

Understanding Poverty in the United States

What was the poverty rate in the United States in 2012?

In 2012, the official poverty rate was 15.0 percent. There were 46.5 million people in poverty. The 2012 poverty rate was 2.5 percentage points higher than in 2007, the year before the most recent recession.

What about children and elderly in poverty across the United States?

The poverty rate for children under 18 was 21.8% in 2012. People aged 65 and older had a much lower rate, only 9.1%.

Is the percentage of people in poverty different by regions?

Yes, regionally, the 2012 poverty rate was 15.1 % in the West, 16.5 % in the South, 13.6 % in Northeast, and 13.3 % in the Midwest.

How is the official poverty threshold defined?

The original poverty threshold was developed by Mollie Orshansky of the Social Security Administration in the 1960s. The U.S. Census Bureau determines poverty status by comparing pre-tax cash income against a threshold that is set at three times the cost of a minimum food diet in 1963, updated annually for inflation using the Consumer Price Index, and adjusted for family size, composition, and age of householder. "Family" is defined as persons living together who are related either by blood or marriage. Thresholds do not vary geographically.

How accurate is the threshold for determining who is in poverty?

- Its "headcount" approach identifies only the share of people who fall below the poverty threshold, but does not measure the depth of economic need
- It does not reflect modern expenses and resources, excluding significant draws on income such as taxes, work expenses, and out-of-pocket medical expenses, and excluding resources such as in-kind benefits (e.g., food assistance)
- It does not vary by geographic differences in cost of living within the United States
- It is not adjusted for changes in the standard of living over time
- Its strict definition of measurement units—"family"—as persons related by blood or marriage does not reflect the nature of many households.

What is absolute poverty?

Absolute poverty is "a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to social services." It is often referred to as extreme poverty. Approximately 3.5 million individuals experience homelessness in the U.S. each year and earn less than 4,800 dollars a year putting them in extreme poverty.

What is relative poverty?

"Relative poverty" refers to deprivation that is relative to the standard of living enjoyed by other members of society. Even if basic needs are met, a segment of the population may still be considered "poor" if they possess fewer resources, opportunities or goods than other citizens.

How has poverty in the United State changed?

- In the late 1950s, the poverty rate for all Americans was 22.4 percent, this was before the official threshold measurement system was created.
- In 1973, the poverty rate reached a record low of 11.1 percent
- In 1983, the poverty rate had increased again to 15.2 percent
- In 1993, the poverty rate was 15.1 percent
- In 2000, the poverty rate decreased to 11.3 percent
- In 2004, the poverty rate rose to 12.7 percent
- In 2007, the year before the recession began the poverty rate was 12.5 percent
- In 2012, the poverty rate had risen to 15.0 percent
- Since the late 1960s, the poverty rate for people over 65 has fallen dramatically.
- The poverty rate for children has historically been somewhat higher than the overall poverty rate.
- The poverty rate for people in households headed by single women is significantly higher than the overall poverty rate.