.4	9.5	12.5	14.0	14.3	17.0	16.0
Means-tested cash	36.3	29.8	27.7	24.3	15.2	12.9	12.0
Means-tested non-cash benefits	18.8	20.0	16.3	23.2	20.2	21.8	21.6
EITC, CTC and Federal taxes	0.2	-0.2	0.5	4.2	6.1	4.6	5.6
Total percent reduction in poverty gap	69.5	62.7	57.1	65.6	55.7	56.2	55.2

E-76

Note- Poverty gap dollars for each year adjusted to 2006 dollars. Details may not sum to totals due to rounding.

Source: Table prepared by the Congressional Research Service based on analysis of U.S. Census Bureau Current Population Survey (CPS) data. Estimates for 1979 through 1983 based on Congressional Budget Office calculations of CPS data presented in earlier Green Book editions.

ALTERNATIVE POVERTY MEASURES

Many experts and interested observers believe that the current measure of poverty is outmoded and needs to be revised to better measure social conditions and the effects of social and economic policies on the low-income population. In the early 1990s Congress commissioned an independent review of the U.S. poverty measure, which culminated in a study issued by the National Research Council (NRC) of the National Academy of Sciences (NAS) entitled “*Measuring Poverty: A New Approach*.”¹² The 12-member NAS panel on Poverty and Family Assistance made 27 specific recommendations for revising the poverty measure.¹³ In arriving at its recommendations, the panel was guided by three principles: the measure should be acceptable and understandable to the public; the measure should be statistically defensible; and, the measure should be feasible to implement with available or readily obtainable data. The panel’s major recommendations focused on setting, updating and adjusting poverty thresholds, and defining family resources to be counted against poverty thresholds for determining families’ and individuals’ poverty status. Since the NAS panel issued its recommendations, an extensive amount of research has been undertaken by statistical agencies, academics, and other researchers to devise and test methods, and evaluate results of implementing the panel’s recommendations. A 2004 NRC sponsored workshop by the NAS Committee on National Statistics (CNSTAT) reviewed much of the research undertaken since the 1995 NAS report was issued; workshop members identified areas in which consensus among experts appears to have emerged, and others where experts believe more work needs to be done in order to devise a new poverty measure that conforms to the NAS panel recommendations.¹⁴

SETTING, UPDATING, AND ADJUSTING POVERTY THRESHOLDS

As noted at the beginning of this appendix, the current official U.S. poverty measure was developed in the early 1960s, using data available at the time. It was based on the concept of a minimal standard of food consumption, derived from research that used data from the U.S. Department of Agriculture’s

¹² National Research Council, Panel on Poverty and Family Assistance. *Measuring Poverty: A New Approach*. Constance F. Citro and Robert T. Michael, eds. Washington, DC: National Academy Press, 1995. Hereafter cited as: Citro and Michael, *Measuring Poverty*...

¹³ One panel member dissented from the majority view and disagreed with specifics of some of the panel’s recommendations.

¹⁴ See: National Research Council. (2005). *Experimental Poverty Measures: Summary of a Workshop*. John Iceland, Rapporteur. Planning Group for the Workshop to Assess the Current Status of Actions Taken in Response to *Measuring Poverty: A New Approach*, Committee on National Statistics, Division of Behavioral and Social Sciences and Education. Washington, DC: The National Academies Press, pp. 14-16. Hereafter cited as: National Research Council (2005). *Experimental Poverty Measures: Summary of a Workshop*.

(USDA) 1955 Food Consumption Survey. That research showed that the average U.S. family spent one-third of its pre-tax income on food. A standard of food adequacy was set by pricing out the USDA's Economy Food Plan -- a bare-bones plan designed to provide a healthy diet for a temporary period when funds are low. An overall poverty income level was then set by multiplying the food plan by three, to correspond to the findings from the 1955 USDA Survey that an average family spent one-third of its pre-tax income on food and two-thirds on everything else.

Since originally adopted in 1969 as the "official" U.S. poverty measure¹⁵ it has changed little, with the exception of annual adjustments for overall price changes in the economy, as measured by the Consumer Price Index for all Urban Consumers (CPI-U). Thus, the poverty line reflects a measure of economic need based on living standards that prevailed in the mid-1950s. It is often characterized as an "absolute" poverty measure, in that it is not adjusted to reflect changes in needs associated with improved standards of living that have occurred over the decades since the measure was first developed. If the same basic methodology developed in the early 1960s were applied today, the poverty thresholds would be at least two-and-one-half-times higher than the current thresholds.¹⁶

Setting thresholds

The NAS panel majority recommended that a new approach be adopted for setting poverty thresholds. The panel majority recommended that poverty thresholds be established based on a budget standard that includes food, clothing, shelter (including utilities) plus a multiplier for other needs (e.g., household supplies, personal care, non-work-related transportation). The panel majority recommended that poverty thresholds be set within a specified percentage (ranging from 78 to 83 percent of the median of what "reference families" (families of four persons, comprised of two adults and two related children) spend on food, clothing, shelter and utilities (FCSU).

These amounts convert to an initial poverty threshold for a reference family of four persons that ranged from the 30th to 35th percentiles of spending on the basic FCSU market basket. Based on an analysis of three years of Bureau of Labor Statistics (BLS) Consumer Expenditure Survey (CEX) data, the

¹⁵ The poverty measure was adopted as the "official poverty measure" by a directive issued in 1969 by the Bureau of the Budget, now the Office of Management and Budget (OMB). The directive was revised in 1978 to include revisions to poverty thresholds and procedures for updating thresholds for inflation using the Consumer Price Index (CPI). See OMB Statistical Policy Directive 14, available on the internet at: <http://www.census.gov/hhes/www/povmeas/ombdir14.html>.

¹⁶ Based on U.S. Department of Labor Bureau of Labor Statistics Consumer Expenditure Survey data, in 2005 the average family spent about 12.8 percent of pretax income on food (including food consumed at home, and away from home), or about one-eighth of total income, as opposed to one-third in the mid-1950s. This implies that the multiplier for updating poverty thresholds based on food consumption would be 7.8 (i.e., 1/.128), or 2.6 times the multiplier of 3 subsumed under poverty thresholds developed in the 1960s.

median reference family spent \$15,344 (in 1992 dollars) on FCSU, and spending on FCSU for the reference families at the 30th and 35th percentiles was \$11,950 and \$12,719, respectively. To these derived amounts, the NAS panel majority recommended that a multiplier ranging from 1.15 to 1.25 be applied to account for other needs. Based on these recommendations, the poverty threshold for a four-person reference family in 1992 dollars would range from \$13,742 (i.e., 1.15 x \$11,950) to \$15,899 (i.e., 1.25 x \$12,719), compared to an official poverty threshold of \$14,228 for a reference family of four in 1992.

The panel majority recommended that the poverty thresholds be recalibrated each year based on the three most recent years of CEX data. The U.S. Census Bureau has developed poverty thresholds consistent with the NAS recommendations as far back as 1989, applying the basic methodology proposed by the NAS panel (i.e., selecting the midpoint (32.5 percentile) of the recommended range (30th to 35th percentile) of the distribution of FCSU for reference families of four persons (two adults with two children) and multiplying that amount by 1.20 (the middle of the recommended range (1.15 to 1.25)) for other necessities. These estimates include mortgage interest payments as part of shelter expenses, but, until recently, excluded mortgage principal payments; interest payments are considered under the BLS expenditure definition to be expenses, while payments towards principal are considered to be a form of savings or investment. More recently, the argument has been made that mortgage principal payments should be included in setting poverty thresholds that include shelter expenses, as payment of mortgage principal is a nondiscretionary expenditure many homeowners face, representing funds that cannot be used to meet other household needs, such as food, clothing, or utilities. Moreover, homeownership is a common means by which families meet their shelter needs. Recognizing this issue, researchers from the BLS and the Census Bureau have constructed NAS-based poverty thresholds that include mortgage principal payments as part of shelter expenses, going as far back as 1996.¹⁷ Poverty thresholds under the official definition, and two alternative definitions based on FCSU, one excluding mortgage principal payments (shown back to 1989) and the other including mortgage principal payments (shown back to 1996), are depicted in Chart E-6.

Poverty thresholds over time

Chart E-6 shows that NAS-based poverty thresholds rose faster in the 2000 to 2006 period than did official poverty thresholds. The chart shows that alternative poverty thresholds based on the NAS methodology for a four-person reference family in which payments towards mortgage principal were excluded tracked very close to the official poverty threshold over the 1989 to 2000 period. After 2000, the NAS-based FCSU (no mortgage principal) thresholds diverge

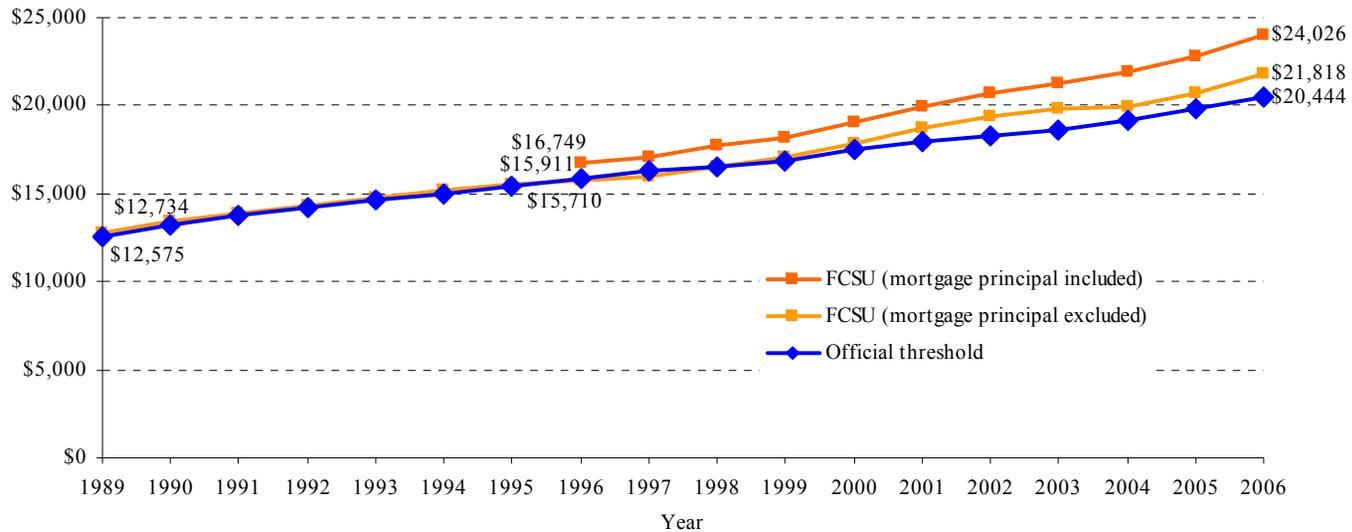
¹⁷ See: Garner, Thesia I., and Short, Kathleen S. *Creating a Consistent Poverty Measure over Time Using NAS Procedures: 1996-2005*. (Working Paper). May 20, 2008. Available on the internet at: http://www.census.gov/hhes/www/povmeas/papers/experimental_measures_96_05v8.pdf.

from the official thresholds, reaching \$21,818 in 2006, or 6.7 percent above the official poverty threshold of \$20,444 in 2006. The earliest available alternative poverty threshold based on FCSU which includes mortgage principal payments is for 1996, at which point the threshold was estimated at \$16,749 for a reference family of four persons, or 5.3 percent above the official threshold of \$15,911 in that year. By 2006, the alternative FCSU poverty threshold with mortgage principal payments included was estimated at \$24,026, or 17.5 percent above the official poverty threshold of \$20,444, and 10.1 percent above the FCSU threshold that excluded mortgage principal from its calculation (\$21,818).

NAS-based poverty thresholds are more sensitive to the effects of price changes of necessities on family consumption than are the official poverty thresholds. In other words, if changes in prices for food, clothing, shelter, and utilities affect the spending patterns of reference families, that would be reflected in the NAS-based poverty thresholds. For example, an increase in home utility prices would be captured by the NAS-based thresholds to the extent that reference families at the 32.5 percentile increased their net spending on heating, cooling, or lighting their homes in excess of any possible reductions in spending on other necessities (i.e., food, clothing, shelter). To the extent that reference families at the 32.5 percentile shift spending from non-necessities to necessities, the poverty thresholds would be expected to increase. If spending on necessities were to decline overall, poverty thresholds would decrease.

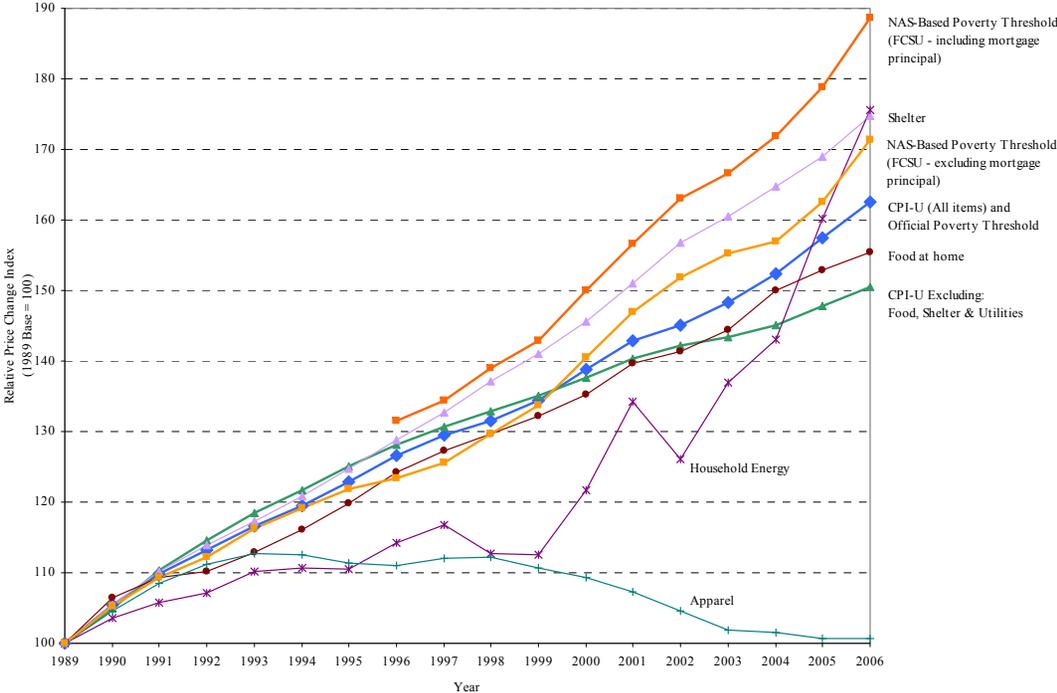
Chart E-7 shows changes in relative prices from 1989-2006 for food (food consumed at home), clothing (apparel), shelter, and utilities (home energy), as well as changes in overall prices for all urban consumers (CPI-U), changes in prices for all goods and services other than food, shelter, and utilities, and changes in NAS-based poverty thresholds (with and without mortgage principal factored into their calculation). Note that the change in the official poverty thresholds is exactly the same as the change in the CPI-U, as the CPI-U is the official index for annually adjusting official poverty thresholds. The chart shows that relative price changes for basic needs (food, shelter, home energy, and clothing) all (with the exception of food in 1990) were below those of all other items until 1996, when shelter prices began to increase. This helped keep the NAS-based poverty threshold (excluding mortgage principal) on close par with the official poverty threshold over the 1989-1996 period, as the two thresholds started out at near the same level in 1989 (see Chart E-6). After 1996, shelter costs rose faster than non-necessities. More recently, food prices and home energy costs also have increased more than non-necessities. Resulting changes in families' spending on the basic necessities of shelter, food, and utilities have contributed to a faster increase in NAS-based poverty thresholds than in the official poverty threshold in recent years.

CHART E-6--POVERTY THRESHOLDS FOR A REFERENCE FAMILY OF FOUR PERSONS UNDER THE "OFFICIAL" DEFINITION AND UNDER ALTERNATIVE DEFINITIONS BASED ON FOOD, CLOTHING, SHELTER, AND UTILITIES (FCSU) WITH AND WITHOUT MORTGAGE PRINCIPAL PAYMENTS INCLUDED: 1989-2006



Source: Chart prepared by the Congressional Research Service. Alternative poverty thresholds based on Food, Clothing, Shelter and Utilities (FCSU) with mortgage principal excluded are primarily from Kathleen Short, Experimental Poverty Measures: 1999, U.S. Census Bureau Reports, P60-216, Table A-1 and from threshold tables available on the internet at: <http://www.census.gov/hhes/www/povmeas/povertythres.html>. Alternative FCSU thresholds with mortgage principal included are primarily from Thesia I. Garner and Kathleen S. Short, Creating a Consistent Poverty Measure over Time Using NAS Procedures: 1996-2000, and threshold tables available on the same internet site referenced above.

CHART E-7--CHANGE IN RELATIVE PRICES FOR FOOD, CLOTHING, SHELTER, AND UTILITIES AND OFFICIAL AND NAS-BASED POVERTY THRESHOLDS: 1989-2006



Source: Prepared by the Congressional Research Service based on Bureau of Labor Statistics consumer price indices for indicated items.

Medical needs

The NAS panel struggled with whether and how medical need should be addressed in devising a poverty measure.¹⁸ The panel recognized that individual's medical needs vary widely, more widely than other basic needs such as food and shelter. The panel considered developing a "two-index" poverty measure, in which individuals would need sufficient resources to obtain non-medical necessities (i.e., food, clothing, shelter, utilities) and have adequate medical care, or sufficient resources to purchase health insurance, in order to be considered not poor. However, the panel was concerned about the operational difficulty of determining "adequate" health insurance for different groups. Also, the panel recognized an inconsistency in a measure that factors in medical risk as a component of poverty. By this account, the need for insurance against a risk (e.g., an expensive illness) which may or may not occur over the course of a year (the period for which poverty is being measured) is fundamentally different than the immediate, non-deferrable, needs of food, clothing, and shelter. The panel majority recommended that a "medical care risk" index be developed separate from a measure of economic poverty. The proposed index would serve as a measure of the economic risk of not being able to afford needed medical care, accounting the lack of insurance, or underinsurance.

Although the NAS panel did not explicitly factor medical need into a proposed new poverty measure, it did not completely ignore the effect of medical expenses on economic poverty. The panel recommended that medical out-of-pocket expenses, referred to in shorthand as MOOP, be considered in the new poverty measure, and be subtracted from resources. This issue is discussed later in the section on *Defining Family Resources*.

Adjustments of poverty thresholds for family size

Under the approach recommended by the NAS panel, poverty thresholds would be developed based on expenditures among reference families of four persons (comprised of two adults and two related children), for food, clothing, shelter, and utilities (FCSU), as described earlier. Once obtained, those thresholds would be scaled to account for the relative costs of living in families of varying size and composition, accounting for differences in economies of scale among various family types. The approach recognizes, for example, that two persons can live more cheaply jointly than separately. In similar fashion, it recognizes that while household total consumption expenditures increase as the number of household members increases, marginal increases in expenditures diminish with each additional member. For example, while home energy costs might be higher for a family of four than for a family of three, they would not be expected to be directly proportionately higher, on a per person basis, as household members occupy shared living space that is heated, cooled, and lit regardless of whether one or more persons occupy the space.

¹⁸ Citro and Michael, *Measuring Poverty...*, op. cit., pp. 67-69; pp. 223-237.

After reviewing a variety of approaches for scaling poverty thresholds, the NAS panel recommended a two parameter scaling procedure, based on the number of adults and number of children living in a family. Under the procedure, children under 18 were treated as consuming 70 percent as much as adults. The threshold adjustments were obtained by summing the number of adults in the family plus the number of “adult-equivalent” children (i.e., 0.7 times the number of children) and then raising the result to a power ranging from 0.65 to 0.75.¹⁹ The result of raising the resultant number of adult equivalents to a power less than 1.0 has the effect of scaling poverty thresholds such that a family requires fewer additional resources for each additional person in order to maintain an equivalent standard of living.²⁰

The Census Bureau has adopted modifications to the NAS panel recommendation for adjusting experimental poverty thresholds, using a refined methodology developed by one researcher who was a member of the original NAS panel. The method of adjustment attempts to reconcile a perceived weakness in the original NAS recommendation that didn’t account for differences between singles and childless couples, and single and two-parent families; the refined methodology attempts to address these issues using a three-parameter scale (number of adults, number of related children, and family type (i.e., childless singles and couples, single parents, all other families)).²¹ Some experts believe further research should be undertaken to explore other factors that might be taken into account for making such adjustments, such as ages of children and the value of household production by stay-at-home parents.²²

Table E-32 depicts official poverty thresholds by family size and composition for 2006. Tables E-33 and E-34 depict alternate poverty thresholds using the NAS-based methodology which sets poverty thresholds for a reference family of four persons based on FCSU, respectively excluding (Table E-33) and including (Table E-34) mortgage principal in the calculation. In both cases, poverty thresholds for other families are scaled according to the refined NAS-based methodology adopted by the Census Bureau for adjusting experimental poverty thresholds. Poverty thresholds for families with one less related child than the size of the family unit are scaled according to the procedure that would apply to single-parent families. The applicable poverty thresholds for the four

¹⁹ See NAS Recommendation 3.1, in Citro and Michael, *Measuring Poverty...*, op. cit., pp. 159-182.

²⁰ For example, for the 4-person reference family, the scale would be: $(2 + (0.7 \times 2))^{0.7}$ (assuming the mid-point of the recommended exponent range) yielding a value of 2.355. For a 3-person family (two parents, with one child) the value would be calculated as $(2 + 0.7)^{0.7}$, yielding a value of 2.004.

Consequently, the resultant scale-adjustment to arrive at the poverty threshold for the 3-person family would be $(2.004/2.355)$, or 0.851 times the poverty threshold of the 4-person reference family.

²¹ For a discussion, see: Short, Kathleen, *Experimental Poverty Measures: 1999*, *ibid.*, p 3 and p A-2. The refined procedure was developed by Dr. David Betson of the University of Notre Dame, a member of the NAS panel. For one and two adults the scale is: $(\text{Number of Adults})^{0.5}$; for single-parent families the scale is: $(\text{Number of Adults} + (0.8 \times \text{First Child}) + (0.5 \times \text{Number of Other Children}))^{0.7}$; for all other families the scale is: $(\text{Number of Adults} + (0.5 \times \text{Number of Children}))^{0.7}$.

²² See: National Research Council (2005). *Experimental Poverty Measures: Summary of a Workshop*, *ibid.*, pp 11-13

person reference family (two adults with two related children), from which all other poverty thresholds are derived, are highlighted in the two NAS-based tables.

TABLE E-32--OFFICIAL CENSUS BUREAU POVERTY THRESHOLDS FOR 2006 BY SIZE OF FAMILY AND NUMBER OF RELATED CHILDREN UNDER 18 YEARS

[Dollars]

Size of family unit	Number of Related Children								
	None	One	Two	Three	Four	Five	Six	Seven	Eight
One person (unrelated individual)									
Under 65 years	10,488								
65 years and over	9,669								
Two persons									
Householder under 65 years	13,500	13,896							
Householder 65 years and over	12,186	13,843							
Three persons	15,769	16,227	16,242						
Four persons	20,794	21,134	20,444	20,516					
Five persons	25,076	25,441	24,662	24,059	23,691				
Six persons	28,842	28,957	28,360	27,788	26,938	26,434			
Seven persons	33,187	33,394	32,680	32,182	31,254	30,172	28,985		
Eight persons	37,117	37,444	36,770	36,180	35,342	34,278	33,171	32,890	
Nine persons or more	44,649	44,865	44,269	43,768	42,945	41,813	40,790	40,536	38,975

Source: U.S. Census Bureau.

TABLE E-33--NAS-BASED POVERTY THRESHOLDS BASED ON FOOD, CLOTHING, SHELTER AND UTILITIES (FCSU) EXCLUDING MORTGAGE PRINCIPAL¹, BY FAMILY SIZE AND TYPE AND NUMBER OF RELATED CHILDREN²: 2006

[Dollars]

Size of family unit	Number of Related Children								
	None	One	Two	Three	Four	Five	Six	Seven	Eight
One person (unrelated individual)	10,112								
Two persons	14,258	15,259							
Three persons	21,818	19,204	18,115						
Four persons	26,685	24,304	21,818	20,789					
Five persons	31,197	28,979	26,685	24,304	23,323				
Six persons	35,443	33,349	31,197	28,979	26,685	25,744			
Seven persons	39,482	37,486	35,443	33,349	31,197	28,979	28,071		
Eight persons	43,350	41,436	39,482	37,486	35,443	33,349	31,197	30,318	
Nine persons	47,076	45,230	43,350	41,436	39,482	37,486	35,443	33,349	32,495

¹ Estimated poverty threshold for a four-person reference family with two related children using NAS-based FCSU procedures excluding mortgage principal from its calculation is available on the internet at: <http://www.census.gov/hhes/www/povmeas/povertythres.html>.

² Poverty thresholds are adjusted for family size and composition using scaling factors according to revised three-parameter scale described in: Short, Kathleen, *Experimental Poverty Measures: 1999*, U.S. Census Bureau, Current Population Reports, Consumer Income, P60-216, U.S. Government Printing Office, Washington, DC, (2001). Family units with one less related child than the size of the family are scaled according to the procedure applicable to single-parent families.

Source: Estimates developed by the Congressional Research Service.

TABLE E-34--NAS-BASED POVERTY THRESHOLDS BASED ON FOOD, CLOTHING, SHELTER AND UTILITIES (FCSU) INCLUDING MORTGAGE PRINCIPAL¹, BY FAMILY SIZE AND TYPE AND NUMBER OF RELATED CHILDREN²: 2006

[Dollars]

Size of family unit	Number of Related Children								
	None	One	Two	Three	Four	Five	Six	Seven	Eight
One person (unrelated individual)	11,135								
Two persons	15,701	16,803							
Three persons	24,026	21,147	19,948						
Four persons	29,386	26,764	24,026	22,893					
Five persons	34,354	31,911	29,386	26,764	25,684				
Six persons	39,030	36,724	34,354	31,911	29,386	28,349			
Seven persons	43,478	41,280	39,030	36,724	34,354	31,911	30,912		
Eight persons	47,737	45,629	43,478	41,280	39,030	36,724	34,354	33,386	
Nine persons	51,840	49,807	47,737	45,629	43,478	41,280	39,030	36,724	35,784

¹ Estimated poverty threshold for a four-person reference family with two related children using NAS-based FCSU procedures including mortgage principal in its calculation is available on the internet at: <http://www.census.gov/hhes/www/povmeas/povertythres.html>.

² Poverty thresholds are adjusted for family size and composition using scaling factors according to a revised three-parameter scale described in: Short, Kathleen, *Experimental Poverty Measures: 1999*, U.S. Census Bureau, Current Population Reports, Consumer Income, P60-216, U.S. Government Printing Office, Washington, DC, (2001). Family units with one less related child than the size of the family are scaled according to the procedure applicable to single-parent families.

Source: Estimates developed by the Congressional Research Service.

Geographic adjustments

The NAS panel recommended that poverty thresholds be adjusted for differences in the cost of housing across geographic areas of the country. The panel recommended that appropriate agencies conduct research into improving the estimation of geographic cost-of-living differences in housing and other components of the poverty budget.²³ Since the panel made its recommendations the U.S. Census Bureau has published a variety of experimental poverty estimates, both with and without geographic cost-of-living adjustments.²⁴

Originally following the NAS-panel recommendations, the Census Bureau constructed cost-of-living indices by computing index values for each of 341 metropolitan areas, using a modified method developed by the Department of Housing and Urban Development (HUD) to develop Fair Market Rents (FMRs). (FMRs are used by HUD to administer Section 8 rental housing.) Index values were based on the cost of housing at the 45th percentile of the value of the distribution for each area. The results were then grouped into six population size categories within each of nine Census divisions (New England, Middle Atlantic, East North Central, West North Central, South Atlantic, East South Central, West South Central, Mountain, Pacific) to arrive at a set of 41 index values (some Census divisions had fewer than six population-size categories). Index values were further adjusted for the estimated share that housing (including utilities) represented (44 percent) in the FCSU budget developed for the four-person reference family. Finally, the index values were adjusted such that the average index across all people had a value of 1.00, so that national estimates for the total poor population would be the same, either with or without the application of a geographic adjustment, in spite of differences in sub-national poverty estimates that result from the application of geographic adjustments.

One identified problem in applying the NAS panel's cost-of-living adjustment recommendation was the much wider variation in housing costs within Census divisions than expected. For example, all areas in New England receive the same cost-of-living adjustment according to metropolitan status and population. However Maine, for example, has much lower housing costs than the rest of New England. Raising poverty thresholds in Maine up to the New England standard unduly increases the number of poor in the State above what would have been obtained if Maine's poverty thresholds were separately adjusted for its housing costs and not those of the Census division to which it belongs.²⁵

The Census Bureau has refined its approach in developing area cost-of-living adjustments by using HUD FMRs for 2,416 non-metropolitan counties outside of metropolitan areas and for all 341 metropolitan areas. FMRs are defined to be gross rent (with utilities) at the 40th percentile for the rent

²³ Citro and Michael, *Measuring Poverty...*, op. cit., pp. 182-201.

²⁴ See: Short, Kathleen, *Experimental Poverty Measures: 1999*, *ibid.*, pp. A-2 to A-6.

²⁵ See: National Research Council (2005). *Experimental Poverty Measures: Summary of a Workshop*, op. cit, pp. 14-16.

distribution of a standard quality of rental housing. The Census Bureau aggregates FMRs to arrive at average indexes by State and metropolitan status, resulting in 100 indexes (New Jersey and the District of Columbia have only metropolitan area indexes). The Census Bureau aggregates the indexes in order to adhere to data disclosure restrictions that are designed to protect survey respondent's confidentiality, while at the same time allowing for survey microdata to be made publicly available.

A summary of the 2004 NRC sponsored CNSTAT workshop noted that many experts believe that geographic adjustments should not be made to poverty calculations, given the state of current research.²⁶ The use of FMRs to adjust poverty thresholds for area cost-of-living differences has been criticized on a variety of technical and substantive grounds.²⁷ For example, HUD FMRs measure only market rents and not total housing costs. They are based on rent paid by "recent movers" (moved into the rental unit within the past 15 months) which reflects only a fraction of the rental market, and may bias rents; recent movers may also pay higher rents than long-term renters. Also, HUD institutes State minimum FMRs, which have the effect of raising FMRs substantially in some non-metropolitan counties. Furthermore, FMRs do not reflect differences in the quality of housing from one housing market to another. On other substantive grounds, analysts have argued that more work is needed to construct area cost-of-living adjustments that incorporate costs other than just rental housing. Some have argued that, to some extent, rents reflect the relative amenities and desirability of geographic areas. The question then arises as to whether persons living in low-rent, less desirable, areas should have lower poverty thresholds than persons living in high-rent, more desirable, areas, and thus be less likely to be counted as poor?

DEFINING FAMILY RESOURCES

As noted at the beginning of this section, poverty status is determined by setting poverty income thresholds, and comparing families' income and resources against those thresholds. Up to this point, only issues related to setting and adjusting poverty thresholds have been addressed. Here, issues in measuring family income and resources to be counted against established poverty thresholds are discussed.

The official method of counting the poor is based on families' total cash, pre-tax income, measured against poverty thresholds corresponding to families' size and composition. The current definition of poverty counts most sources of money income received by families (e.g., earnings, social security, pensions, cash public assistance, interest and dividends, alimony and child support, among others). A major criticism of the current measure is that it fails to account for

²⁶ See: National Research Council (2005). *Experimental Poverty Measures: Summary of a Workshop*, op. cit., p. 16

²⁷ See: Short, Kathleen, *Experimental Poverty Measures: 1999*, *ibid.*, pp. A-4 – A-5.

a variety of forms of government assistance to low-income families, Federal or State income and payroll taxes on families. As such, the current poverty definition is unable to measure the effects of a host of government programs and policies on poverty. Non-cash benefits and tax credits represent a growing share of assistance to the poor, yet the official measure does not count them. For example, in FY2007 the Federal Government provided an estimated \$30.4 billion in food stamp benefits, most of which went to poor households. The EITC is the fastest growing form of cash aid for children, providing an estimated \$36.6 billion in 2007 to families with relatively low earnings who owed no income tax. Neither food stamp benefits nor the EITC, however, are counted as income under the official poverty definition.

The NAS panel recommended that an expanded definition of resources be developed for the purpose of defining poverty.²⁸ In addition to cash income defined in the current measure, the NAS panel recommended that the value of near-money non-medical in-kind benefits, such as food stamps, subsidized housing, school lunches, and home energy assistance be added to resources. The panel recommended that out-of-pocket medical expenditures, including health insurance premiums, be deducted from resources, and that income taxes and social security payroll taxes be deducted as well. For families in which there is no nonworking parent, the panel recommended deducting actual child care costs, per week worked, not to exceed the earnings of the parent with the lower earnings or a cap that is adjusted annually for inflation. The panel recommended that an allowance for work-related and transportation expenses be deducted for each working adult, as well. The panel also recommended that child support payments be deducted from the income of the payer.

Expanded definition of resources

The question of how to value non-cash benefits raises a variety of substantive and technical issues. The Census Bureau has been working on these issues, consulting with academic experts, sponsoring conferences, and issuing technical reports since the early 1980s – well before the NAS panel was commissioned to undertake its work of developing a new approach for measuring poverty.²⁹ In 1992, the Bureau published a consistent historical data series, covering the years 1979-91, to trace the impact of a variety of taxes and

²⁸ See recommendation 4.2, and discussion of defining resources in: Citro and Michael, *Measuring Poverty...*, op. cit., pp. 203-246.

²⁹ For the earliest of such work see: U.S. Bureau of the Census, Technical Paper No. 50, *Alternative Methods for Valuing Selected In-Kind Transfer Benefits and Measuring Their Effect on Poverty*, U.S. Government Printing Office, Washington, DC, 1982; available on the internet at <http://www.census.gov/hhes/www/poverty/prevcps/tp-50.pdf>.

non-cash benefits on poverty and income.³⁰ This report marked the last in its series of technical and research and development reports on alternative poverty measures using an expanded definition of resources. The Census Bureau has continued to publish “*experimental*” and “*alternative*” poverty estimates in many of its reports, and as unpublished tables available on the internet, using the basic methods developed in its 1992 report. These “*experimental*” and “*alternative*” poverty measures included State and Federal taxes, government non-cash programs, as well as means-tested non-cash benefits, including food stamps, housing, school lunch, as well as the fungible value of Medicaid. Some measures extended beyond government spending for the poor to include government spending programs that are not means tested, such as Medicare, as well as employer-provided benefits, such as contributions to employee health plans. However, these experimental or alternative measures of poverty were all based on an expanded definition of resources using the official poverty thresholds.

CONSISTENCY BETWEEN POVERTY THRESHOLDS AND RESOURCES

The NAS panel, in its 1995 report, recommended that in developing a new poverty measure, family resources should be included to the extent those resources were considered in developing and adjusting poverty thresholds.³¹ They noted that the current measure of poverty violates this principle of consistency as did the inclusion of expanded income definitions in Census Bureau technical reports on “*experimental*” and “*alternative*” poverty measures that had been issued up to that time. The NAS report said that such measures should be discontinued (absent the development of consistent poverty thresholds), but that expression was not conveyed as a specific, formal, recommendation.

POVERTY MEASUREMENT IN PRACTICE – METHODS AND ISSUES

The Census Bureau continues to publish a wide variety of alternative and experimental poverty measures, reflecting different conceptual approaches and methodologies. Some of these measures now incorporate NAS-based poverty thresholds, and allow comparisons of poverty using current “official” thresholds, and alternative definitions of income and resources. No single measure has emerged as a preferred measure, in part due to a lack of consensus among experts, who differ either in the approach or methods used to construct

³⁰ U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 182RD, *Measuring the Effect of Benefits and Taxes on Income and Poverty: 1979 to 1991*, U.S. Government Printing Office, Washington, DC, 1982; available on the internet at <http://www.census.gov/hhes/www/poverty/prevcps/p60-182rd.pdf>.

³¹ See recommendation 4.1, and discussion of defining resources in: Citro and Michael, *Measuring Poverty...*, op. cit., pp. 9-10, and pp. 203-246.

alternative measures. The following section describes some of these issues, and approaches taken thus far by the Census Bureau in developing alternative poverty measures.

Owner-occupied housing

As noted above, the basic poverty thresholds recommended by the NAS panel are based on a reference family of four persons. In some respects, the basic needs for FCSU of reference families with children may differ in substantive ways from the needs of other family types. For example, poverty thresholds based on reference families' spending may be inappropriately high for families or individuals who own their homes outright, and who are able to use resources budgeted for shelter for other needs (e.g., food, clothing, and utilities). The aged (age 65 and over), for example, are more likely than reference families with two adults and two children to own their homes outright; not taking into account differences in resources implicitly budgeted for shelter in developing poverty thresholds could unduly result in more aged persons being counted as poor than justified.

The NAS panel recognized that economic resources available to homeowners should be taken into account in developing poverty measures. As opposed to developing alternative poverty thresholds for homeowners versus others, the panel recommended that homeownership be valued as a service, equivalent to the rent people would otherwise have to pay if they were to rent rather than own their home. The panel recognized a number of difficulties in developing a rental equivalency measure to adjust resources of homeowners, however, and that more research was needed in order to develop an appropriate adjustment.³² Alternative approaches for valuing homeownership in a poverty measure have been developed and used, such as the Census Bureau's estimates of net return on home equity that have been published as part of its "alternative" and "experimental" income and poverty estimates over the past several decades, and new methods are being explored.³³ While there is general recognition that homeownership should be incorporated into a new poverty measure, a clear consensus among experts as to the best way to proceed has yet to materialize.³⁴

³² Citro and Michael, *Measuring Poverty...*, *ibid.*, p. 71, pp.244-246.

³³ See, for example: Short, Kathleen S. and O'Hara, Amy, Valuing Housing in Measures of Household and Family Economic Well-Being, March 2008, available on the U.S. Census Bureau's internet site at: http://www.census.gov/hhes/www/housing/ahs/valuing_housing.pdf.

³⁴ See: National Research Council (2005). *Experimental Poverty Measures: Summary of a Workshop*, *op. cit.*, pp 25-27

Work-related expenses

The NAS panel recommended that work-related expenses and work-related child care expenses be subtracted from family resources for purposes of estimating poverty. Subtracting work-related expenses (driving, other transportation costs, and other work-related costs, such as uniforms) and work-related child care expenses from income for purposes of estimating families' and their members' poverty status recognizes such expenses as a basic need for securing labor market income; it also allows for better comparison between workers and nonworkers in terms of net resources available to meet the basic needs of food, clothing, shelter, and utilities that underpin NAS-based poverty thresholds.

Child care costs -- The CPS ASEC asks whether anyone in the household paid for child care while that person worked, and which children in the household needed paid care while their parent(s) worked. However, the survey does not ask how much parents paid for child care. In its effort to address the NAS panel recommendations, the Census Bureau has developed an approach of imputing child care expenses to families with no non-working parent and that reported having paid for child care. The approach assigns 85 percent of weekly median child care expenses based on the number of children under age 12 and under age 5 who are in paid child care, based on estimated expenses derived from the 1993 Survey of Income and Program Participation (SIPP), indexed for inflation. Annual child care expenses are calculated based on the number of weeks worked by the parent working the fewest weeks during the year, and are capped so as to not exceed the annual earnings of the parent having the least earnings.

Other work-related expenses -- The NAS panel recommended that a flat amount rather than actual work-related expenses be deducted, because of tradeoffs people often make between housing and commuting costs.³⁵ However, this reasoning was paired with the assumption that poverty thresholds would be geographically adjusted for area cost-of-living differences (i.e., housing costs). Within a metropolitan area the housing cost adjustment would be the same for all families, regardless of whether they lived in a high housing-cost or low housing-cost (e.g., suburban fringe) part of that area. For those in the low housing-cost suburb, therefore the assumed housing cost component in their poverty thresholds would be based on the average cost for the metropolitan area, which could be higher than their actual housing costs. However, by assigning a flat expense for work-related transportation, the assumed transportation component in their geographically adjusted poverty threshold could be less than their actual expenses, helping to even out the discrepancy between housing and transportation costs within a metropolitan area. Conversely, for those living in a high-cost area close to their place of employment (e.g., close-in suburb or downtown condominium), their implied housing allowance for purposes of

³⁵ Citro and Michael, *Measuring Poverty...*, op. cit., pp.242-243.

determining poverty based on an average for the metropolitan area could be lower than actual housing expenses in the area in which they live, but they would be assigned a higher transportation allowance for poverty determination purposes than would be warranted based on their actual commuting expenses.

The CPS/ASEC does not ask about work-related expenses. In estimating experimental poverty measures, the Census Bureau applies a flat weekly deduction for work-related expenses, and estimates annual expenses based on the number of weeks worked during the year. These expenses are then subtracted from income for purposes of estimating poverty under alternative measures. While the work expense deduction helps to adjust resources for workers compared to non-workers for poverty determination purposes, it may not fully adjust for expenses among workers within or across geographic areas of the country.

Federal and State income taxes and FICA taxes

As noted above, the NAS panel recommended that Federal and State income taxes be subtracted from family resources, as should social security payroll (FICA) taxes, for purposes of determining poverty. The CPS/ASEC does not ask about taxes families pay or tax benefits families receive, such as the EITC. Consequently, the Census Bureau estimates families' taxes through application of a tax model, which creates tax units based on relationships of household members to one another and determines tax filing status by applying Internal Revenue Service (IRS) rules to CPS relationship codes. The model uses statistically matched IRS Statistics of Income (SOI) data from Federal income tax returns to impute necessary variables for tax simulation that are not collected on the CPS. Additionally, it uses estimated property taxes for homeowners, derived from a statistical match with American Housing Survey (AHS) data, for purposes of estimating tax deductions. A two-stage process is used whereby initial Federal income taxes are computed for purposes of estimating State income taxes; the State income tax estimates are then used along with other variables (e.g., estimated property taxes for homeowners), to estimate tax deductions and determine whether the CPS tax unit would itemize or take a standard deduction. After filing status is assigned, adjusted gross income (AGI) is calculated, and taxable income is estimated after applying estimated exemptions and deductions; regular tax liability is then calculated and final tax liability is estimated, after simulating several tax credits (EITC, Child Tax Credit, and the Dependent Care Tax Credit). In estimating State income taxes, the model takes into account a wide variety of State income tax provisions affecting lower income families, such as State EITC, child care expense credits, pension exemptions and exclusions, disability exemptions, and the like.

States differ in the ways they raise revenue and the mix of tax policies they employ. For example, some States impose personal property taxes on vehicles and other property. States vary in terms of sales taxes they impose; real estate property tax rates vary widely across jurisdictions, and some States (seven)

don't have an income tax. With the exception of estimated real estate property taxes, the effects of these other taxes, including local taxes, are not accounted for in Census Bureau after-tax income poverty measures.

Medical needs and medical expenses

Issues remain as to whether and how medical needs and expenses should be incorporated into a new poverty measure. As noted earlier, the NAS panel recommended a separate measure of medical risk be developed apart from the economic definition of poverty. The panel recommended, however, that medical out-of-pocket expenses (MOOP) be subtracted from families' resources when determining poverty status, as medical expenses can affect resources available to meet other basic needs (food, clothing, shelter, and utilities). Yet, issues remain in terms of how to account for medical expenses when estimating poverty using Census Bureau surveys. Most Census Bureau surveys, such as the CPS/ASEC used for estimating the "official" definition of poverty, do not contain questions on families' medical spending. The CPS/ASEC does have questions on health insurance coverage and a basic question on individual's health status. Dedicated complex surveys are required to adequately capture medical spending and medical care utilization of the population, such as the Medical Expenditure Panel Survey (MEPS) conducted by the Census Bureau for the U.S. Department of Health and Human Services (DHHS) Agency on Healthcare Research and Quality (AHRQ).

In lieu of directly collecting information on families' medical expenses on the CPS/ASEC, Census Bureau researchers have applied two different methods intended to incorporate medical out-of-pocket (MOOP) spending into experimental poverty measures. One approach has been to follow the NAS majority panel recommendation of subtracting out-of-pocket medical expenses from family income when estimating poverty and has been designated as MOOP-MSI (medical subtracted from income). This approach relies on a statistical imputation methodology based on 1996 CEX data (adjusted for inflation) to assign estimated medical expenditures to CPS/ASEC families based on their family characteristics (i.e., age, health insurance coverage, family size, race, and income level). The approach, however, differs from the NAS majority panel recommendation in that it relies on estimated, rather than actual, medical spending of families. The other approach has been to incorporate some basic level of medical need, based on families' out-of-pocket medical spending, into poverty thresholds. This approach, referred to as MOOP-MIT (medical in thresholds), deviates from the NAS majority panel recommendation that medical expenses be subtracted from income, rather than incorporated into poverty thresholds. Under the MOOP-MIT approach, the Census Bureau uses estimated median medical out-of-pocket spending based on family health insurance coverage, family members' health status, family size, and presence of members age 65 and older from the MEPS and adjusts CEX-derived poverty thresholds that include medical spending for different family types based on MEPS health

spending patterns. This approach basically adjusts poverty thresholds for differences in expected medical costs (i.e., “medical risk”) for various segments of the population. In its approach, the Census Bureau includes an adjustment for individuals without health insurance, by adding the cost of a standard unsubsidized health insurance package to reported out-of-pocket medical spending by such families, recognizing that their need for health care may exceed their actual spending.

ESTIMATES OF POVERTY BY AGE UNDER OFFICIAL POVERTY AND SELECTED ALTERNATIVE MEASURES

Table E-35 presents poverty estimates for 2006 under the official poverty definition and selected alternative poverty measures, by age and income concept, using two versions of NAS-based poverty thresholds. The first set of NAS-based estimates are based on a poverty threshold that did not take mortgage principal payments into account, while the second set of estimates are based on a poverty threshold that did consider these payments. These thresholds are the same as those shown earlier in Tables E-33 and E-34, respectively. The estimates shown here illustrate the effects of selected approaches to devising a NAS-based poverty measure. As discussed earlier, there is no clear consensus as to what might constitute a preferred measure, and the precise methods that should be adopted in its construction.

The table shows the sequential effects of adding specified sources to income, or subtracting specified expenses from income, in estimating individuals’ poverty status based on their families’ net income relative to specified poverty thresholds. The first row of the table shows poverty based on the current official income concept (i.e., pre-tax money income). The next line shows the effects of subtracting Federal and State income and FICA taxes, including the effects of net capital gains or losses, on poverty. The effects of taxes shown here are before receipt of any refundable (EITC) or partially refundable (CTC) tax credits, which are depicted on the following line. The effects of estimated work-related expenses, including work-related child care, are shown on the next line, using the Census Bureau’s current methods of assignment. Next, the market value of food stamps is added to income. Lastly, imputed medical out-of-pocket expenses are subtracted from income using the Census Bureau’s current methodology. Estimates of the change in the number of poor compared to the current “official” Census poverty measure relate back to the current measure based on cash income, with the reference cells appearing in boxed bold type.

The table shows that in 2006, an estimated 36.5 million people, or 12.3 percent of the population for whom poverty status was determined, were poor under the official poverty definition. Estimated poverty based on alternative poverty thresholds, and using the current “official” pre-tax money income measure, results in an estimated 39.8 million people (13.4 percent) who would be

considered poor based on the NAS-based FCSU poverty thresholds with mortgage payments excluded in their calculation, and 45.3 million poor (15.3 percent) with mortgage principal payments included in their calculation. The two alternative poverty thresholds result in substantial increases in measured poverty among persons age 65 and older. Under the official measure, 9.4 percent of aged persons were poor in 2006, compared to 11.6 percent under the FCSU thresholds without mortgage principal factored in, and 14.5 percent with it included. Note that no adjustment has been made in these estimates for the value of owner-occupied housing, discussed earlier, which would tend to reduce poverty rates somewhat from those shown here, and probably more so, for the elderly.

The table shows that on net, Federal tax credits more than offset the effects of Federal and State income and FICA taxes, leading to lower poverty rates. After taxes and tax credits, the poverty rate under the official poverty thresholds is estimated at 11.5 percent, and under the FCSU thresholds with mortgage principal excluded, 12.5 percent, and with mortgage principal included, 14.6 percent. The effect of taxes on elderly poverty, both before and after credits, under the three poverty thresholds is virtually nil, whereas children and non-aged adults see net declines in after-tax poverty under all three threshold measures. Similarly, subtraction of work-related expenses and child care expenses from income has little effect on poverty among the aged, but results in increased poverty among children and non-aged adults. The addition of food stamps to income results in only slight marginal reductions in poverty among the aged, but larger reductions for children.

Under the NAS-based FCSU thresholds with an expanded resource definition (one which includes taxes, tax credits, work-related expenses including child care, and food stamps, but excludes medical expenses), children continue to be the group most likely to be poor. Under the FCSU measure with expanded resources (excepting medical expenses) and excluding mortgage principal, 16.7 percent of children are estimated to be poor -- a rate lower than the official measure based on cash income only (17.4 percent). Under the FCSU measure with mortgage principal factored in, 19.7 percent of children are estimated to be poor, a rate higher than the official cash income poverty rate. In contrast the aged poverty rate under an expanded resource definition that excludes medical expenses is 11.6 percent under the FCSU measure excluding mortgage principal, and is 14.8 percent with mortgage principal factored in, which compares to a poverty rate of 9.4 percent under the official measure based on pre-tax money income.

Inclusion of medical expenses into a poverty measure especially affects the aged, and particularly when compared to children. The last line in table E-35 subtracts estimated out-of-pocket medical expenses (MOOP) from income using Census Bureau imputation procedures described earlier. Under the NAS-based FCSU measure excluding mortgage principal, elderly poverty increases from 11.6 percent before counting MOOP to 18.5 percent after counting MOOP. In comparison, for children, counting MOOP increases their poverty rate from 16.7

percent to 17.5 percent. Under the FCSU thresholds with mortgage principal included, counting MOOP increases the aged poverty rate from 14.8 percent to 22.3 percent, and increases the child poverty rate from 19.7 percent to 20.8 percent. Under either measure that includes MOOP, the elderly poverty rate is higher than that of children and is about double or more than the current official rate of 9.4 percent.

TABLE E-35--ESTIMATED NUMBER OF POOR AND POVERTY RATES UNDER CURRENT "OFFICIAL" CENSUS POVERTY THRESHOLDS AND CENSUS BUREAU NAS-BASED POVERTY THRESHOLDS BASED ON FOOD, CLOTHING, SHELTER AND UTILITIES (FCSU) WITH AND WITHOUT MORTGAGE PRINCIPAL INCLUDED, BY AGE AND INCOME CONCEPT—2006

[Numbers in Thousands]

Age and Income Concept	Poverty Based on Official Census Poverty Thresholds			Poverty Based on Census Bureau NAS-Based FCSU Poverty Thresholds					
	Number	Poverty rate	Change compared to current "official" Census poverty measure	Mortgage principal excluded in threshold calculation			Mortgage principal included in threshold calculation		
				Number	Poverty rate	Change compared to current "official" Census poverty measure	Number	Poverty rate	Change compared to current "official" Census poverty measure
All Persons:									
Cash income (current "official" Census poverty income definition)	36,460	12.3	0	39,759	13.4	3,299	45,273	15.3	8,814
Less Federal and State income FICA taxes	37,793	12.7	1,334	41,392	14.0	4,933	47,486	16.0	11,026
Plus Federal tax credits	33,944	11.5	-2,516	37,035	12.5	575	43,215	14.6	6,755
Less work-related expenses (including child care)	37,345	12.6	885	40,809	13.8	4,349	47,715	16.1	11,255
Plus food stamps	35,618	12.0	-841	39,153	13.2	2,694	46,373	15.6	9,913
Less imputed out-of-pocket medical expenses	39,587	13.4	3,127	44,295	14.9	7,835	52,242	17.6	15,782
Persons Under Age 18:									
Cash income (current "official" Census poverty income definition)	12,827	17.4	0	13,581	18.4	754	15,303	20.8	2,476
Less Federal and State income FICA taxes	13,162	17.9	335	14,013	19.0	10,546	15,820	21.5	2,993
Plus Federal tax credits	10,988	14.9	-1,839	11,645	15.8	-1,182	13,438	18.2	611

E-100

TABLE E-35--ESTIMATED NUMBER OF POOR AND POVERTY RATES UNDER CURRENT "OFFICIAL" CENSUS POVERTY THRESHOLDS AND CENSUS BUREAU NAS-BASED POVERTY THRESHOLDS BASED ON FOOD, CLOTHING, SHELTER AND UTILITIES (FCSU) WITH AND WITHOUT MORTGAGE PRINCIPAL INCLUDED, BY AGE AND INCOME CONCEPT—2006 -continued

[Numbers in Thousands]

Age and Income Concept	Poverty Based on Official Census Poverty Thresholds			Poverty Based on Census Bureau NAS-Based FCSU Poverty Thresholds					
	Number	Poverty rate	Change compared to current "official" Census poverty measure	Mortgage principal excluded in threshold calculation			Mortgage principal included in threshold calculation		
				Number	Poverty rate	Change compared to current "official" Census poverty measure	Number	Poverty rate	Change compared to current "official" Census poverty measure
Less work-related expenses (including child care)	12,248	16.6	-579	13,051	17.7	225	15,194	20.6	2,368
Plus food stamps	11,452	15.5	-1,375	12,310	16.7	-517	14,530	19.7	1,703
Less imputed out-of-pocket medical expenses	11,883	16.1	-944	12,929	17.5	102	15,319	20.8	2,493
Persons Age 18 to 64:									
Cash income (current "official" Census poverty income definition)	20,239	10.8	0	22,000	11.8	1,761	24,746	13.3	4,506
Less Federal and State income FICA taxes	21,213	11.4	973	23,167	12.4	2,928	26,393	14.1	6,154
Plus Federal tax credits	19,544	10.5	-695	21,178	11.3	938	24,505	13.1	4,265
Less work-related expenses (including child care)	21,630	11.6	1,391	23,467	12.6	3,227	27,137	14.5	6,897
Plus food stamps	20,812	11.1	573	22,660	12.1	2,420	26,524	14.2	6,285
Less imputed out-of-pocket medical expenses	22,247	11.9	2,008	24,682	13.2	4,443	28,882	15.5	8,643

E-101

TABLE E-35--ESTIMATED NUMBER OF POOR AND POVERTY RATES UNDER CURRENT "OFFICIAL" CENSUS POVERTY THRESHOLDS AND CENSUS BUREAU NAS-BASED POVERTY THRESHOLDS BASED ON FOOD, CLOTHING, SHELTER AND UTILITIES (FCSU) WITH AND WITHOUT MORTGAGE PRINCIPAL INCLUDED, BY AGE AND INCOME CONCEPT—2006 -continued
 [Numbers in Thousands]

Age and Income Concept	Poverty Based on Official Census Poverty Thresholds			Poverty Based on Census Bureau NAS-Based FCSU Poverty Thresholds					
	Number	Poverty rate	Change compared to current "official" Census poverty measure	Mortgage principal excluded in threshold calculation			Mortgage principal included in threshold calculation		
				Number	Poverty rate	Change compared to current "official" Census poverty measure	Number	Poverty rate	Change compared to current "official" Census poverty measure
Persons Age 65 and Older:									
Cash income (current "official" Census poverty income definition)	3,394	9.4	0	4,177	11.6	783	5,225	14.5	1,831
Less Federal and State income FICA taxes	3,419	9.5	25	4,213	11.7	819	5,274	14.6	1,880
Plus Federal tax credits	3,412	9.5	19	4,212	11.7	818	5,272	14.6	1,878
Less work-related expenses (including child care)	3,466	9.6	73	4,291	11.9	898	5,384	14.9	1,990
Plus food stamps	3,354	9.3	-39	4,184	11.6	790	5,319	14.8	1,925
Less imputed out-of-pocket medical expenses	5,457	15.1	2,064	6,684	18.5	3,290	8,041	22.3	4,647

Note- Poverty rates for all persons based on a total population of 296.450 million persons; for persons under age 18 based on a total population of 73.727 million persons; for persons age 18 to 64 on a total population of 186.688 million persons; and for persons age 65 and older on 36.035 million persons.

Source: Congressional Research Service (CRS) analysis of U.S. Census Bureau data from the 2007 Annual Social Economic Supplement (ASEC) to the Current Population Survey. Estimates are based on methods developed by Thesia I. Garner and Kathleen S. Short, *Creating a Consistent Poverty Measure over Time Using NAS Procedures: 1996-2005*. (Working Paper). May 20, 2008.