

# Poverty

Before the mid-1970s, economic growth in the United States was associated with falling poverty rates. If that relationship had held, poverty would have been eradicated in the 1980s. The decoupling of rising growth and falling poverty, however, means that Americans are working longer and harder but becoming poorer and less economically secure.

## Quick facts

**\$22,314**

In 2010, the poverty threshold was \$22,314 for a family of four.

**15.1%**

15.1 percent— just over 46 million Americans— were officially in poverty in 2010. This is an increase from 12.5 percent in 2007.

**27.4%**

Among racial and ethnic groups, African Americans had the highest poverty rate, 27.4 percent, followed by Hispanics at 26.6 percent and whites at 9.9 percent.

**45.8%**

45.8 percent of young black children (under age 6) live in poverty, compared to 14.5 percent of white children.

**28.0%**

In 2011, 28.0 percent of workers earned poverty-level wages (\$11.06 or less an hour).

**18-25**

Workers earning poverty-level wages are disproportionately female, black, Hispanic, or between the ages of 18 and 25.

**1.8x**

The United States spends less on social programs (16.2 percent of GDP) than similarly developed countries (21.3 percent of GDP), has a relative poverty rate (the share of the population living on less than half of median household income) 1.8 times higher than those peer nations, and has a child poverty rate more than twice as high.

## Other dimensions of poverty

**33.9%**

The official poverty rate is widely accepted as being inadequate in capturing those whose earnings make it difficult to make ends meet. To account for this, many cite the “twice poverty”

rate, which is double the threshold (\$44,628 in 2010 for a family of four) and provides a more accurate measurement of material deprivation. In 2010, the twice poverty rate was 33.9 percent.

44.3%

The further below the official poverty line you fall, the more vulnerable you are. Nearly half (44.3 percent) of the poor are in deep poverty (living on half or less of the official poverty line; this deep-poverty threshold stood at \$11,057 in 2010 for a family of four).

*Spotlight*  
**MOVING IN AND  
OUT OF POVERTY**

Since 1973's historical low of 11.1 percent poverty in the United States, poverty rates generally rise during recessions and drop during recoveries. The recovery following the 2001 recession, however, saw poverty increase and then further explode during the Great Recession.

From 2008 through 2009, 32.2 percent were in poverty for at least one month, and 52.6 percent were below twice poverty for a least one month. In addition, 4.6 percent were in poverty for the entirety of the two-year period, while 18 percent were at twice poverty for the entirety. Therefore, the official poverty rate of 15.1 percent understates the number of people who experience poverty.

## **Income inequality is greatest cause of higher poverty rates**

**Income inequality is the largest factor contributing to higher poverty rates. Increased numbers of minorities and single-mother-headed households are often cited as determinants of higher poverty rates, though they are much smaller contributing factors. A study of the 1979–2007 period finds:**

5.5

The largest contributor to the overall rise in the poverty rate is income inequality, which increased poverty rates by 5.5 percentage points.

0.9

Changing racial composition accounts for a 0.9 percentage-point increase in poverty rates.

1.4

Family structure (single-mother headed households) accounts for a 1.4 percentage-point increase in poverty rates.

↓ 3.8

Increased educational attainment decreased poverty rates 2.7 percentage points, and income growth contributed to a 3.8 percentage-point decrease in poverty rates.