

# PERSONALLY SPEAKING

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## POVERTY AND INCOME DATA FOR LOUISIANA:

### LET THE BUYER BEWARE

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The rate of poverty in Louisiana was 18.2 percent in 2008, *up* from the 16.1 percent reported for 2007. These data are drawn directly from the Annual Social and Economic Supplement which is the Census Bureau's survey of poverty taken in March every year and covers approximately 78,000 households -- more than 207,500 persons -- in which the respondent is asked questions regarding activities in the preceding year. In Louisiana the 2008 poverty estimates were based on a sample of 2,014 persons.

At the same time, the Census Bureau's American Community Survey which was launched a few years ago and employs a different methodology designed specifically to generate up-to-date estimates for small areas that previously had been available only through the Decennial Census reports the poverty rate for Louisiana in 2008 at 17.3 percent in 2008, *down* from the rate of 18.6 percent in 2007.

The Advocate Capital News Bureau in late September took note of these two surveys but stated incorrectly that the sample size of the AS&ES is 50,000 households and using the ACS the Bureau appears to have misrepresented annual household income at \$58,889 in 2007 and \$60,616 in 2008. Accessing data from the ACS on-line system, Mayo Research Institute came up with median household income for Louisiana of \$40,926 in 2007 and \$43,733 in 2008. Those data are expressed in 2008 inflation-adjusted dollars and perhaps that explains the difference. Even so, we were not able to find any other household income data whatsoever from the ACS.

For state estimates, our preference is the AS&ES which has been in place for decades. Accordingly, Mayo Research Institute prepared the following table which displays population and poverty data from 2002 through 2008 from that source in part to show the impact of Hurricanes Katrina and Rita in 2005 and the current recession which in terms of jobs lost began in January 2008.

	2002	2003	2004	2005	2006	2007	2008
a. Total population (000)	4447	4429	4421	4088	4212	4197	4335
b. Poverty universe (000)*	4445	4422	4419	4086	4206	4186	4326
c. Persons in poverty (000)	777	750	744	748	713	673	788
d. Poverty rate (c/b, percent)	17.5	17.0	16.8	18.3	17.0	16.1	18.2

\* *excludes unrelated individuals under age 15*

Using AS&ES data, we observed that there are huge differences in the poverty for 2008 by kind of family, marital status, and race. For persons in husband-wife families, the rate was 8.5 percent. The rate for persons in all other kinds of families stood at 31.6 percent. Of the

788,000 persons classified as poor, a total of 499,000 were in families where the head was never married. By comparison there were 116,000 poor persons in families headed by a married person whether the spouse was present or absent at the time of the survey.

There were on average four persons in Louisiana families headed by a never-married person. In families with a married head, there were three persons on average, and in families where the head was widowed, divorced, or separated, the average dropped to two persons.

The rate of poverty among blacks in Louisiana was 31.2 percent; for whites it was 11.6 percent. Put differently, though whites outnumber blacks in the overall population 2.1:1, blacks outnumber whites among the poor by 1.3:1.

There were 660,000 persons who reported receiving Medicaid assistance in 2008. Two details caught our attention. First, there were more persons *above* the poverty threshold on Medicaid (365,000) than *below* that threshold (295,000). Second, 493,000 of the 788,000 in poverty did not receive assistance through Medicaid.

The AS&ES also supplies vital information on family income. In this regard there were enormous differences across the population. Among the poverty population, annual average family income in 2008 was \$9,755. For the nonpoor population, the average was \$75,155. Differences along roughly the same lines were observed in 2007 and 2006. One measure of the impact of the current recession is that for both segments of the population – the poor and the nonpoor – family income on average was lower in 2008 than two years earlier.

Three closing comments are in order. First, more work must be done to reconcile the differences between ACS and AS&ES data especially because hundreds of billions of federal funds are allocated to the states on the basis of poverty and income information. This is particularly significant for Louisiana where AS&ES sample size is small and standard error is large. Second, Medicaid rolls in Louisiana easily could double if more of the poor qualify for assistance under that program which in turn would have very serious implications for the state budget next fiscal year. Third, as suggested more than 40 years ago by Daniel Patrick Moynihan, there is no effective way to address the problem of poverty in Louisiana principally among children without first coming to grips with the breakup of the traditional married-couple family.

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