

Snapshots of America's Families



Income and Hardship

Poverty among Nonelderly Americans

Megan Gallagher

Gregory Acs

In 1776, Adam Smith defined poverty as the lack of those necessities that “the custom of the country renders it indecent for creditable people, even of the lowest order, to be without.” Today, the federal poverty level represents the

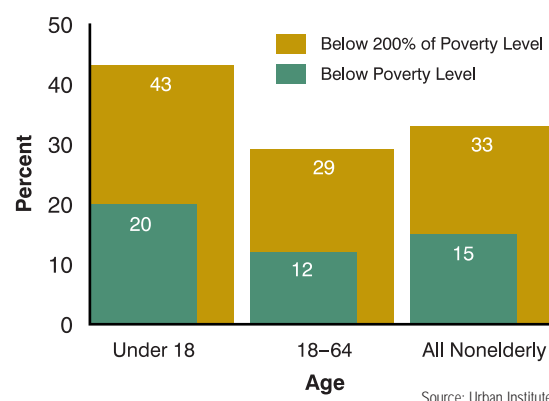
amount of cash income people require to meet their basic economic needs. For a single parent with two children, the poverty level was \$12,641 in 1996. People living in families with incomes below the poverty level are deemed poor; those in families with incomes below 200 percent of the poverty level are considered low-income. Adults’ reports of family income during the previous year were used to determine the share of people under the age of 65 living in poor and low-income families.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 produced changes in programs designed to assist low-income people receiving disability benefits, food stamps, cash assistance, and child support income. The poverty rate provides a simple way to monitor the economic well-being of people who depend on these programs. Nationwide, 15 percent of nonelderly people were poor and 33 percent were low-income.

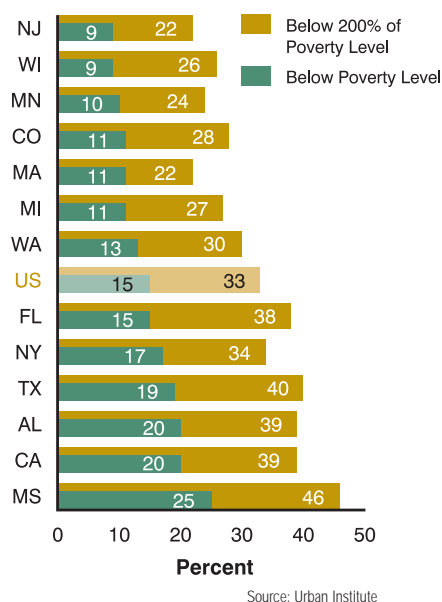
Children were more likely to be poor than adults: The poverty rate reached 20 percent for children, compared to 12 percent for adults, a statistically significant difference. Furthermore, 43 percent of children lived in low-income families, whereas 29 percent of adults did.

The poverty rate varied widely across the 13 states surveyed. The proportion of poor and low-income people was below the national average in Colorado, Massachusetts, Michigan, Minnesota, New Jersey, Washington, and Wisconsin. Of these seven states, three had poverty rates below 10 percent (Minnesota, New Jersey, and Wisconsin), and three had low-income rates below 25 percent (Massachusetts, Minnesota, and New Jersey). The poverty rate was higher than average in five states: Alabama, California, Mississippi, New York, and Texas. Mississippi had the highest poverty rate: One-quarter of all people in the state were poor.

Poor and Low-Income Nonelderly, by Age, 1996



Poor and Low-Income Nonelderly, by State, 1996



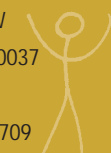
Assessing the New Federalism

An Urban Institute Program to Assess Changing Social Policies



Urban Institute
2100 M Street, NW
Washington, DC 20037

Phone: 202-261-5709
E-mail: paffairs@ui.urban.org
<http://www.urban.org>

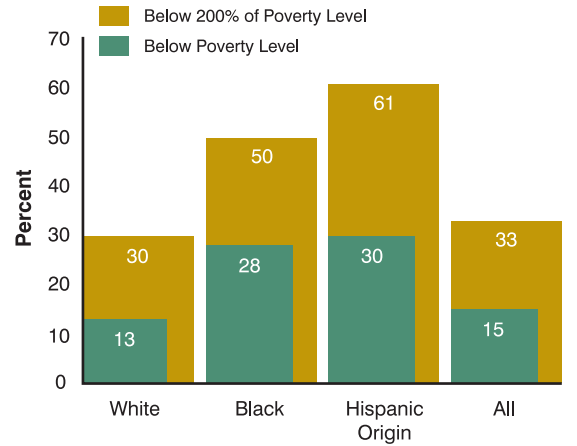


This *Snapshot* presents findings from the National Survey of America's Families (NSAF), a 1997 survey of 44,461 households with and without telephones that are representative of the nation as a whole and of 13 states. As in all surveys, the data are subject to sampling variability and other sources of error.

Copyright © January 1999. Urban Institute. Permission is granted to reproduce this document with attribution to the Urban Institute. The views expressed are those of the authors and do not necessarily reflect those of the Urban Institute, its board, its sponsors, or other authors in the series.

The poverty and low-income rates also varied widely by race and Hispanic origin. Nationally, 13 percent of whites lived in poverty, compared to 28 percent of blacks. Correspondingly, 30 percent of whites had low incomes, compared to 50 percent of blacks. In addition, poverty and low-income rates were significantly higher than the national average among people of Hispanic origin, regardless of race: Almost one-third were poor, and almost two-thirds were low-income.

Poor and Low-Income Nonelderly, by Race and Hispanic Origin, 1996



Source: Urban Institute



Poor and Low-Income Nonelderly (%), 1996

Income	AL	CA	CO	FL	MA	MI	MN	MS	NJ	NY	TX	WA	WI	US
Below poverty level	19.9	19.8	11.4	15.3	10.8	10.8	9.6	24.6	9.4	16.9	18.9	12.7	8.9	14.8
Below 200% of poverty level	39.2	39.4	28.4	38.2	22.5	26.8	24.2	46.4	22.1	33.5	39.7	29.9	25.5	33.2

Figures in color represent statistically significant differences from the national average at the .05 confidence level. Figures in black are not statistically significantly different from the national average. All figures in text, charts, and table are rounded.

Source: Urban Institute