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Poverty in the United States: 2008

Abstract
[Excerpt] In 2008, 39.8 million people were counted as poor in the United States—an increase of 2.6 million persons from 2007, and nearly the largest number of persons counted as poor since 1960. The *poverty rate*, or percent of the population considered poor under the official definition, was reported at 13.2%; up from 12.5% in 2007, and the highest rate since 1997. The recent increase in poverty reflects the worsened economic conditions since the onset of the economic recession in December 2007. Many expect poverty to rise further next year, and it will likely remain comparatively high even after the economy begins to recover. The incidence of poverty varies widely across the population according to age, education, labor force attachment, family living arrangements, and area of residence, among other factors. Under the official poverty definition, an average family of four was considered poor in 2008 if its pre-tax cash income for the year was below $22,025. This report will be updated on an annual basis, following release of U.S. Census Bureau annual income and poverty estimates.

Keywords
poverty, economy, recession, statistics

Comments

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Congressional Research Service

Poverty in the United States: 2008

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CRS Report for Congress
Prepared for Members and Committees of Congress

Summary

In 2008, 39.8 million people were counted as poor in the United States—an increase of 2.6 million persons from 2007, and nearly the largest number of persons counted as poor since 1960. The *poverty rate*, or percent of the population considered poor under the official definition, was reported at 13.2%; up from 12.5% in 2007, and the highest rate since 1997. The recent increase in poverty reflects the worsened economic conditions since the onset of the economic recession in December 2007. Many expect poverty to rise further next year, and it will likely remain comparatively high even after the economy begins to recover. The incidence of poverty varies widely across the population according to age, education, labor force attachment, family living arrangements, and area of residence, among other factors. Under the official poverty definition, an average family of four was considered poor in 2008 if its pre-tax cash income for the year was below $22,025. This report will be updated on an annual basis, following release of U.S. Census Bureau annual income and poverty estimates.

Supporting data are based on the following: U.S. Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2008*; Current Population Report No. P60-235, September 2009; and unpublished Census Bureau tables, available on the internet at http://www.census.gov/hhes/www/poverty/poverty.html.

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Trends in Poverty

In 2008, the U.S. poverty rate was 13.2%, accounting for 39.8 million persons as having income below the official poverty line. The 2008 poverty rate was up from 12.5% in 2007, and was at the highest level it has been over the past 11 years. In 2008, 2.6 million more persons were counted as poor than the year before, and the number of poor in that year was the highest since 1960. (See **Figure 1**.) The recent increase in poverty reflects the effects of the economic recession that began in December 2007, and has not yet ended. Given that poverty tends to follow the economic cycle, tending to rise when the economy is faltering and to fall when the economy is in sustained growth, the poverty rate and number of poor are expected by analysts to be even higher in 2009. Over the course of 2008, the unemployment rate increased from 4.9% (January 2008) to 7.2% (December 2008); by September 2009 (the latest data available at the time of this report) the unemployment rate was 9.8%. Estimates of poverty in 2009 will not be available until the late summer of 2010, but given the most recent unemployment data, they will most certainly be higher than in 2008. Even after the economy begins to recover, poverty is expected to remain high, as poverty rates generally do not begin to fall until economic expansion is well underway. A strong economy during most of the 1990s is generally credited with the declines in poverty that occurred over the later half of that decade, resulting in a record-tying, historic-low poverty rate of 11.3% in 2000 (a rate statistically tied with the previous lowest recorded rate of 11.1% in 1973). The poverty rate increased each year from 2001 through 2004, a trend generally attributed to economic recession (March 2001 to November 2001), and failed to recede appreciably before the onset of the current recession. Given the depth and projected duration of the current recession, by some estimates, it may be a decade or more before poverty rates recede to their 2007 pre-recession level.[1]

The longer-term secular trend in poverty has been affected by changes in household and family composition and by government income security and transfer programs. In 1959, over one-third (35.2%) of persons age 65 and over were poor, a rate well above that of children (26.9%). (See **Figure 2**.) In 2008, the aged poverty rate was 9.7%—a rate statistically tied with the historic-low rate of 9.4% in 2006. Social security in combination with a maturing pension system has helped greatly to reduce the incidence of poverty among the aged over the years. The poverty rates of children were cut nearly by half from 1959 to 1969, reaching an historic low of 13.8% in 1969. Since reaching an all-time low, the growth in the number of single-parent families, which tend to have a high incidence of poverty, has contributed to higher rates of child poverty overall.

Cash welfare programs that target the poor, including many poor single-parent families, tend to lift few families' incomes above the poverty line, but in combination with other noncash aid, such programs help to reduce the depth of income and material deprivation poor families incur. Changes in cash welfare programs implemented since passage of the 1996 welfare reform law (Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), P.L. 104-193) continue to be assessed in terms of their possible impacts on economically vulnerable populations.[2] The welfare reform law ended the Aid to Families with Dependent Children (AFDC) program, replacing it with the Temporary Assistance for Needy Families (TANF)

[1] See, for example: Emily Monea and Isabel Sawhill, *Simulating the Effect of the "Great Recession" on Poverty*, Brookings Institution, Washington, DC, September 10, 2009, http://www.brookings.edu/~/media/Files/rc/papers/2009/0910_poverty_monea_sawhill/0910_poverty_monea_sawhill.pdf.

[2] See CRS Report RL30797, *Trends in Welfare, Work, and the Economic Well-Being of Female-Headed Families with Children: 1987-2007*, by Thomas Gabe.

program.[3] Among other features, TANF sets a five-year lifetime limit on receipt of federally funded cash assistance (allowing lower limits at state option), imposes strong work requirements, and allows states to impose sanctions reducing or denying benefits to families who fail to comply with program requirements.

Many forms of noncash assistance, such as food assistance under the Supplemental Nutrition Assistance Program (SNAP, formerly called the Food Stamp Program), and tax benefits, such as the Earned Income Tax Credit (EITC) for working families and the Child Tax Credit (CTC), are not counted as income under the official poverty measure. Many believe that these and other benefits should be included in a poverty measure so as to better reflect the effects of government programs on poverty.

Definition of Poverty

The Census Bureau's poverty thresholds form the basis for statistical estimates of poverty in the United States.[4] The thresholds reflect crude estimates of the amount of money individuals or families, of various size and composition, need per year to purchase a basket of goods and services deemed as "minimally adequate," according to the living standards of the early 1960s. The thresholds are updated each year for changes in consumer prices. In 2008 for example, the average poverty threshold for an individual living alone was $10,991; for a two-person family, $14,051; for a family of four, $22,025.[5]

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 (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.

The "official" U.S. poverty measure[6] has changed little since it was originally adopted in 1969, 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

[3] See CRS Report RS20807, *Short History of the 1996 Welfare Reform Law*, by Joe Richardson and Vee Burke.

[4] The Department of Health and Human Services (HHS) releases poverty income guidelines that are similar to the Census poverty thresholds. These guidelines are used by HHS and other federal agencies for administering programs, particularly determining program eligibility.

[5] See http://www.census.gov/hhes/www/poverty/threshld/thresh08.html.

[6] 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.

measure was first developed. If the same basic methodology developed in the early 1960s was applied today, the poverty thresholds would be at least 2 1/2-times higher than the current thresholds.[7]

Persons are considered poor, for statistical purposes, if their family's countable money income is below its corresponding poverty threshold. Annual poverty estimates are based on a Census Bureau household survey (Current Population Survey) conducted each March. The official definition of poverty counts most sources of money income received by families during the prior year (e.g., earnings, social security, pensions, cash public assistance, interest and dividends, alimony and child support, among others). For purposes of officially counting the poor, noncash benefits (such as the value of Medicare and Medicaid, public housing, or employer provided health care) and "near cash" benefits (e.g., food stamps, renamed Supplemental Assistance Nutrition (SNAP) benefits beginning FY2009) are not counted as income, nor are tax payments subtracted from income, nor are tax credits added (e.g., Earned Income Tax Credit (EITC)).

There is mounting interest in including the value of noncash benefits and tax credits when assessing progress against poverty. These benefits represent a growing share of assistance to the poor. In FY2008 the federal government provided an estimated $33.6 billion in Food Stamp benefits, most of which went to poor households. The EITC program is the fastest growing form of cash aid for children. In FY2008, the Treasury paid an estimated $39.5 billion in EITC to families with relatively low earnings who owed no income tax. Neither Food Stamp (SNAP) benefits nor the EITC are counted as income under the official poverty definition. The Census Bureau provides a variety of alternate measures of poverty, based on various combinations of cash, noncash, and after-tax income. These alternative measures are still considered experimental; none have displaced the official measure.

The **poverty rate** is the estimated percentage of the national population living alone or in families whose money income is below the poverty threshold. Under an alternate *experimental* definition of poverty, the poverty rate would be lower than under the *official* definition of poverty, based on pre-tax cash-income. Using a more comprehensive definition of income measured against the poverty line (one which includes the value of noncash benefits and the effect of taxes) the estimated poverty rate would have been 9.9% in 2007[8], as opposed to 12.5% under the official measure in 2007.

Major changes to the way in which poverty is defined and measured in the U.S. have been recommended by a congressionally commissioned study conducted by a National Academy of Sciences (NAS) panel of experts. [9] The NAS panel recommended that the poverty level be reset to

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[7] Based on U.S. Department of Labor Bureau of Labor Statistics Consumer Expenditure Survey data, in 2005 the average family spent about 12.8% of pre-tax 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.

[8] Alternative poverty estimates for 2008 will not be available until late fall, 2009. The alternative poverty estimate shown here is Income Definition 16, from U.S. Census Bureau, *Table 2. Percent of Persons in Poverty, By Definition of Income and Selected Characteristics: 2007*, available on the internet at http://www.census.gov/macro/032008/rdcall/2_001.htm

[9] See Panel on Poverty and Family Assistance: Concepts, Information Needs, and Measurement Methods, *Measuring Poverty: A New Approach*, ed. Constance F. Citro and Robert T. Michael (Washington, DC: National Academy Press, 1995). For estimates of the effects of the NAS panel recommendations, see U.S. Bureau of the Census. *Experimental Poverty Measures: 1999*. Current Population Report No. P60-216, October 2001. Also, for a discussion of NAS-based (continued...)

take into account improvements in the U.S. standard of living that have occurred over the past 40-plus years (i.e., since the current poverty measure was originally devised). The Academy recommended that noncash benefits, taxes, and tax credits be counted with cash income, and that certain expenses (e.g., work-related child care expenses, housing, and out-of-pocket medical expenses) be deducted from income in determining families' poverty status. The effect of these, and other changes, would result in comparatively more working families and aged persons being counted as poor. The NAS panel also recommended that the poverty income levels be adjusted for area cost of living differences. The current poverty income thresholds are uniform across the 50 states and the District of Columbia. Most experts agree that the current measure underestimates the extent of poverty in high cost of living areas. If adopted, a cost of living adjustment to the poverty thresholds would result in comparatively higher levels of measured poverty in the Northeast and West, compared to the South and Midwest, than under the current measure.

A bill introduced by Representative McDermott, The Measuring American Poverty Act of 2009 (H.R. 2909[10]), and a companion bill introduced by Senator Dodd (S. 1625[11]) would instruct the Census Bureau to adopt many of the NAS recommendations as a new "modern" poverty measure. The legislation, if adopted, would result in a new "modern" poverty measure that would coexist with the current "official" poverty measure, and re-designate the current "official" measure as the "traditional" poverty measure. The new "modern" poverty measure would not affect programs that use poverty as a criteria for either determining eligibility or allocating funds, but would stand as an additional statistical indicator to measure the effects of programs on poverty.

(...continued)

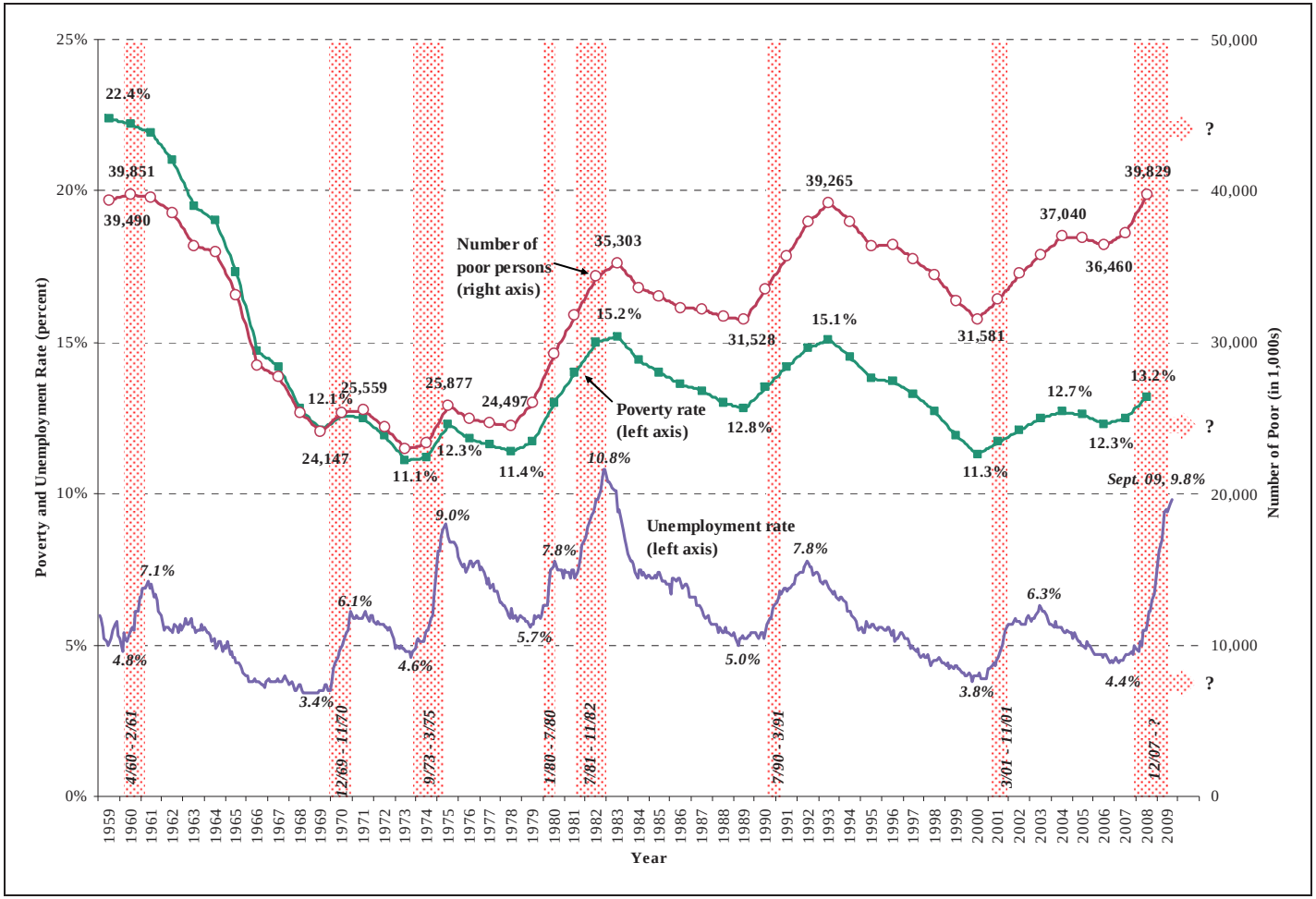
poverty measurement, see 2008 edition of "Background Material and Data on the Programs within the Jurisdiction of the Committee on Ways and Means," informally known as the Green Book, Appendix E, Poverty, Income Distribution and Antipoverty Effectiveness, pp. 77-102, available on the internet at http://waysandmeans.house.gov/media/pdf/110/appE.pdf.

[10] For the full bill, see Legislative Information System link to H.R. 2909.

[11] For the full bill, see Legislative Information System link to S. 1625.

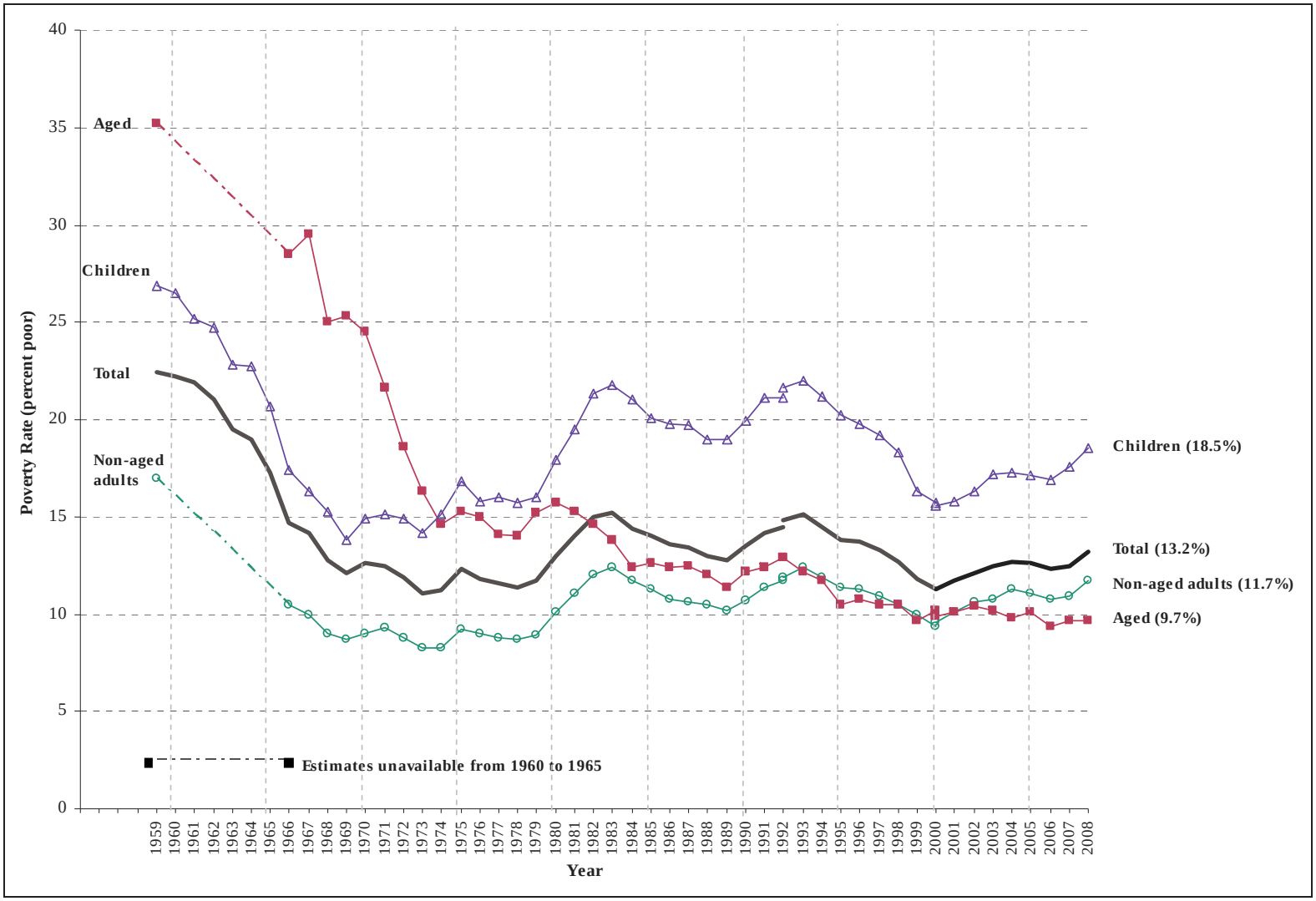
Figure 1. Trend in Poverty Rate and Number of Poor Persons: 1959-2008, and Unemployment Rate from January 1959 through September 2009

(Recessionary Periods Marked in Red)



Source: Figure prepared by the Congressional Research Service using U.S. Census Bureau, "Income, Poverty, and Health Insurance Coverage in the United States: 2008," Table B-1, Current Population Report P60-236, September 2009, available on the internet at http://www.census.gov/prod/2009pubs/p60-236.pdf. Unemployment rates available on the internet at http://www.bls.gov/cps/. Recessionary periods defined by National Bureau of Economic Research Business Cycle Dating Committee: http://www.nber.org/cycles/main.html.

Figure 2. U.S. Poverty Rates by Age Group, 1959-2008



Source: Figure prepared by the Congressional Research Service using U.S. Census Bureau, "Income, Poverty, and Health Insurance Coverage in the United States: 2008," Tables B-1 and B-2, Current Population Report P60-236, September 2009, available at http://www.census.gov/prod/2009pubs/p60-236.pdf.

Poverty Among Selected Groups

Even during periods of general prosperity, poverty is concentrated among certain groups and in certain areas. Minorities, women and children, the very old, the unemployed, those with low levels of educational attainment, low skills or disability, among others, are especially prone to poverty.

Racial and Ethnic Minorities[12]

African Americans and Hispanics have poverty rates that exceed the white poverty rate by several times. In 2008, 24.7% of blacks (9.4 million) and 23.2% of Hispanics (11.0 million) had incomes below poverty, compared to 8.6% of non-Hispanic whites (17.0 million) and 11.8% of Asians (1.6 million). Although blacks represent only 12.6% of the total population, they make up 23.6% of the poor population; Hispanics, who represent 15.7% of the population, account for 27.6% of the poor. Poverty for all groups above, except blacks, increased from 2007 to 2008—the rate for blacks was statistically unchanged over the period.

Nativity and Citizenship Status[13]

In 2008, among the native-born population, 12.6% (33.3 million) were poor in 2008, up from 11.9% (31.1 million) in 2007. Among the foreign-born population, 17.8% (6.5 million) were poor in 2008, up from a respective 16.5% (6.2 million) in 2007. The poverty rate of naturalized citizens (10.2%) was lower than that of native-born citizens (12.6%) in 2008; both the rate and number of poor naturalized citizens was unchanged from 2007. In 2008, the poverty rate of non-citizens (23.3%) was nearly twice that of the native-born population (12.6%). In that year, the 5.0 million non-citizens who were counted as poor accounted for about one-in-seven of all poor persons (34.9 million). From 2007 to 2008, the poverty rate for non-citizens increased from 21.3% to 23.3%.

Children[14]

In 2008, 13.5 million children (18.5%) were poor—a statistically significant increase in the number poor (up from 12.8 million) and poverty rate (up from 17.6%) from 2007. The lowest recorded rate of child poverty was in 1969, when 13.8% of children were counted as poor. Children living in single female-headed families are especially prone to poverty. In 2008, a child living in a single female-headed family was well over four times more likely to be poor than a

[12] Beginning with the March 2003 CPS, the Census Bureau allows survey respondents to identify themselves as belonging to one or more racial groups. In prior years, respondents could select only one racial category. Consequently, poverty statistics for different racial groups for 2002 and after are not directly comparable to earlier years' data. The term blacks and whites above, refers to persons who identified with only a single racial group. The term Hispanic refers to individuals' ethnic, as opposed to racial, identification. Hispanics may be of any race.

[13] See U.S. Census Bureau detailed table: http://www.census.gov/hhes/www/cpstables/032009/pov/new29_100_01.htm.

[14] Related children in families. For an in-depth discussion of child poverty, see CRS Report RL32682, *Children in Poverty: Profile, Trends, and Issues*, by Vee Burke, Thomas Gabe, and Gene Falk.

child living in a married-couple family. In 2008, 43.5% of all children living in single female-headed families were poor (statistically unchanged from 43.0% in 2007). In contrast, 9.9% of children living in married-couple families were poor, which represented a statistically significant increase from 2007, when 8.5% of such children were poor. The increased share of children who live in single female-headed families has contributed to the high overall child poverty rate. In 2008, 23.9% of children were living in single female-headed families, about double the share who lived in such families when the *overall* child poverty rate was at its historic low (1969). Among all poor children, well over half (56.2%) lived in single female-headed families in 2008.

In 2008, 34.4% of black children were poor (3.8 million), compared to 30.3% of Hispanic children (4.9 million) and 10.0% of white non-Hispanic children (4.1 million). Among children living in single female-headed families, the poverty rate for black and Hispanic children was identical at 51.9%; non-Hispanic white children in such families had a poverty rate of 31.7%. The poverty rate among Hispanic children who live in married-couple families (22.1%) was over twice that of black children (11.0%), and more than four times that of white non-Hispanic children (5.3%) who live in such families. Contributing to the high rate of overall black child poverty is the large share of black children who live in single female-headed families (55.0%) compared to Hispanic children (26.5%) or white non-Hispanic children (15.4%).

Adults with Low Education, Unemployment, or Disability

Adults with low education, those who are unemployed, or who have a work-related disability are especially prone to poverty. In 2008, among 25-34 year olds without a high school diploma, 34.7% were poor. Within the same age group, of those whose highest level of educational attainment was a high school diploma, 16.7% were poor. In contrast, only 4.4% of 25-34 year olds with at least a bachelor's degree were found to be living below the poverty line. (About 12% of 25-34 year olds lack a high school diploma.) Among persons between the ages of 16 and 64 who were unemployed in March 2009, 20.8% were poor based on their families' incomes in 2008; among those who were employed, 6.0% were poor. In 2008, persons who had a work disability[15] represented 10.3% of the age 16 to 64 population, and 26.1% of the poor population within this age range. Among those with a severe work disability, 33.6% were poor, compared to 14.1% of those with a less severe disability and 9.1% who reported having no work-related disability.

The Aged

The poverty rate of persons age 65 and older in 2008 was 9.7% (3.7 million poor). The poverty rate among the aged in 2008 was identical to that in 2007, and statistically tied with its historic low rate of 9.4% in 2006. Among those age 75 and over, 11.2% were poor in 2008, compared to

[15] The CPS asks several questions to determine whether individuals are considered to have a work disability. Persons are identified as having a work disability if they (1) reported having a health problem or disability that prevents them from working or that 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) are under 65 years of age and covered by Medicare; or (6) are 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. See http://www.census.gov/hhes/www/disability/disabcps.html.

8.4% of those age 65 to 74. Although the aged poverty rate tends to be lower than the child poverty rate, many of the aged live just slightly above the poverty line. As measured by a slightly raised poverty standard (125% of the poverty threshold), 15.9% of the aged could be considered poor or "*near poor;*" 13.6% who are age 65 to 74, and 18.7% who are 75 years of age and over could be considered poor or "near poor." In comparison 25.0% of children (persons under age 18) could be considered poor or "near poor."

Receipt of Welfare Among the Poor

About two thirds of persons (68.6%) who were poor in 2007[16] lived in households that received any means-tested assistance during the year. Such assistance could include cash aid, such as: Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI) payments, SNAP benefits (Food Stamps), Medicaid, subsidized housing, free or reduced price school lunches, and other programs. In 2007, only 19.0% of poor persons lived in households that received *cash aid,* 38.3% received Food Stamps, 56.4% lived in households where one or more household members were covered by Medicaid, and 16.1% lived in subsidized housing. Poor single-parent families with children are among those families most likely to receive cash aid. Among poor children who were living in single female-headed families, 27.3% were in households that received government cash aid in 2007. The share of poor children in single female-headed families receiving cash aid is well below historical levels. In 1993, 70.2% of these children's families received cash aid. In 1995, the year prior to passage of sweeping welfare changes under PRWORA, 65% of such children were in families receiving cash aid.

The Geography of Poverty

Poverty is more highly concentrated in some areas than in others, about twice as high in center cities as in suburban areas and nearly three times higher in the poorest states than in the least poor states.

Within metropolitan areas, the incidence of poverty in central city areas is considerably higher than in suburban areas, 17.7% versus 9.8%, respectively, in 2008. Nonmetropolitan areas had a poverty rate of 15.1%. In 2003 (the most recent year's data available for this comparison), over one-third (34.8%) of the nation's poor lived in neighborhoods of concentrated poverty (areas based on census tracts and minor civil divisions with a poverty rate of 20% or higher based on the *1990* census). Poor racial and ethnic minorities are more likely to live in areas of concentrated poverty than non-Hispanic whites. Among *poor* African Americans, 52.9% lived in areas of concentrated poverty; among *poor* Hispanics, 47.5%. In contrast, 18.8% of *poor* non-Hispanic whites lived in areas of concentrated poverty. In 2008, poverty rates were lowest in the Northeast (11.6%), followed by the Midwest (12.4%), the West (12.4%) and the South (14.3%), with the highest regional poverty rate.

[16] Census Bureau estimates for 2008 were not available at the time this report was produced. See http://www.census.gov/hhes/www/macro/032008/pov/new26_002_01.htm.

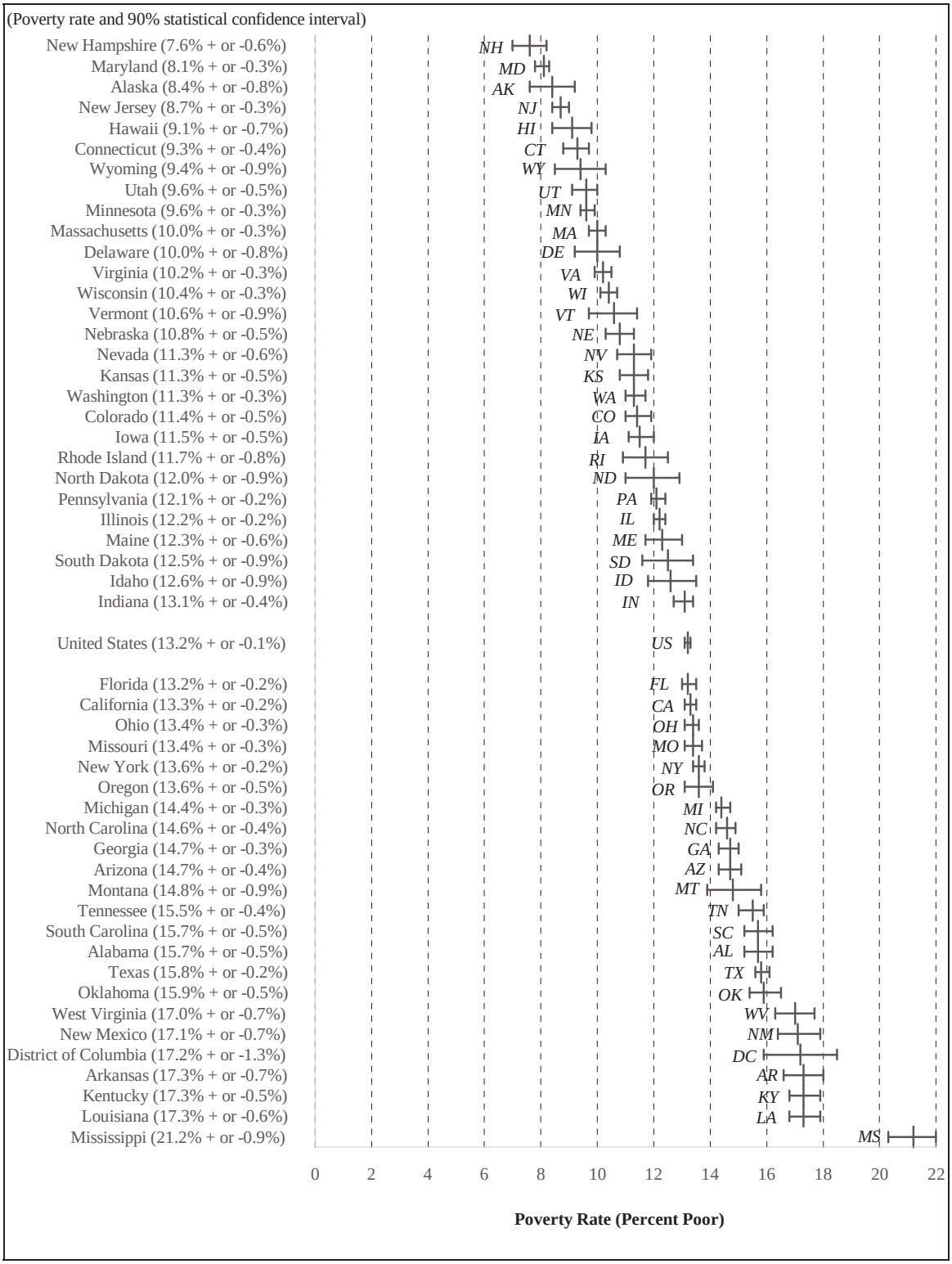
American Community Survey (ACS) State Poverty Estimates

Up to this point, the poverty statistics presented in this report come from the U.S. Census Bureau's Annual Social and Economic Supplement (ASEC) to the Current Population Survey (CPS). For purposes of producing state and substate poverty estimates, the Census Bureau now recommends using the American Community Survey (ACS)—because of its much larger sample size, the ACS produces estimates with a much smaller margin of statistical error than that of the ASEC/CPS. However, it should be noted that the ACS survey design differs from the ASEC/CPS in a variety of ways, and may produce somewhat different estimates than those obtained from the ASEC/CPS. The ASEC/CPS estimate that 13.2% of the nation's population was poor in 2008 was coincidently the same as that obtained for the 2008 ACS, although the two surveys were conducted at different times, and account for income reported over different periods. The ASEC/CPS estimates are based on a survey conducted in February through April 2009, and account for income reported for the previous year. In contrast, the ACS estimates are based on income information collected between January and December 2008, for the prior 12 months. For example, for the sample with data collected in January, the reference period is from January 2007 to December 2007, and for the sample with data collected in December, from December 2007 to November 2008. The ACS data consequently cover a time span of 23 months, with the data centered at mid-December 2007. ***The economic recession did not officially begin until December 2007, so the 2008 ACS data only partially capture its possible effects on poverty.***

Figure 3 shows estimated poverty rates for the United States and for each of the 50 states and the District of Columbia on the basis of the 2008 American Community Survey (ACS). In addition to the point estimates, the figure displays a 90% statistical confidence interval around each state's estimate, indicating the degree to which these estimates might be expected to vary based on sample size.[17] Although the states are sorted from lowest to highest by their respective poverty rate point estimates, the precise ranking of each state is not possible because of the depicted margin of error around each state's estimate. For example, New Hampshire would appear to have the lowest poverty rate (7.6%), but it overlaps statistically with Maryland (8.1%) and Alaska (8.4%). Mississippi stands out as having the highest poverty rate (21.26%) and is followed by Louisiana (17.3%), which is statistically tied with five other jurisdictions: Kentucky (17.3%), Arkansas (17.3%), District of Columbia (17.2%), New Mexico (17.1%), and West Virginia (17.0%).

[17] Two states' poverty rates are statistically different at the 90% 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% 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: $SE_{StateA} - SE_{StateB} = \sqrt{SE^2_{StateA} + SE^2_{StateB}}$. Two estimates are considered statistically different if at the 90% statistical confidence interval the absolute value of the difference is greater than 1.645 times the standard error of the difference (i.e., $|Povrate_{StateA} - Povrate_{StateB}| > 1.645x(SE_{StateA} - SE_{StateB})$. Note that the standard error for a state's poverty estimate may be obtained by dividing the margin of error depicted in **Figure 3** by 1.645.

Figure 3. Poverty Rates for the 50 States and the District of Columbia: 2008 American Community Survey (ACS) Data



Source: Figure prepared by the Congressional Research Service (CRS) on the basis of U.S. Census Bureau 2008 American Community Survey (ACS) data.

Table 1 provides estimates of state and national poverty rates from 2002 through 2008 from the ACS. Statistically significant changes from one year to the next are indicated by an upward-pointing arrow (▲) if a state's poverty rate was statistically higher, and by a downward-pointing arrow (▼) if statistically lower, than in the immediately preceding year or for other selected periods (i.e., 2002 to 2005, 2006 to 2008, and 2002 to 2008).[18] It should be noted that ACS poverty estimates for 2006 and later are not strictly comparable to those of earlier years, due to a change in ACS methodology that began in 2006 to include some persons living in non-institutionalized group quarters who weren't included in earlier years.[19]

Table 1 shows that poverty among states was generally increasing over the 2002-2005 period, as measured by the ACS. This is in spite of the fact that the nation had emerged out of economic recession in November 2001. From 2002 to 2003, five states experienced statistically significant increases in their poverty rate, whereas none experienced a significant decrease in poverty. From 2003 to 2004, eight states saw their poverty rates increase, whereas two saw decreases. From 2004 to 2005, 13 states saw their poverty rates increase, whereas only one saw its poverty rate decrease. Comparing 2005 to 2002, 25 states had higher poverty rates in 2005 than in 2002, and only two states had lower poverty rates.

By 2007, the effects of the 2001 recession on state poverty rates were beginning to fade, as 12 states and the District of Columbia experienced statistically significant decreases in their poverty rates from 2006, and only one state (Michigan) saw its poverty rate increase over the period. However, by 2008, the ACS data show eight states (California, Connecticut, Florida, Hawaii, Indiana, Michigan, Oregon, and Pennsylvania) as experiencing statistically significant increases in their poverty rates, whereas three states (Alabama, Louisiana, and Texas) experienced statistically significant decreases. As the current recession was not officially pegged as beginning until December 2007, the 2008 ACS data do not fully capture economic circumstances of 2008, as the data were collected over a 23-month period centered on December 2007, the point at which the economic downturn was marked as having just begun (see text box, above). The 2008 ACS poverty estimates show 18 states as having statistically higher poverty rates than in 2002, and three states as having statistically lower poverty rates; *however, as noted earlier, these estimates are not strictly comparable, due to the inclusion of some persons in non-institutional group quarters in 2008 who were not included in the survey in 2002.*

[18] Statistically significant differences are based on a 90% statistical confidence interval.

[19] Beginning in 2006, a portion of the population living in non-institutional group quarters has been included in the ACS in estimating poverty. The population living in institutional group quarters, military barracks, and college dormitories have been excluded in the ACS poverty estimates for all years. The part of the non-institutional group quarters population that has been included in the poverty universe since 2006 (e.g., people living in group homes or those living in agriculture workers' dormitories) is considerably more likely to be in poverty than people living in households. Consequently, estimates of poverty in 2006 and after, are somewhat higher than would be the case if all group quarters residents were excluded—thus, comparisons with earlier year estimates are not strictly comparable.

Table 1. Poverty Rates for the 50 States and the District of Columbia, 2002 to 2008
Estimates from the American Community Survey (ACS)

(Percent Poor)

	Estimated Poverty Rate and Statistically Significant Differences Over Previous Year							Change in Poverty Rates Over Selected Periods and Statistically Significant Differences		
	2002	2003	2004	2005	2006[a]	2007[a]	2008[a]	2005 vs. 2002	2008 vs. 2006	2008 vs. 2002[a]
United States	12.4	12.7▲	13.1▲	13.3▲	13.3	13.0▼	13.2▲	0.9▲	-0.1	0.8▲
Alabama	16.6	17.1	16.1	17.0▲	16.6	16.9	15.7▼	-0.1	-1.3▼	-0.9
Alaska	7.7	9.7▲	8.2▼	11.2▲	10.9	8.9▼	8.4	3.2▲	-2.8▼	0.7
Arizona	14.2	15.4▲	14.2	14.2	14.2	14.2	14.7	0.0	0.5	0.6
Arkansas	15.3	16.0	17.9▲	17.2	17.3	17.9	17.3	2.0▲	0.2	2.0▲
California	13.0	13.4	13.3	13.3	13.1	12.4▼	13.3▲	0.1	0.0	0.2
Colorado	9.7	9.8	11.1	11.1	12.0▲	12.0	11.4	2.3▲	0.4	1.7▲
Connecticut	7.5	8.1	7.6	8.3	8.3	7.9	9.3▲	0.8	1.0▲	1.8▲
Delaware	8.2	8.7	9.9	10.4	11.1	10.5	10.0	2.9▲	-0.4	1.8▲
District of Columbia	17.5	19.9▲	18.9	19.0	19.6	16.4▼	17.2	2.2	-1.8	-0.2
Florida	12.8	13.1	12.2▼	12.8▲	12.6	12.1▼	13.2▲	-0.2	0.4▲	0.4
Georgia	12.7	13.4	14.8▲	14.4	14.7	14.3	14.7	2.0▲	0.3	2.0▲
Hawaii	10.1	10.9	10.6	9.8	9.3	8.0▼	9.1▲	-0.8	-0.7	-1.0
Idaho	13.8	13.8	14.5	13.9	12.6▼	12.1	12.6	-1.2	-1.2▼	-1.2
Illinois	11.6	11.3	11.9	12.0	12.3	11.9	12.2	0.7▲	0.2	0.6
Indiana	10.9	10.6	10.8	12.2▲	12.7	12.3	13.1▲	1.8▲	0.9▲	2.2▲
Iowa	11.2	10.1	9.9	10.9▲	11.0	11.0	11.5	-0.2	0.7▲	0.3
Kansas	12.1	10.8	10.5	11.7▲	12.4	11.2▼	11.3	0.3	-0.4	-0.8
Kentucky	15.6	17.4	17.4	16.8	17.0	17.3	17.3	1.3▲	0.5	1.7▲

	Estimated Poverty Rate and Statistically Significant Differences Over Previous Year							Change in Poverty Rates Over Selected Periods and Statistically Significant Differences		
	2002	2003	2004	2005	2006[a]	2007[a]	2008[a]	2005 vs. 2002	2008 vs. 2006	2008 vs. 2002[a]
Louisiana	18.8	20.3	19.4	19.8	19.0	18.6	17.3▼	0.2	-2.4▼	-1.5▼
Maine	11.1	10.5	12.3▲	12.6	12.9	12.0	12.3	1.8▲	-0.3	1.2▲
Maryland	8.1	8.2	8.8	8.2	7.8	8.3	8.1	-0.3	-0.2	0.0
Massachusetts	8.9	9.4	9.2	10.3▲	9.9	9.9	10.0	1.0▲	-0.3	1.1▲
Michigan	11.0	11.4	12.3	13.2▲	13.5	14.0▲	14.4▲	2.5▲	1.2▲	3.4▲
Minnesota	8.5	7.8	8.3	9.2▲	9.8▲	9.5	9.6	1.2▲	0.5▲	1.1▲
Mississippi	19.9	19.9	21.6▲	21.3	21.1	20.6	21.2	1.2▲	-0.1	1.3
Missouri	11.9	11.7	11.8	13.3▲	13.6	13.0▼	13.4	1.6▲	0.0	1.5▲
Montana	14.6	14.2	14.2	14.4	13.6	14.1	14.8	-1.0	0.4	0.2
Nebraska	11.0	10.8	11.0	10.9	11.5	11.2	10.8	0.5	-0.1	-0.1
Nevada	11.8	11.5	12.6	11.1	10.3	10.7	11.3	-1.5▼	0.2	-0.5
New Hampshire	6.4	7.7▲	7.6	7.5	8.0	7.1▼	7.6	1.6▲	0.1	1.2▲
New Jersey	7.5	8.4▲	8.5	8.7	8.7	8.6	8.7	1.2▲	0.0	1.2▲
New Mexico	18.9	18.6	19.3	18.5	18.5	18.1	17.1	-0.4	-1.4▼	-1.8▼
New York	13.1	13.5	14.2▲	13.8	14.2▲	13.7▼	13.6	1.1▲	-0.2	0.5
North Carolina	14.2	14.0	15.2	15.1	14.7	14.3	14.6	0.4	-0.5	0.3
North Dakota	12.5	11.7	12.1	11.2	11.4	12.1	12.0	-1.1	0.7	-0.6
Ohio	11.9	12.1	12.5	13.0	13.3	13.1	13.4	1.5▲	0.3	1.5▲
Oklahoma	15.0	16.1	15.3	16.5	17.0	15.9▼	15.9	2.0▲	-0.6	0.9
Oregon	13.2	13.9	14.1	14.1	13.3▼	12.9	13.6▲	0.0	-0.5	0.4
Pennsylvania	10.5	10.9	11.7▲	11.9	12.1	11.6▼	12.1▲	1.5▲	0.2	1.6▲
Rhode Island	10.7	11.3	12.8▲	12.3	11.1	12.0	11.7	0.4	-0.6	1.0

	Estimated Poverty Rate and Statistically Significant Differences Over Previous Year							Change in Poverty Rates Over Selected Periods and Statistically Significant Differences		
	2002	2003	2004	2005	2006[a]	2007[a]	2008[a]	2005 vs. 2002	2008 vs. 2006	2008 vs. 2002[a]
South Carolina	14.2	14.1	15.7	15.6	15.7	15.0	15.7	1.4 ▲	0.1	1.4 ▲
South Dakota	11.4	11.1	11.0	13.6 ▲	13.6	13.1	12.5	2.2	-1.2	1.1
Tennessee	14.5	13.8	14.5	15.5	16.2	15.9	15.5	1.7 ▲	-0.1	1.0
Texas	15.6	16.3	16.6	17.6 ▲	16.9 ▼	16.3 ▼	15.8 ▼	1.3 ▲	-1.8 ▼	0.2
Utah	10.5	10.6	10.9	10.2	10.6	9.7 ▼	9.6	0.1	-0.6	-0.9
Vermont	8.5	9.7	9.0	11.5 ▲	10.3	10.1	10.6	1.8 ▲	-0.9	2.0 ▲
Virginia	9.9	9.0	9.5	10.0	9.6	9.9	10.2	-0.4	0.2	0.3
Washington	11.4	11.0	13.1 ▲	11.9 ▼	11.8	11.4	11.3	0.4	-0.6 ▼	0.0
West Virginia	17.2	18.5	17.9	18.0	17.3	16.9	17.0	0.1	-1.0	-0.2
Wisconsin	9.7	10.5	10.7	10.2	11.0 ▲	10.8	10.4	1.2 ▲	0.2	0.7
Wyoming	11.0	9.7	10.3	9.5	9.4	8.7	9.4	-1.6 ▼	-0.1	-1.6 ▼
Number of states with statistically significant change in poverty:		5	10	14	7	14	11	27	13	21
Increase in poverty		5 ▲	8 ▲	13 ▲	4 ▲	1 ▲	8 ▲	25 ▲	6 ▲	18 ▲
Decrease in poverty		0 ▼	2 ▼	1 ▼	3 ▼	13 ▼	3 ▼	2 ▼	7 ▼	3 ▼

Source: Congressional Research Service (CRS) estimates from U.S. Census Bureau American Community Survey (ACS) data, 2002 to 2008.

Notes:

▲ Statistically significant increase in poverty rate at the 90% statistical confidence level.

▼ Statistically significant decrease in poverty rate at the 90% statistical confidence level.

a. Comparisons to 2002 through 2005 estimates are not strictly comparable, due to inclusion of persons living in some non-institutional group quarters beginning in 2006 and after.

Appendix. U.S. Poverty Statistics: 1959-2008

Table A-1. Poverty Rates (Percent Poor) for Selected Groups, 1959-2008

		Related Children under Age18[a]			Adults		Race/Ethnicity[b]—All Ages			
Year	All Persons	Total	In Female-Headed Families	In All Other Families	Ages 18- 64	Age 65+	White[b]	White Non-Hispanic[b]	Black[b]	Hispanic
2008	13.2	18.5	43.5	10.7	11.7	9.7	11.2[b]	8.6[b]	24.7[b]	23.2
2007	12.5	17.6	43.0	9.5	10.9	9.7	10.5[b]	8.2[b]	24.5[b]	21.5
2006	12.3	16.9	42.1	9.0	10.8	9.4	10.3[b]	8.2[b]	24.3[b]	20.6
2005	12.6	17.1	42.8	9.3	11.1	10.1	10.6[b]	8.3[b]	24.9[b]	21.8
2004r	12.7	17.3	41.9	9.7	11.3	9.8	10.8[b]	8.7[b]	24.7[b]	21.9
2003	12.5	17.2	41.8	9.6	10.8	10.2	10.5[b]	8.2[b]	24.4[b]	22.5
2002	12.1	16.3	39.6	9.2	10.6	10.4	10.2[b]	8.0[b]	24.1[b]	21.8
2001	11.7	15.8	39.3	8.8	10.1	10.1	9.9	7.8	22.7	21.4
2000r	11.3	15.6	40.1	8.6	9.6	9.9	9.5	7.4	22.5	21.5
1999	11.8	16.3	41.9	9.0	10.0	9.7	9.8	7.7	23.6	22.8
1998	12.7	18.3	46.1	9.7	10.5	10.5	10.5	8.2	26.1	25.6
1997	13.3	19.2	49.0	10.2	10.9	10.5	11.0	8.6	26.5	27.1
1996	13.7	19.8	49.3	10.9	11.3	10.8	11.2	8.6	28.4	29.4
1995	13.8	20.2	50.3	10.7	11.4	10.5	11.2	8.5	29.3	30.3
1994	14.5	21.2	52.9	11.7	11.9	11.7	11.7	9.4	30.6	30.7
1993	15.1	22.0	53.7	12.4	12.4	12.2	12.2	9.9	33.1	30.6
1992r	14.8	21.6	54.6	11.8	11.9	12.9	11.9	9.6	33.4	29.6
1991r	14.2	21.1	55.5	11.1	11.4	12.4	11.3	9.4	32.7	28.7
1990	13.5	19.9	53.4	10.7	10.7	12.2	10.7	8.8	31.9	28.1
1989	12.8	19.0	51.1	10.4	10.2	11.4	10.0	8.3	30.7	26.2
1988r	13.0	19.0	52.9	10.0	10.5	12.0	10.1	8.4	31.3	26.7
1987r	13.4	19.7	54.7	10.9	10.6	12.5	10.4	8.7	32.4	28.0
1986	13.6	19.8	54.4	10.8	10.8	12.4	11.0	9.4	31.1	27.3
1985	14.0	20.1	53.6	11.7	11.3	12.6	11.4	9.7	31.3	29.0
1984	14.4	21.0	54.0	12.5	11.7	12.4	11.5	10.0	33.8	28.4
1983	15.2	21.8	55.5	13.5	12.4	13.8	12.2	10.8	35.7	28.1
1982	15.0	21.3	56.0	13.0	12.0	14.6	12.0	10.6	35.6	29.9
1981	14.0	19.5	52.3	11.6	11.1	15.3	11.1	9.9	34.2	26.5
1980	13.0	17.9	50.8	10.4	10.1	15.7	10.2	9.1	32.5	25.7
1979	11.7	16.0	48.6	8.5	8.9	15.2	9.0	8.1	31.0	21.8

		Related Children under Age18[a]			Adults		Race/Ethnicity[b]—All Ages			
Year	All Persons	Total	In Female-Headed Families	In All Other Families	Ages 18- 64	Age 65+	White[b]	White Non-Hispanic[b]	Black[b]	Hispanic
1978	11.4	15.7	50.6	7.9	8.7	14.0	8.7	7.9	30.6	21.6
1977	11.6	16.0	50.3	8.5	8.8	14.1	8.9	8.0	31.3	22.4
1976	11.8	15.8	52.0	8.5	9.0	15.0	9.1	8.1	31.1	24.7
1975	12.3	16.8	52.7	9.8	9.2	15.3	9.7	8.6	31.3	26.9
1974	11.2	15.1	51.5	8.3	8.3	14.6	8.6	7.7	30.3	23.0
1973	11.1	14.2	52.1	7.6	8.3	16.3	8.4	7.5	31.4	21.9
1972	11.9	14.9	53.1	8.6	8.8	18.6	9.0	n/a	33.3	n/a
1971	12.5	15.1	53.1	9.3	9.3	21.6	9.9	n/a	32.5	n/a
1970	12.6	14.9	53.0	9.2	9.0	24.6	9.9	n/a	33.5	n/a
1969	12.1	13.8	54.4	8.6	8.7	25.3	9.5	n/a	32.2	n/a
1968	12.8	15.3	55.2	10.2	9.0	25.0	10.0	n/a	34.7	n/a
1967	14.2	16.3	54.3	11.5	10.0	29.5	11.0	n/a	39.3	n/a
1966	14.7	17.4	58.2	12.6	10.5	28.5	11.3	n/a	41.8	n/a
1959	22.4	26.9	72.2	22.4	17.0	35.2	18.1	n/a	55.1	n/a

Source: Table prepared by the Congressional Research Service using U.S. Bureau of the Census data.

Notes: r = Revised estimates. n/a = Not available.

a. Beginning in 1979, restricted to children in primary families only. Before 1979, includes children in unrelated subfamilies.

b. Beginning in 2002, CPS respondents could identify themselves as being of more than one race. Consequently, racial data for 2002 and after are not comparable to earlier years. Here, in 2002 and after, the term white means of white race alone and the term black means of black race alone. Hispanics, who may be of any race, are included among whites and blacks unless otherwise noted.

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