

PERSONALLY SPEAKING

Special Issue

September 13, 2011

CORE U.S. POVERTY LOWER TODAY THAN IN 1959

Edward J. O'Boyle, Ph. D.

Mayo Research Institute

Permission to quote is granted when the source is acknowledged.

The latest Census Bureau estimates of the extent of poverty indicate that a total of 46,180,000 persons or 15.1 percent of the U.S. population lived below the poverty threshold in 2010. At the same time there were 9,221,000 families or 11.7 percent of all U.S. families living in poverty.

Even so, little noticed in the mountain of Census Bureau information is that at the very same time poverty has been *rising* for persons in female-headed households and for unrelated individuals it has been *falling* for everyone else who we refer to as the “core” poverty population. In 1959 – the first year for which these data are available -- there were 7.014 million poor persons in female-headed households (no husband present) and another 4.928 million unrelated individuals counted as poor. In 2010 the number of poor persons in households headed by a female climbed to 15.895 million and the number of unrelated individuals to 12.422 million.

For persons in married-couple families or male-headed households (no spouse present), the poverty population dropped from 27.548 million in 1959 to 17.112 million in 2010. What is truly remarkable is that this precipitous decline has taken place at a time when the number of those families and households increased by 57 percent.

Three main factors account for much of these differences. First, increasingly there are two wage-earners in married-couple families and those families over the years are having fewer children. The combination of fewer children and two incomes raises those families above the poverty income threshold. The overall poverty rate for married-couple families in 2010 was 6.2 percent.

Second, with no husband present, there typically is only one wage-earner in a female-headed household. The 2010 rate of poverty in that kind of household was 31.6 percent. If there are children in those households, income often is below the poverty income threshold. The rate for such households with children present under 18 years of age was 40.7 percent.

Third, poverty is determined differently for unrelated individuals. Families are presumed to pool their financial resources and therefore everyone in a family is classified as poor or nonpoor according to family income and number of family members. Though they may be living in the same housing unit, unrelated

individuals are presumed to not pool their financial resources. Each one's poverty status is determined strictly according to his/her own income. The poverty rate in 2010 for unrelated individuals was 22.9 percent. Many of these are young persons who presumably in later years will marry and begin forming families.

In 2010 the average income *deficit* -- the amount that family income falls short of the official poverty threshold -- for all poor families was \$9,244. In 2005, the deficit stood at an inflation-adjusted \$9,074. These estimates are based on a poverty standard that is inflation adjusted and therefore the poverty income threshold against which the deficit is measured was higher in 2010 than in 2005.

Thus, in 2010 the average difference in income between poor and nonpoor families was \$78,401. Compared to 2005 the income gap was smaller no doubt due to the impact of the Great Recession on the incomes persons and families counted as nonpoor (average income *surplus* for all nonpoor families in 2010 was \$69,157 compared to \$71,426 in 2005). However, compared to 1988 when these data first became available, the gap in constant dollars has become nearly \$9,900 wider.

AVERAGE FAMILY INCOME GAP

	<u>current \$</u>	<u>constant \$</u> <u>2010=100</u>	
1988	\$ 37,155	\$ 68,500	
1990	41,056	68,510	
1995	49,801	71,270	
2000	63,247	80,106	
2005	72,084	80,499	← <i>All Poor Families vs. All Nonpoor Families</i>
2006	76,045	82,269	
2007	77,454	81,489	
2008	78,722	79,746	
2009	78,167	79,479	
2010	78,401	78,401	
2005	79,434	88,707	
2006	84,320	91,221	
2007	85,734	90,201	← <i>All Female-Headed Poor Families vs.</i>
2008	87,471	88,609	<i>All Married-Couple Nonpoor Families</i>
2009	86,624	88,078	
2010	87,171	87,171	

This income gap, not to mention the more than \$87,000 annual difference in 2010 between poor female-headed families and nonpoor married-couple families, is at the heart of the often heated public discourse between those who plead for more equality through greater government intervention to redistribute income and others who argue for greater freedom and personal responsibility.

The latest data from the Census Bureau indicate that 2.5 percent of persons in married-couple families who were above poverty in 2004 slipped into poverty in the

following year. The entry rate for persons in female-headed households was three times higher. This dynamic indicates that the 2010 estimate of 15.895 million poor persons in female-headed households tends to underestimate the number of persons in such households who experience impoverishment over a two or three year period.

The bad news is that just as unemployment is the price we pay in a market economy where workers are free to quit their jobs and employers are free to dismiss their workforce, even with public assistance and food stamps poverty is the price we pay for the freedom to live outside the responsibilities of the marriage bonds. The good news is that Americans haven't given up on marriage.

*Edward J. O'Boyle is Senior Research Associate with Mayo Research Institute
Offices in New Orleans, Lake Charles, and West Monroe
www.mayoresearch.org 318-381-4002 edoboyle@earthlink.net*
