

POVERTY DATA AND THE NEW SUPPLEMENTAL POVERTY MEASURE

Nebraska State Data Center
25th Annual Data Users Conference
1:00 to 2:00 p.m., August 19, 2014
Part of Conference Webcast

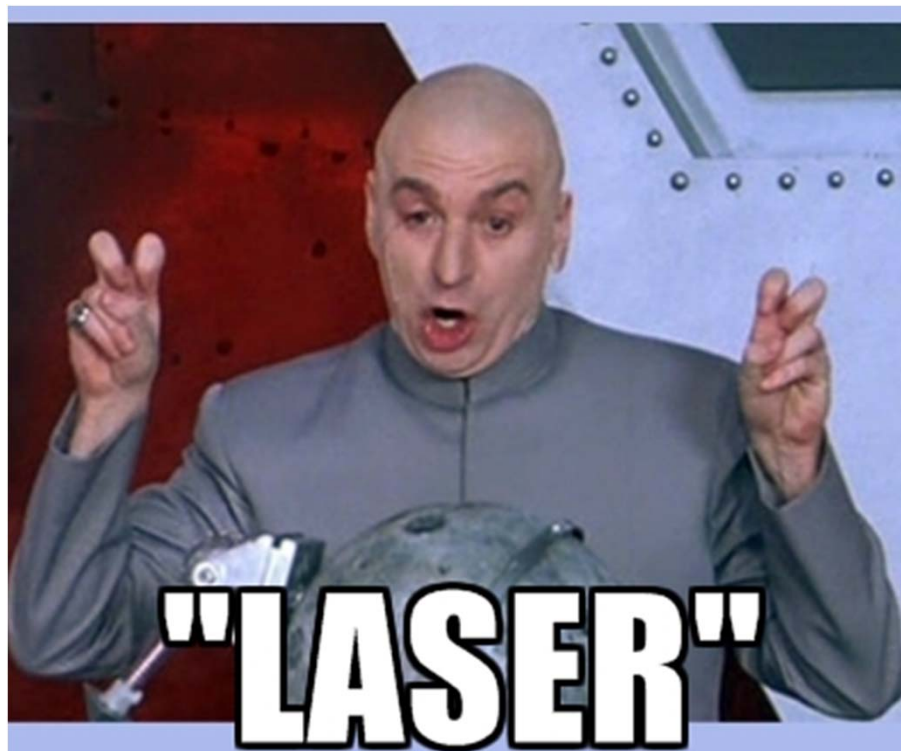


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Introduction

- This is the presentation I most wanted to prepare and for you to see this year given new information and the topic's importance
 - It is packed with a ton of information (tables, graphs, maps, etc.)
 - I need you to focus and concentrate
 - Like a “LASER”

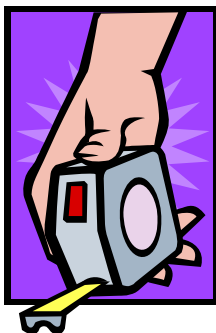


- Dictionary definition: “the state of being poor; lack of the means of providing material needs or comforts”
- Thesaurus synonyms: destitution, need, hardship, distress, indigence
- Concept: condition where people’s basic needs for food, clothing, and shelter are not being met
 - Two aspects
 - Absolute poverty: destitution where people cannot obtain adequate resources (nutrition) to support a minimal level of physical health
 - Relative poverty: comparison where people do not enjoy a certain minimum level of living standards (income) as enjoyed by the bulk of the population
 - The standard is usually determined by government



Most poverty data come from the 

- The bureau calculates a measure of “absolute” poverty
 - Developed in the early 1960s, it was based upon the food costs to meet a nutritional standard
 - Relative poverty is measured in much of Europe and certain U.S. agencies
 - Household income at < 50% (or 80%) of the median income value
- The bureau uses a set of money income thresholds that vary by family size and composition to determine who is in poverty
 - If a family’s total income is less than the specific threshold, then that family and every individual in it is considered to be “in poverty”; the same approach is used for individuals





Poverty thresholds are a measure of need

- Poverty thresholds were originally derived in 1963-64 using USDA food budgets for families under economic stress
 - About a 1/3 of budgeted costs were spent on food so the full threshold accounting for all costs was that multiplied by 3
 - Updated annually to account for inflation using the Consumer Price Index for All Urban Consumers (CPI-U)
 - Budgets have shifted over time – we will see that the Supplemental Poverty Measure (SPM) accounts less on food and more for childcare, transportation, and medical out of pocket costs
 - The thresholds are intended as a “statistical yardstick”, not a complete description of what people/families need to live
 - If you’re one dollar above the threshold you’re not in poverty statistically (but obviously not that much better off than if one dollar below the threshold)
- Official poverty uses the same thresholds throughout the U.S.
 - Makes high cost of living areas (California) have poverty relatively understated and low cost of living areas (Nebraska) overstated
 - This is a huge issue and led in part to the creation of the SPM



2013 Poverty Thresholds

- Current and historic poverty threshold values are available at: <http://www.census.gov/hhes/www/poverty/data/threshld/index.html>
- Each person or family fits into one of 48 possible thresholds
- A common threshold for reference often mentioned in media articles is the family of 4 with two children under age 18: \$23,624 in 2013

Size of family unit	Related children under 18 years								
	None	One	Two	Three	Four	Five	Six	Seven	Eight+
One person (unrelated individual).....									
Under 65 years.....	12,119								
65 years and over.....	11,173								
Two people.....									
Householder under 65 years.....	15,600	16,057							
Householder 65 years and over.....	14,081	15,996							
Three people.....	18,222	18,751	18,769						
Four people.....	24,028	24,421	23,624	23,707					
Five people.....	28,977	29,398	28,498	27,801	27,376				
Six people.....	33,329	33,461	32,771	32,110	31,128	30,545			
Seven people.....	38,349	38,588	37,763	37,187	36,115	34,865	33,493		
Eight people.....	42,890	43,269	42,490	41,807	40,839	39,610	38,331	38,006	
Nine people or more.....	51,594	51,844	51,154	50,575	49,625	48,317	47,134	46,842	45,037

Student age 21 lives alone working 20 hours/week at \$11.50/hour, earning \$11,960 yearly. In poverty?
 What if \$12/hour or \$12,480?



Not Everyone has a Poverty Calculation!

Poverty is determined for all individuals EXCEPT:

- Institutionalized persons (prisons, nursing homes)
- Persons living in military group quarters (barracks)
- Persons living in college dormitories
 - Note that college students living off campus DO have a poverty calculation
- Persons unrelated to the householder and under age 15 (foster children)



Poverty is also calculated for families and households (so know which “universe” you’re using)

- Families include all persons related to the “householder”
- Unmarried partners are NOT a family (each have separate calculations for determining “official” poverty)
- Household poverty is based upon the poverty status of the householder



Income Used to Compute “Official” Poverty

- Money Income (before taxes)
 - Earnings (wages, salaries, commission, bonuses, tips)
 - Unemployment and Workers’ Compensation
 - Social Security, Supplemental Security Income, Public Assistance
 - Veterans’ payments, survivor benefits
 - Pension/retirement income, royalties
interest/dividends
 - Educational assistance, alimony, child support
- Excludes capital gains/losses
- No noncash benefits (food stamps, Medicaid)
- All persons age 15+ contribute to household income (or family income if related to the householder)



The ratio of income to poverty

- Being “in poverty” is when the income is less than the threshold
 - That tells us something but not much about the relative level of poverty
 - Thus, we can divide income by the threshold to get the ratio of income to poverty
 - If multiplied by 100 then we have ___ % of poverty
 - Many programs use this as the basis for eligibility
 - Free/Reduced Lunch uses below 185% of poverty
 - Additionally, we can subtract the threshold from the income to get the income deficit (if in poverty) or income surplus (if not in poverty)
 - The income deficit is the amount needed to “get out of poverty”





The “bible” of current and historical poverty data

- Each year Census releases a report summarizing income, poverty, and health insurance data from the Current Population Survey (CPS)

– These are the “official” numbers

- Typically released in September before the annual ACS data
- CPS value is the long time series
 - Value of ACS poverty data is that it is for smaller/local geographies (and its crosstabs)
 - » Zip codes, school districts, small towns
 - Value of SIPP poverty data is that it follows a people over time (a panel)

– This report can be found when clicking income or poverty in the blue bar of links off the census homepage

- 2012 Link: <http://www.census.gov/prod/2013pubs/p60-245.pdf>
- The appendices have all the historic information
- The new report with 2013 data will be released **Tuesday Sept 16, 2014**

Income, Poverty, and Health Insurance Coverage in the United States: 2012

Current Population Reports

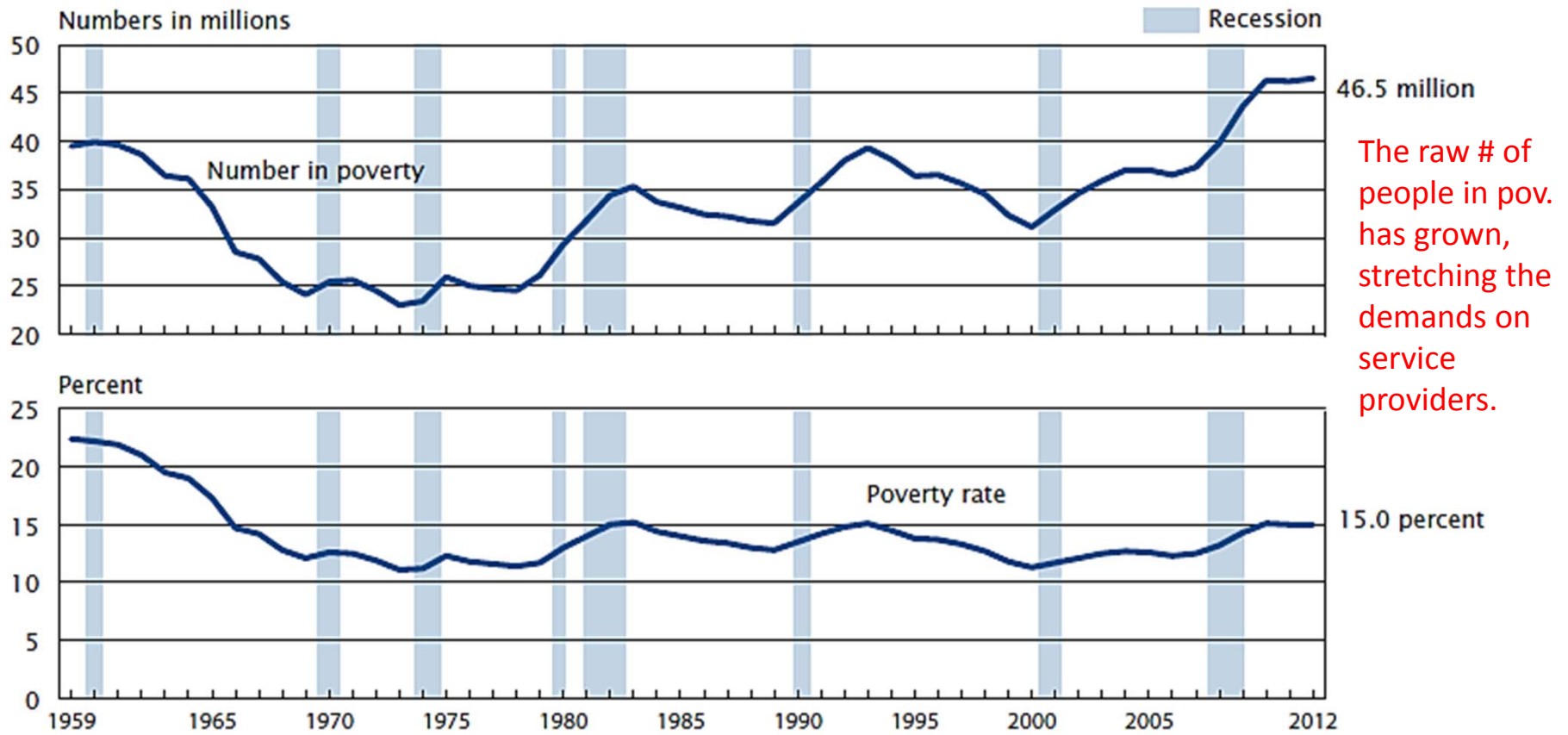
By Carmen DeNavas-Walt, Bernadette D. Proctor, Jessica C. Smith
Issued September 2013
P60-245





Graph from the 2012 report showing poverty trends over time: Note that poverty peaks out at about 15% following major recessions

Figure 4.
Number in Poverty and Poverty Rate: 1959 to 2012



Note: The data points are placed at the midpoints of the respective years. For information on recessions, see Appendix A.

Source: U.S. Census Bureau, Current Population Survey, 1960 to 2013 Annual Social and Economic Supplements.



Some Relevant Current Data from the ACS

- 2012 ACS Number of individuals in poverty and poverty rate (%)
 - U.S.: 48.8 million people or 15.9%
 - Iowa: 377,000 or 12.7%
 - Nebraska: 234,000 or 13.0%
 - Increased from 10.8% in 2008 ACS
 - Mean income deficit (for unrelated individuals) was \$6,166 (from subject table S1701)

B17002

RATIO OF INCOME TO POVERTY LEVEL IN THE PAST 12 MONTHS
Universe: Population for whom poverty status is determined ⓘ
2012 American Community Survey 1-Year Estimates

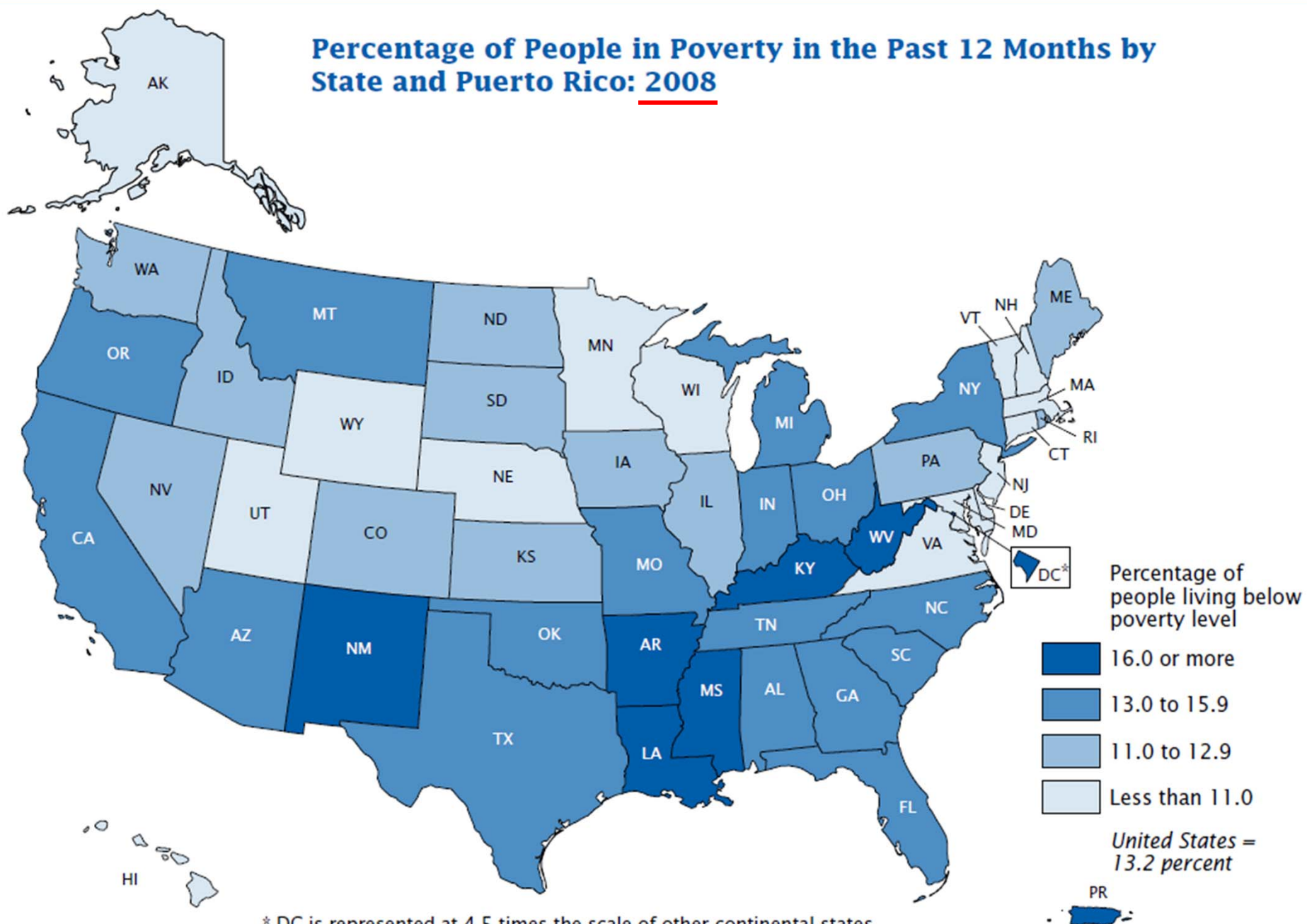
	Nebraska	
	Estimate	Margin of Error
Total:	1,800,904	+/-1,635
Under .50	95,133	+/-6,065
.50 to .74	65,794	+/-6,514
.75 to .99	73,046	+/-7,141
1.00 to 1.24	85,095	+/-6,838
1.25 to 1.49	83,755	+/-6,609
1.50 to 1.74	86,283	+/-6,917
1.75 to 1.84	31,680	+/-3,883
1.85 to 1.99	52,230	+/-5,120
2.00 to 2.99	339,052	+/-12,066
3.00 to 3.99	286,237	+/-10,853
4.00 to 4.99	201,294	+/-9,497
5.00 and over	401,305	+/-10,590

In poverty

About 40% of Nebraskans in poverty do not have an income that is half of their specific poverty threshold

More than 20% of all Nebraskans have an income that is at least 5 times greater than their poverty threshold

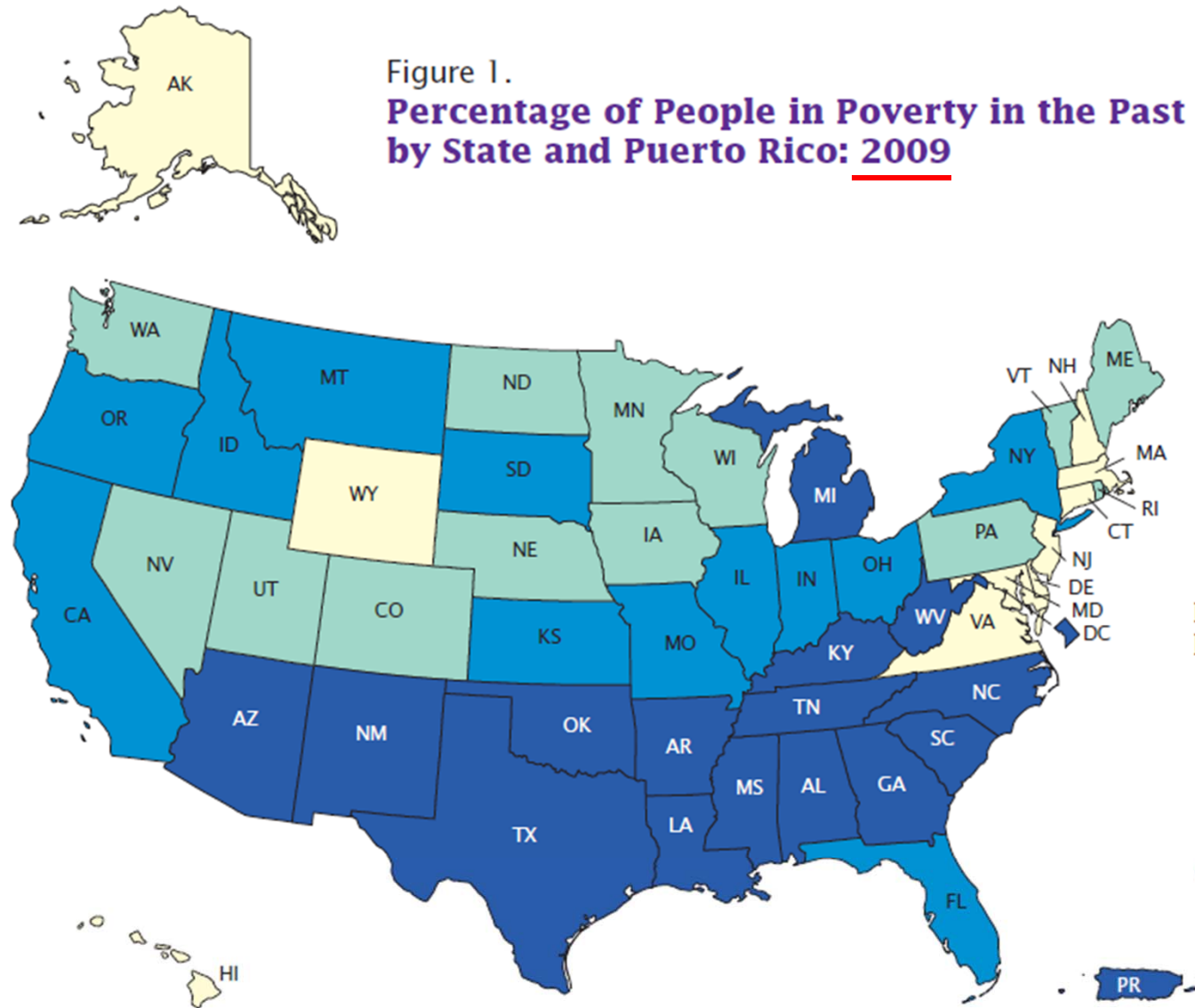
Percentage of People in Poverty in the Past 12 Months by State and Puerto Rico: 2008



* DC is represented at 4.5 times the scale of other continental states.

Sources: U.S. Census Bureau, American Community Survey, 2008; and Puerto Rico Community Survey, 2008.

Figure 1.
**Percentage of People in Poverty in the Past 12 Months
 by State and Puerto Rico: 2009**



Same categories;
 as recession
 takes hold you
 see poverty in
 the “solid south”.

Percentage of people
 living below poverty level

- 16.0 or more
- 13.0 to 15.9
- 11.0 to 12.9
- Less than 11.0

United States = 14.3 percent

Sources: U.S. Census Bureau, American Community Survey, 2009, Puerto Rico Community Survey, 2009.

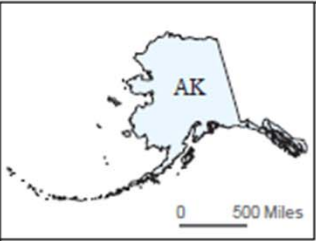
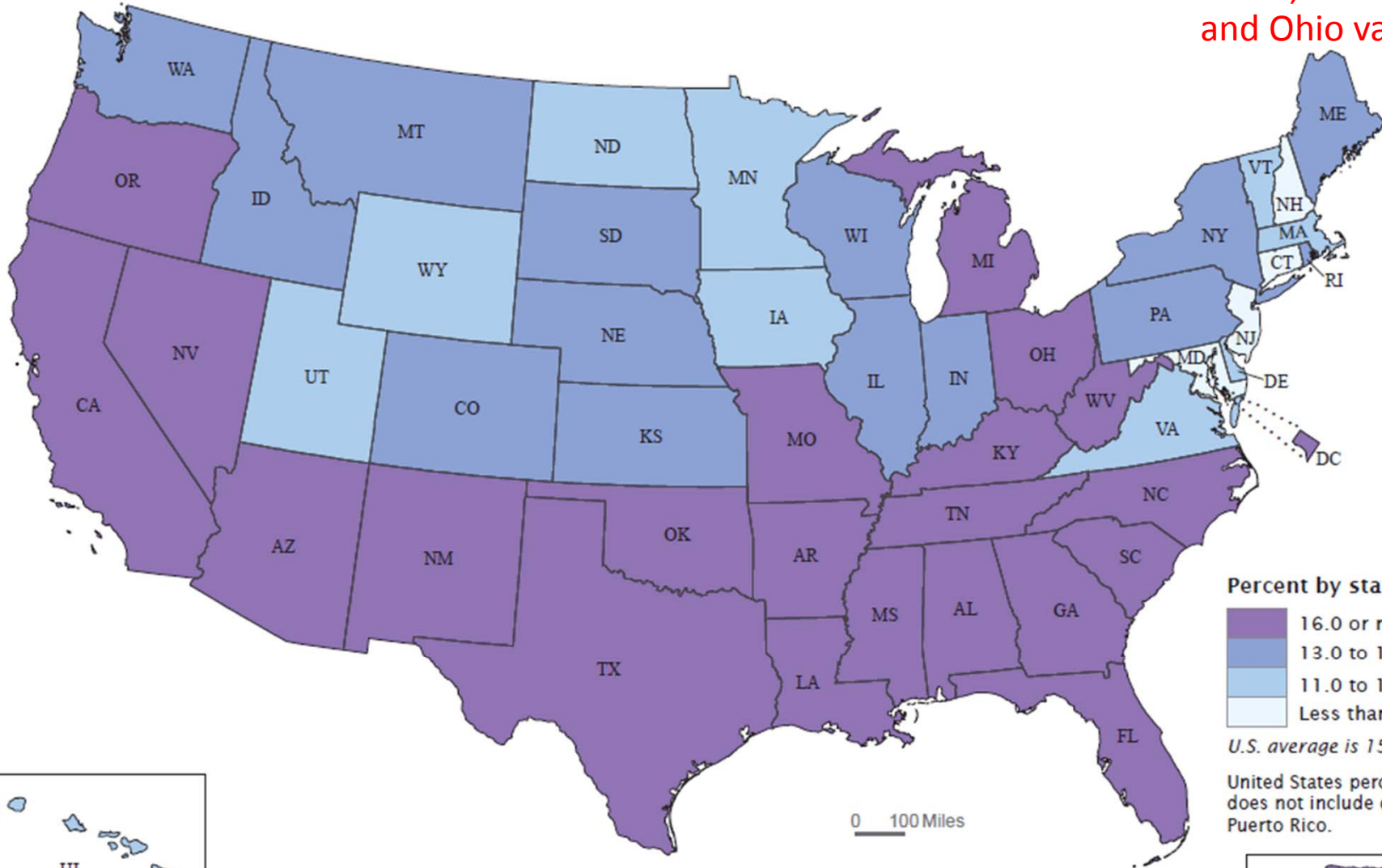


Figure 1.
Percentage of People in Poverty in the Past 12 Months for the United States and Puerto Rico: 2012

Same categories;
 now the “solid
 south, southwest,
 and Ohio valley”

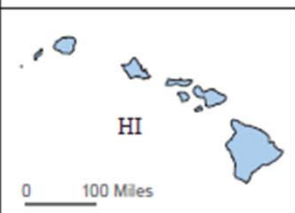


Percent by state

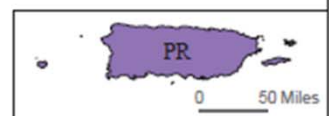
- 16.0 or more
- 13.0 to 15.9
- 11.0 to 12.9
- Less than 11.0

U.S. average is 15.9 percent

United States percentage does not include data for Puerto Rico.



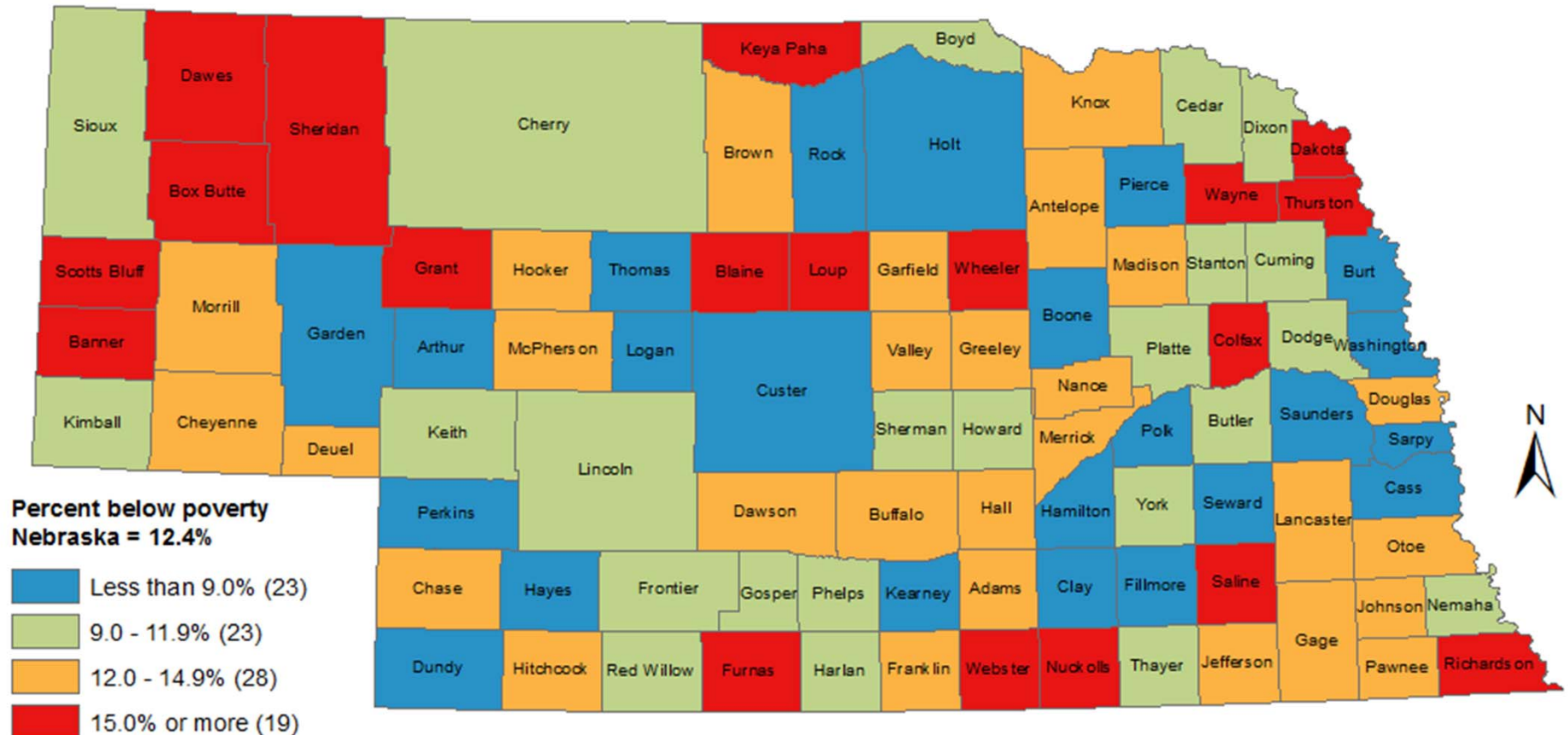
Source: U.S. Census Bureau, 2012 American Community Survey, 2012 Puerto Rico Community Survey.



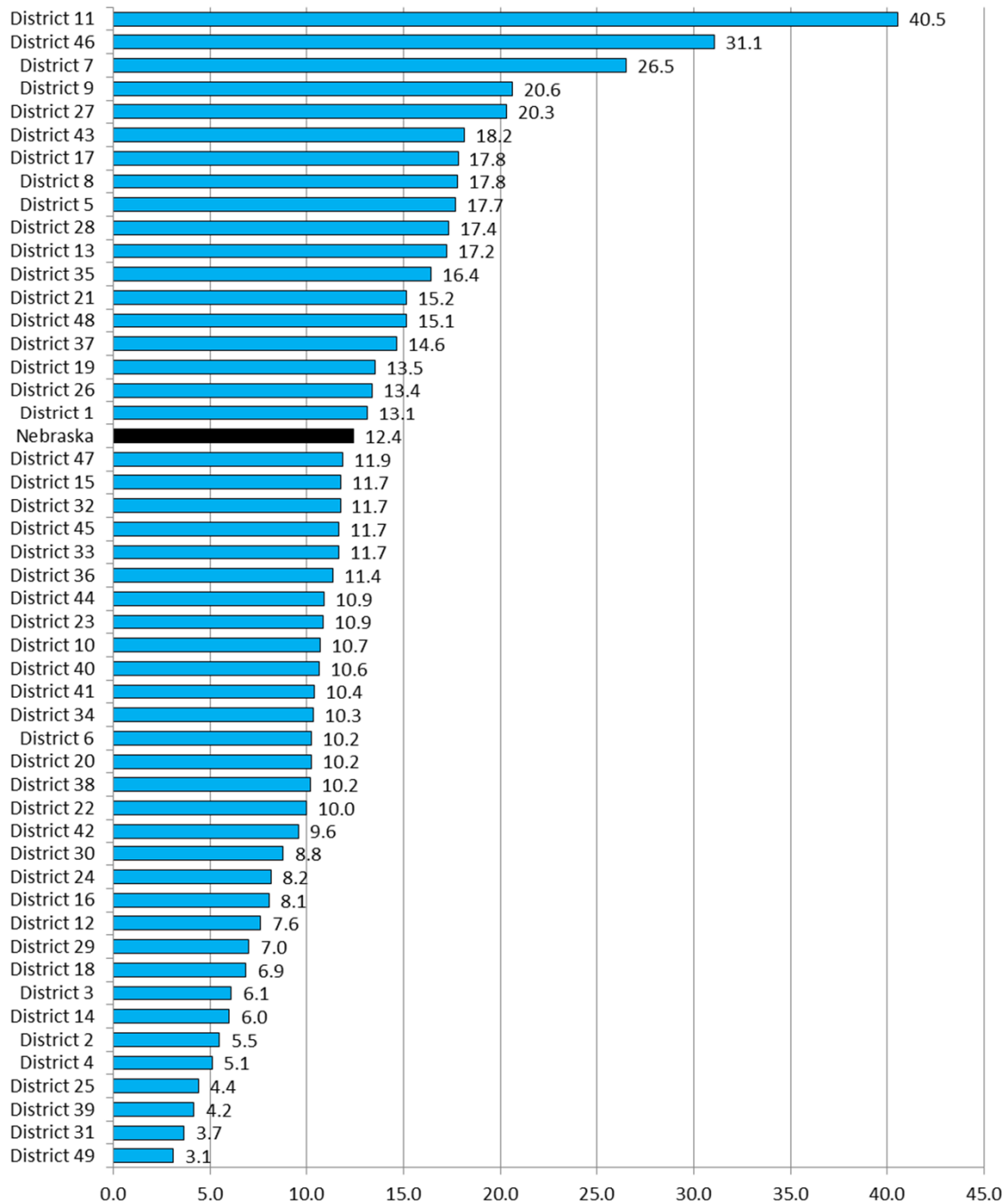


High Poverty Counties are Fairly Dispersed but Primarily Rural

Persons below Poverty as a Percentage of the Population for Whom Poverty is Determined for Nebraska Counties: 2008-12

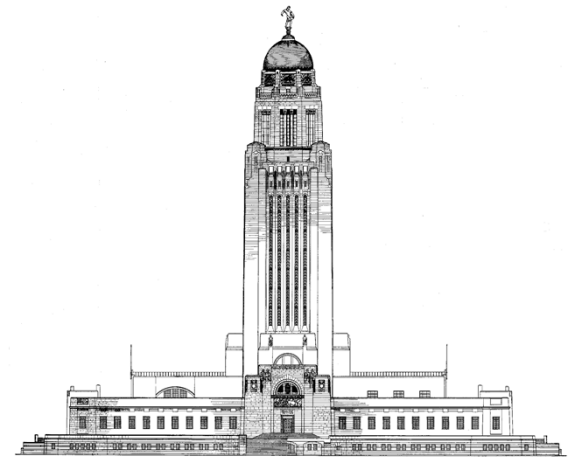


Source: U.S. Census Bureau, 2008-2012 American Community Survey 5-year estimate (table B17001)
Prepared by: UNO Center for Public Affairs Research, January 2014



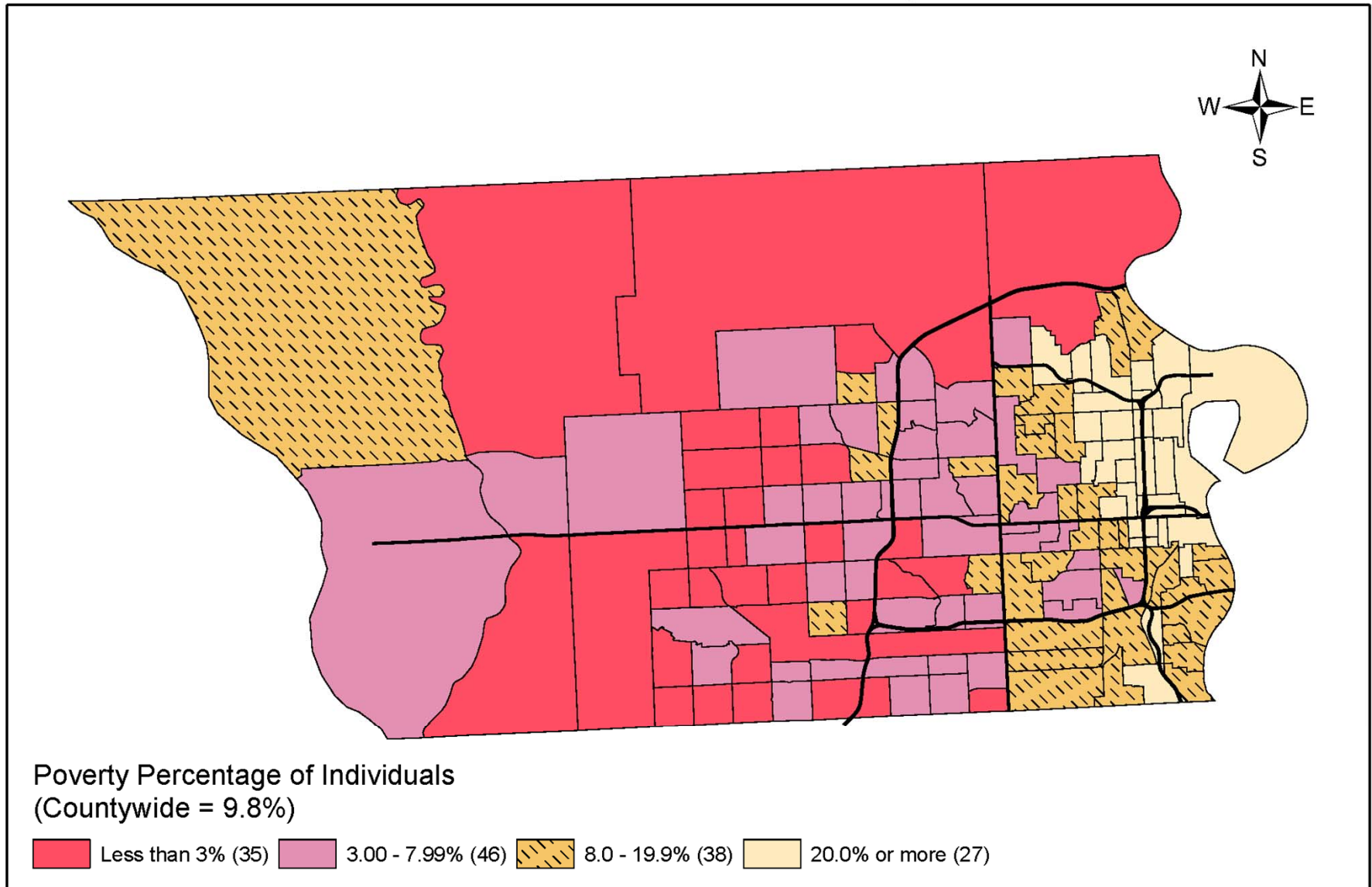
Source: U.S. Census Bureau, 2008-2012 American Community Survey
 Prepared by: Center for Public Affairs Research, University of Nebraska at Omaha, December 2013

Persons below Poverty as a Percentage of the Population for Whom Poverty is Determined for Nebraska Legislative Districts: 2008-2012



Nebraska State Legislature

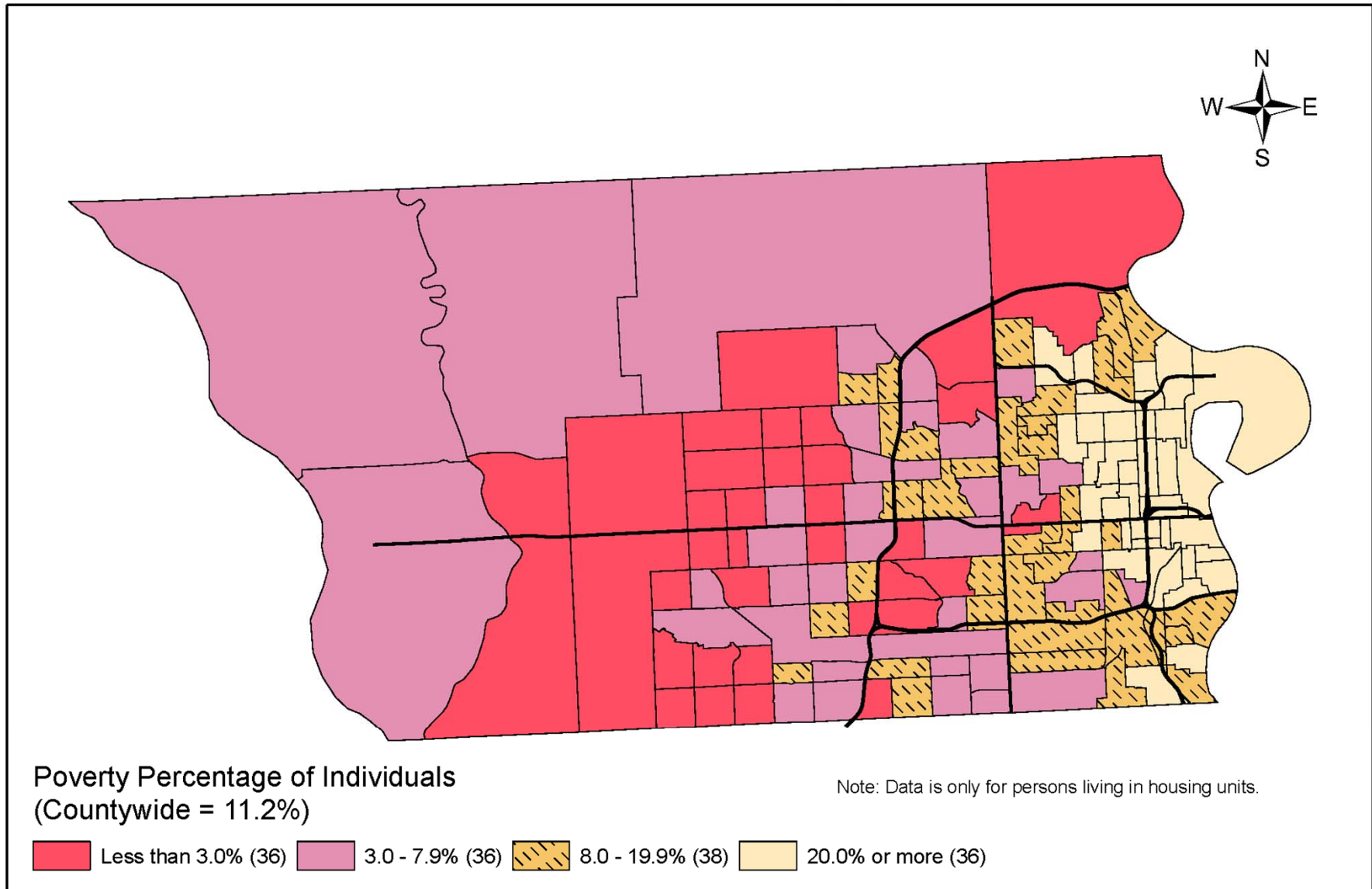
Percent of Persons in Poverty: 2000



Sources: Census 2000, U.S. Census Bureau; Douglas County Census Tracts

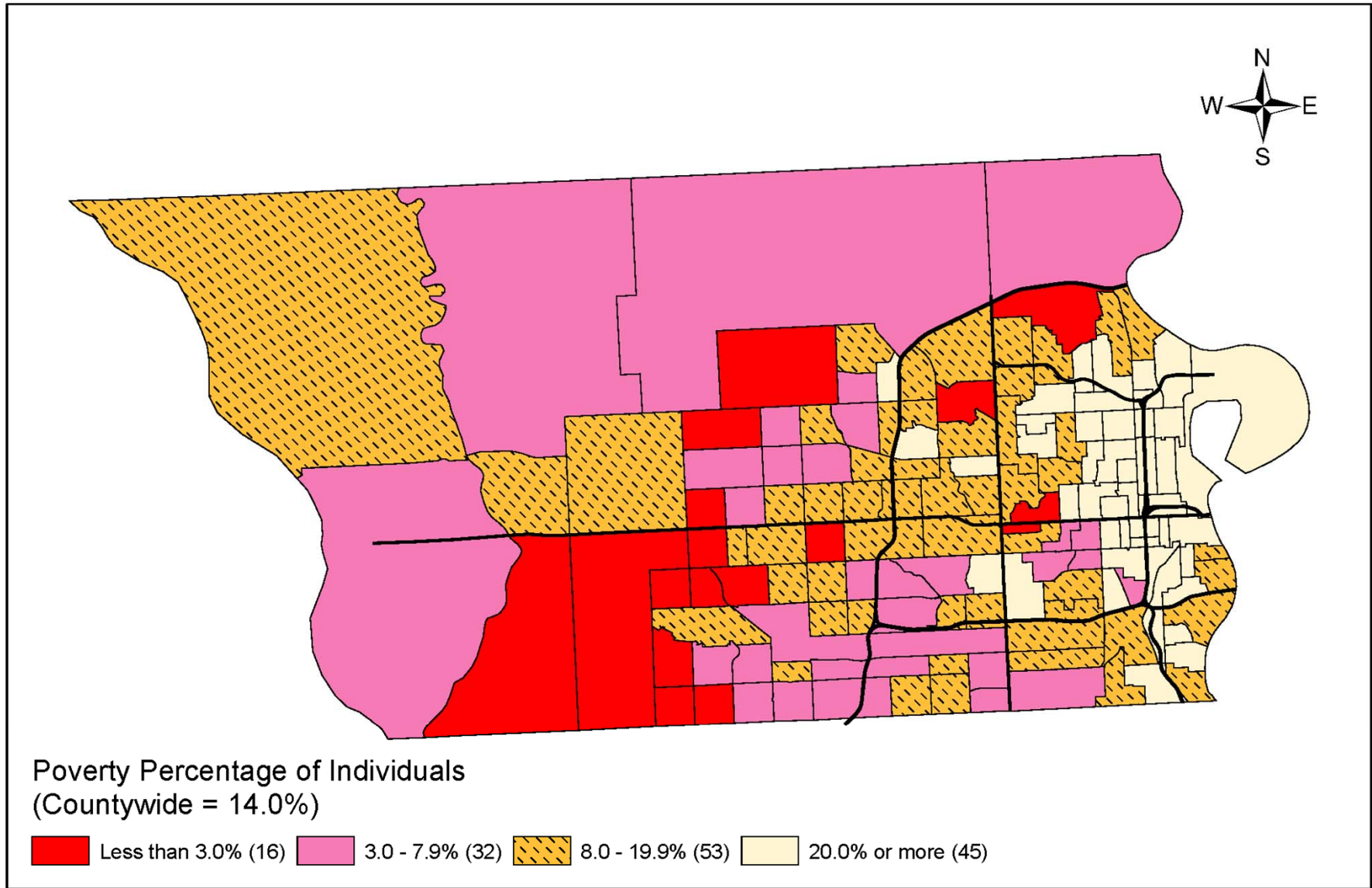
Prepared by: David Drozd, Center for Public Affairs Research, University of Nebraska at Omaha: April 11, 2007

Percent of Persons in Poverty: 2001 - 2005



Sources: American Community Survey: 2001 - 2005 Aggregate, U.S. Census Bureau; Douglas County Census Tracts
Prepared by: David Drozd, Center for Public Affairs Research, University of Nebraska at Omaha: April 11, 2007

Percent of Persons in Poverty: 2008 - 2012



Sources: 2008-2012 American Community Survey (aggregate), U.S. Census Bureau; 2000-based Douglas County Census Tracts

Prepared by: David Drozd, Center for Public Affairs Research, University of Nebraska at Omaha: June 2014



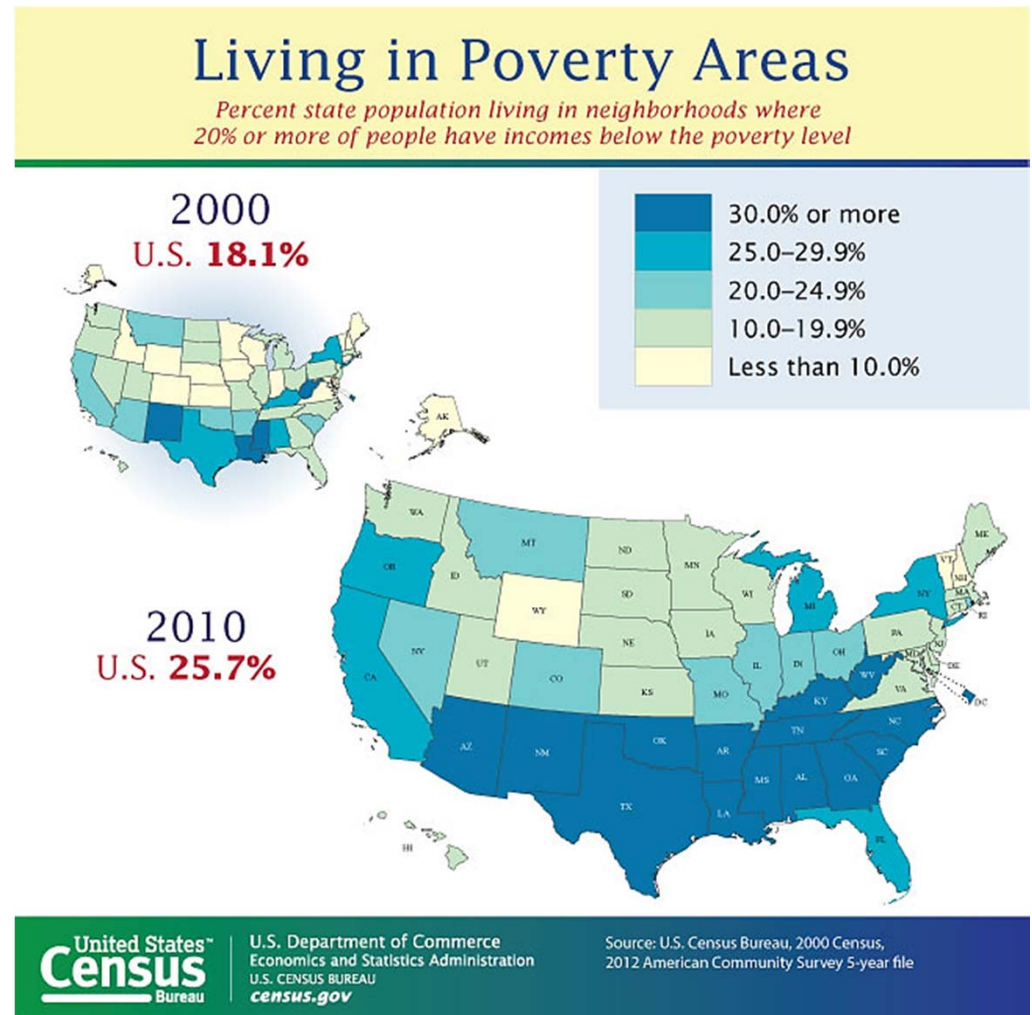
Census Bureau June 2014 report on “Changes in Concentrated Poverty” (census tracts with 20% or more in poverty) from 2000 to 2008-12

Highlights:

- Concentrated poverty increased 2000 to 2010 as economy much different
- 77 million people or 26% of U.S. residents lived in a tract with 20%+ poverty
 - Not all of these people are in poverty of course: about 30% were
 - Among Blacks, >50% lived in an area of concentrated poverty
- Of those in poverty, more than half lived in tracts with a poverty rate of 20%+
- Like many states Nebraska’s figures greatly increased (doubled)
 - 8% of residents living in a concentrated poverty area to 17%
 - 22% of those in poverty living in a poverty area to 40%

Press release: <http://tinyurl.com/mdjn9o4>

Report: <http://tinyurl.com/me9fkt5>





An easy way to get poverty data: Subject Table S1701
 Always use the 5-year dataset as this splits data by age, gender, race, etc.

S1701 POVERTY STATUS IN THE PAST 12 MONTHS
 2008-2012 American Community Survey 5-Year Estimates

Subject	Nebraska					
	Total		Below poverty level		Percent below poverty level	
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Population for whom poverty status is determined	1,772,893	+/-799	220,244	+/-5,209	12.4%	+/-0.3
AGE						
Under 18 years	447,968	+/-832	74,993	+/-3,151	16.7%	+/-0.7
Related children under 18 years	445,283	+/-890	72,406	+/-3,114	16.3%	+/-0.7
18 to 64 years	1,089,690	+/-440	126,771	+/-2,735	11.6%	+/-0.3
65 years and over	235,235	+/-366	18,480	+/-725	7.9%	+/-0.3
SEX						
Male	878,520	+/-1,083	96,945	+/-2,953	11.0%	+/-0.3
Female	894,373	+/-955	123,299	+/-2,913	13.8%	+/-0.3
RACE AND HISPANIC OR LATINO ORIGIN						
One race	1,735,548	+/-1,817	210,903	+/-5,057	12.2%	+/-0.3
White	1,567,570	+/-2,501	163,966	+/-4,463	10.5%	+/-0.3
Black or African American	77,452	+/-1,245	25,207	+/-1,929	32.5%	+/-2.3
American Indian and Alaska Native	15,635	+/-862	5,978	+/-623	38.2%	+/-3.5
Asian	31,358	+/-683	5,003	+/-774	16.0%	+/-2.5
Native Hawaiian and Other Pacific Islander	990	+/-144	250	+/-155	25.3%	+/-14.7
Some other race	42,543	+/-2,386	10,499	+/-1,430	24.7%	+/-3.1
Two or more races	37,345	+/-1,701	9,341	+/-1,084	25.0%	+/-2.5
Hispanic or Latino origin (of any race)	162,521	+/-528	41,223	+/-2,348	25.4%	+/-1.4
White alone, not Hispanic or Latino	1,459,437	+/-883	136,874	+/-3,829	9.4%	+/-0.3
EDUCATIONAL ATTAINMENT						
Population 25 years and over	1,163,903	+/-799	102,922	+/-2,285	8.8%	+/-0.2
Less than high school graduate	107,826	+/-1,985	24,931	+/-1,170	23.1%	+/-1.0
High school graduate (includes equivalency)	331,169	+/-3,252	34,035	+/-1,182	10.3%	+/-0.3
Some college, associate's degree	393,566	+/-3,457	33,166	+/-1,409	8.4%	+/-0.3
Bachelor's degree or higher	331,342	+/-3,415	10,790	+/-702	3.3%	+/-0.2





Longer Timeframes and Larger Geographies Lower the Margin of Error



Subsequent data has shown the 2005 data was based upon an unrepresentative sample. Do not use it; it's a bad stat that needs to "die" (but it hasn't).

Comparison of Omaha Metro Black Poverty Rates in Various ACS			Comparison of Nebraska Black Poverty Rates in Various ACS		
Year	Percent in Pov.	MOE	Year	Percent in Pov.	MOE
2005	40.4	+/- 4.8	2005	41.0	+/- 3.8
2006	29.7	+/- 5.2	2006	29.6	+/- 4.5
2007	36.7	+/- 5.9	2007	34.4	+/- 5.3
2008	30.3	+/- 5.5	2008	29.0	+/- 5.2
2009	29.9	+/- 6.0	2009	33.8	+/- 5.2
2010	33.8	+/- 5.0	2010	36.6	+/- 4.9
2011	29.6	+/- 4.7	2011	29.7	+/- 4.3
2012	35.1	+/- 5.2	2012	34.2	+/- 4.5
2005-07	35.7	+/- 3.5	2005-07	35.3	+/- 3.1
2006-08	32.4	+/- 3.1	2006-08	31.1	+/- 2.9
2007-09	32.5	+/- 3.6	2007-09	32.7	+/- 3.2
2008-10	31.1	+/- 3.2	2008-10	33.2	+/- 3.1
2009-11	30.9	+/- 3.0	2009-11	33.1	+/- 3.1
2010-12	32.4	+/- 2.9	2010-12	33.3	+/- 2.9
2005-09	33.8	+/- 2.4	2005-09	34.0	+/- 2.2
2006-10	32.0	+/- 2.4	2006-10	32.4	+/- 2.2
2007-11	31.2	+/- 2.4	2007-11	32.2	+/- 2.1
2008-12	31.5	+/- 2.3	2008-12	32.5	+/- 2.3



This was reported correctly based upon the only ACS data at that time; while Omaha has poverty issues, new data show it is not “highest in the country”

Sunday World-Herald

SUNRISE EDITION
SUNDAY, APRIL 15, 2007

AN INDEPENDENT NEWSPAPER OWNED BY EMPLOYEES

OMAHA IN BLACK AND WHITE | A SPECIAL REPORT

POVERTY AMID PROSPERITY

Alarming figures reveal the reality of a metro area in which economic hardship has a stronger and stronger grip on the black community.



ERIC FRANCIS
FOR THE WORLD-HERALD

Much of Omaha's downtown is thriving, but the city is also home to one of the nation's poorest black communities.

The worst in the nation

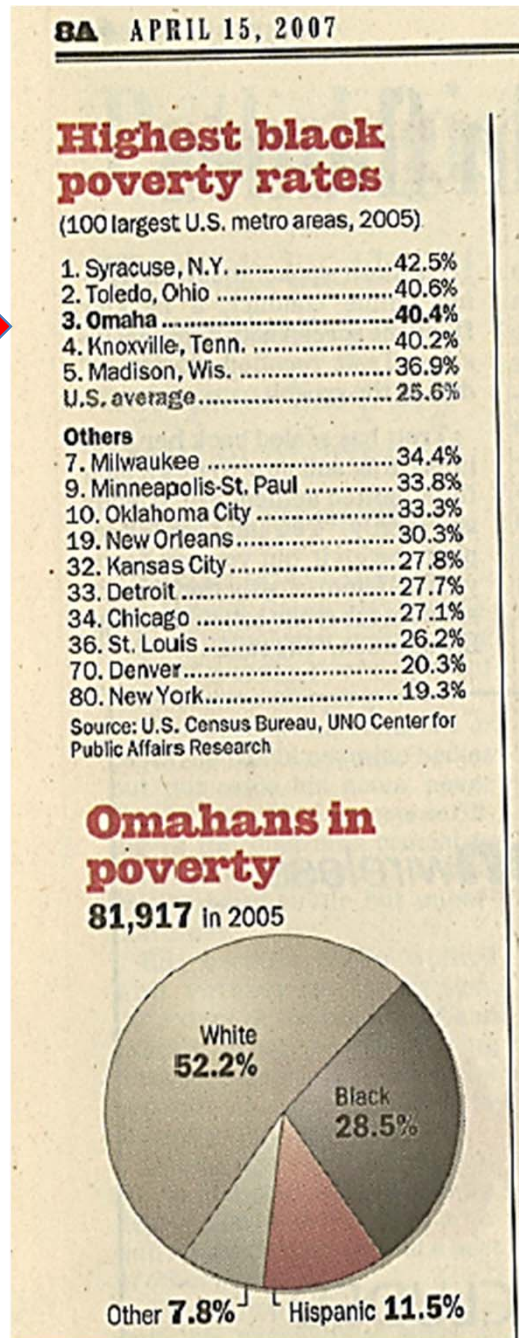
Child poverty rate for blacks, among 100 largest U.S. metro areas, 2005

1. Omaha	59.4%
2. Knoxville, Tenn.	58.7%
3. Toledo, Ohio	57.2%
4. Syracuse, N.Y.	55.4%
5. Oklahoma City	49.7%
Others	
12. New Orleans	44.7%
25. Detroit	40.7%
39. Chicago	37.6%
U.S. black average 35%	
65. Los Angeles	28.9%
76. New York	27%

Other images from the April 15, 2007 article

Do not use this statistic or ranking: more accurate and more current figures now exist!!

The distribution wasn't drastically off; 2008-12 figures show 53.5% White, 20.1% Black, 17.9% Hispanic, and 8.5% Other. The 2005 Black portion was high, but part of these shifts are from high Hispanic population growth.



Margin of error

The data in these stories come from an annual U.S. Census Bureau survey that provides more current information on economic and social trends between once-a-decade head counts.

The most recent American Community Survey covers 2005 and was released last fall.

The survey queries one of every 40 U.S. households. As a result, the black poverty rate for metropolitan Omaha has a margin of error of plus or minus 5 percent. That means the actual rate could be as high as 45 percent or as low as 35 percent.

But even at the low end of the range — assuming no change in other cities' figures — Omaha's black poverty rate would rank as the sixth highest nationally. And when results of several years of the survey are averaged, the city of Omaha still comes out near the top in black poverty: fourth in a three-year average, fifth in a five-year average.

Thirteen of the 100 cities in the comparison did not have large enough black populations for data to be released for 2005, though more comprehensive data from 2000 suggest few, if any, of those cities have higher black poverty rates than Omaha.

"All indicators show the same thing," said Jerry Deichert, who tracks census data at the University of Nebraska at Omaha. "Omaha has one of the highest black poverty rates in the country."

— Henry J. Cordes

Census reports a 90% margin of error. Thus, the range of ~35-45% would be expected to hold the true value in 9 of 10 samples. The 2005 sample was the one "other" year.



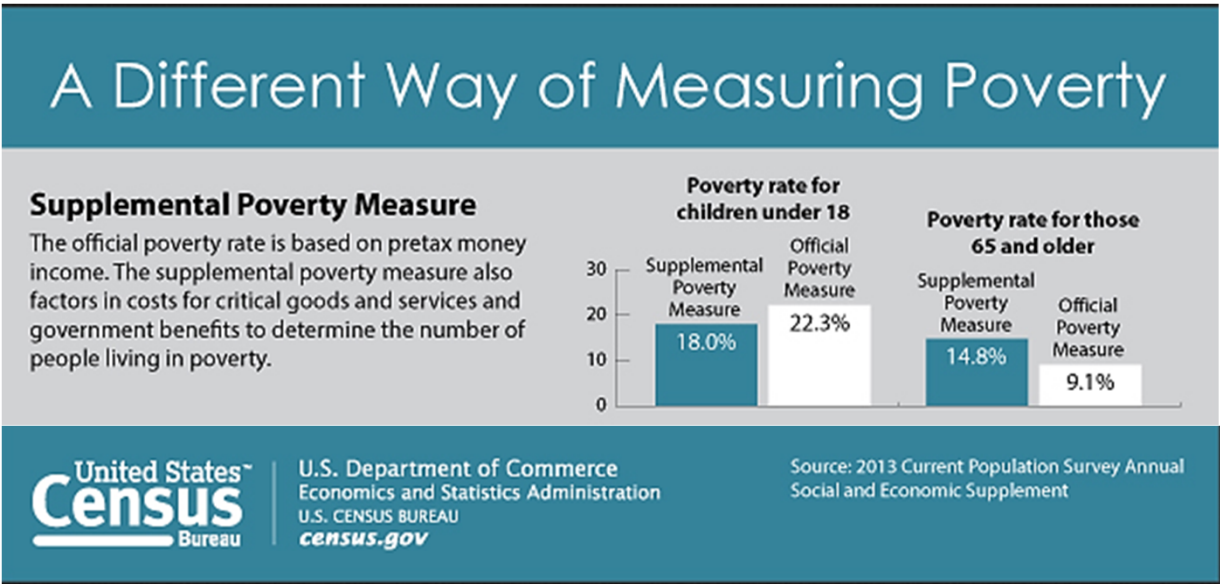
Here are the current 2008-12 ACS poverty rankings for the 100 most populated metros

Geography	Black % in Poverty	Rank	White non Hispanic % in Poverty	Rank
United States	26.5	n/a	10.3	n/a
Scranton--Wilkes-Barre, PA Metro	45.1	1	11.9	12
Grand Rapids-Wyoming, MI Metro	40.9	2	10.7	24
Toledo, OH Metro	40.2	3	12.6	4
Youngstown-Warren-Boardman, OH-PA Metro	39.1	4	12.7	3
Fresno, CA Metro	37.8	5	11.8	14
Milwaukee-Waukesha-West Allis, WI Metro	37.7	6	7.3	79
Syracuse, NY Metro	37.6	7	10.7	23
Madison, WI Metro	37.6	8	9.3	47
Buffalo-Niagara Falls, NY Metro	36.1	9	9.0	55
Des Moines-West Des Moines, IA Metro	35.4	10	7.7	75
Rochester, NY Metro	34.6	11	8.8	61
Minneapolis-St. Paul-Bloomington, MN-WI Metro	33.8	12	6.3	94
Bakersfield-Delano, CA Metro	33.4	13	13.1	1
Akron, OH Metro	33.2	14	11.5	17
Cleveland-Elyria-Mentor, OH Metro	32.8	15	8.9	59
Detroit-Warren-Livonia, MI Metro	32.5	16	10.2	29
Cincinnati-Middletown, OH-KY-IN Metro	32.4	17	10.0	33
Pittsburgh, PA Metro	32.2	18	9.7	39
Portland-Vancouver-Hillsboro, OR-WA Metro	32.0	19	10.5	25
Louisville/Jefferson County, KY-IN Metro	32.0	20	10.7	22
Tulsa, OK Metro	31.7	21	10.2	28
Knoxville, TN Metro	31.7	22	12.4	6
Omaha-Council Bluffs, NE-IA Metro	31.5	23	8.0	72
Dayton, OH Metro	31.4	24	11.8	13
Chattanooga, TN-GA Metro	31.2	25	12.3	7

Geography	Ratio of Black to WnH Poverty	Rank
United States	2.574	n/a
Minneapolis-St. Paul-Bloomington, MN-WI Metro	5.329	1
Milwaukee-Waukesha-West Allis, WI Metro	5.182	2
Bridgeport-Stamford-Norwalk, CT Metro	4.645	3
Des Moines-West Des Moines, IA Metro	4.600	4
Chicago-Joliet-Naperville, IL-IN-WI Metro	4.249	5
Madison, WI Metro	4.043	6
Buffalo-Niagara Falls, NY Metro	3.993	7
Rochester, NY Metro	3.954	8
Omaha-Council Bluffs, NE-IA Metro	3.945	9
Denver-Aurora-Broomfield, CO Metro	3.934	10
Lancaster, PA Metro	3.921	11
Grand Rapids-Wyoming, MI Metro	3.826	12
New Haven-Milford, CT Metro	3.818	13
Scranton--Wilkes-Barre, PA Metro	3.780	14
Memphis, TN-MS-AR Metro	3.707	15
Hartford-West Hartford-East Hartford, CT Metro	3.691	16
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metro	3.690	17
Cleveland-Elyria-Mentor, OH Metro	3.679	18
Salt Lake City, UT Metro	3.576	19
Syracuse, NY Metro	3.520	20
Albany-Schenectady-Troy, NY Metro	3.487	21
Harrisburg-Carlisle, PA Metro	3.417	22
St. Louis, MO-IL Metro	3.381	23
Pittsburgh, PA Metro	3.312	24
Kansas City, MO-KS Metro	3.311	25

Note: these are the 100 most populated metros in the 2011 vintage estimates, given that the 2008-12 ACS data was for those geographic definitions. They are prior to the post 2010 Census metro boundary redefinitions, which should be in place for the 2009-13 ACS data.

THE NEW SUPPLEMENTAL POVERTY MEASURE: WHAT IT IS AND HOW IT IMPROVES UPON THE OFFICIAL MEASURE



The SPM – what is it?

- A joint effort by the Census Bureau and Bureau of Labor Statistics to provide “an additional indicator of economic well-being” that gives “a deeper understanding of economic conditions and policy effects”
 - Based upon National Academy of Science’s 1995 report titled “Measuring Poverty: A New Approach” that stemmed from a 1990 Congressional appropriation to study the measurement of poverty
- “The SPM extends the official poverty measure (OPM) by taking into account many of the government programs designed to assist low income families and individuals that are not included in the current OPM.” - Kathleen Short in 2012 SPM report
 - Benefit values added like tax credits and housing subsidies are summarized on the next page
 - Additionally the SPM factors in other relevant costs like child care
- The first SPM report was released in November 2011 providing statistics for 2009 and 2010
 - Additional updates for 2011 and 2012 data released in November 2012 and November 2013 respectively





Summary of noncash benefits and additional relevant costs that the SPM factors into the poverty calculation

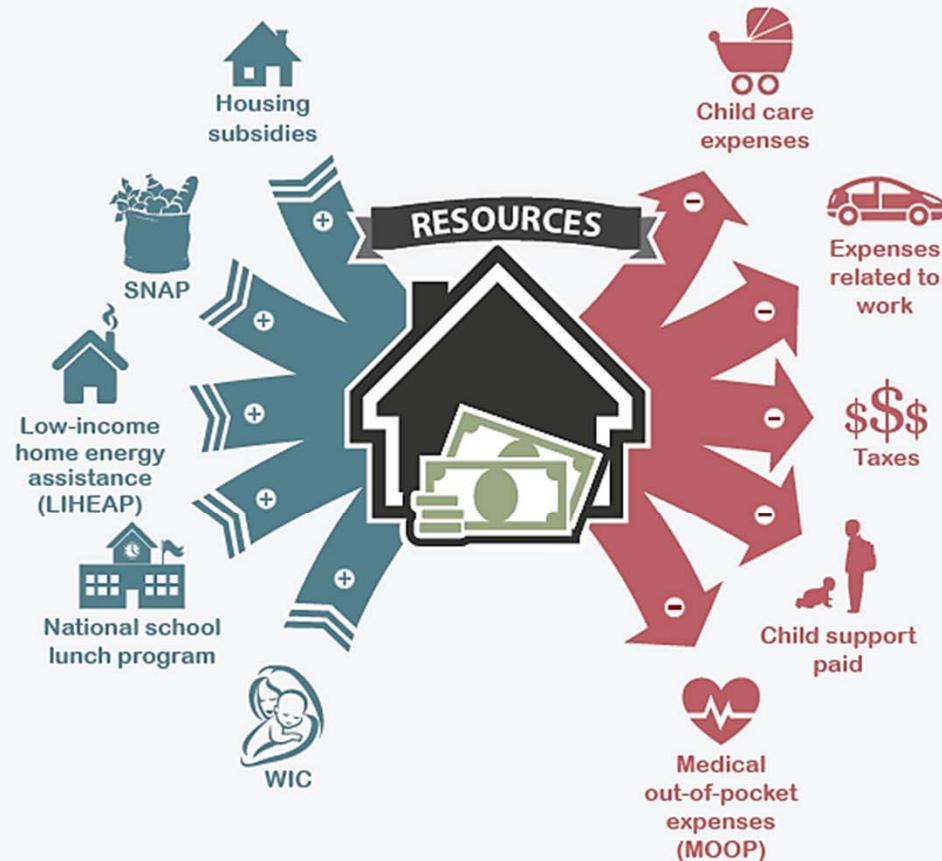
The SPM starts with cash income, then...

ADDING BENEFITS

The SPM adds benefits from the government that are not cash but help families meet their basic needs.

SUBTRACTING EXPENSES

The SPM subtracts necessary expenses like taxes, health care, commuting costs for all workers, and child care expenses while parents work.





Differences between the SPM and “Official” poverty

- “Official” poverty figures come from the Current Population Survey (CPS) and more local data are provided through the American Community Survey (ACS)
 - The detailed elements of the SPM calculation are only asked on the CPS so the CPS is the only source of SPM data
- Poverty thresholds in the OPM are constant across all geographies; in the SPM they differ
 - This is a huge: the SPM better reflects regional costs of living, specifically housing
 - The regional differences in income had always been reflected, but not the differences in costs
 - The SPM uses median gross rents for two-bedroom apartments
 - Figures split for specific large metro areas, nonmetro areas of a state, and then small metros in a state as combined





Example of Criticism of Using One Poverty Threshold for the U.S.: This is from the Council of State Governments



Who's Poor?

States Looking for More Accurate Ways to Measure Poverty

By Mary Branham, CSG's Managing Editor

If you head a family of four and you earn more than \$23,283, your family is not considered to be in poverty by federal government guidelines.

That's regardless of whether you live in Harlingen, Texas, the city with the lowest cost of living according to Kiplinger, or New York City, which has the highest cost of living in the U.S. It's how the federal government measures poverty, and that measurement tool hasn't changed in nearly 50 years. While it has been adjusted for inflation over time, the basic formula is the same as it was when Mollie Orshansky, an economist with the Social Security Administration, developed it in 1963.

But many people believe the federal poverty level, often referred to as FPL, doesn't accurately reflect the reality of economic status across the U.S. It also doesn't illustrate the effectiveness of many anti-poverty programs states have put in place, they say.

The measurement was based on survey data from the 1950s that found the average household used a third of its income on food.

"That ratio is no longer relevant," said Steven Wallace, associate director of the UCLA Center for Health Policy Research. "Now, housing has become much more expensive."



That's why the National Academy of Sciences in 1995 suggested focusing more on housing as a core component in measuring poverty, Wallace said.

He's part of a group working on the American economic security standard, specifically focused on elderly Americans. The national initiative, in which about 20 states are participating, aims to develop cost-of-living data at the county level for older adults and then get a more realistic poverty measure embedded into state law and nonprofit practices, Wallace said.

"The poverty line is one number for the entire country," he said. "We know the cost of living varies dramatically from region to region, so that's not accurate."



Differences between the SPM and “Official” poverty continued

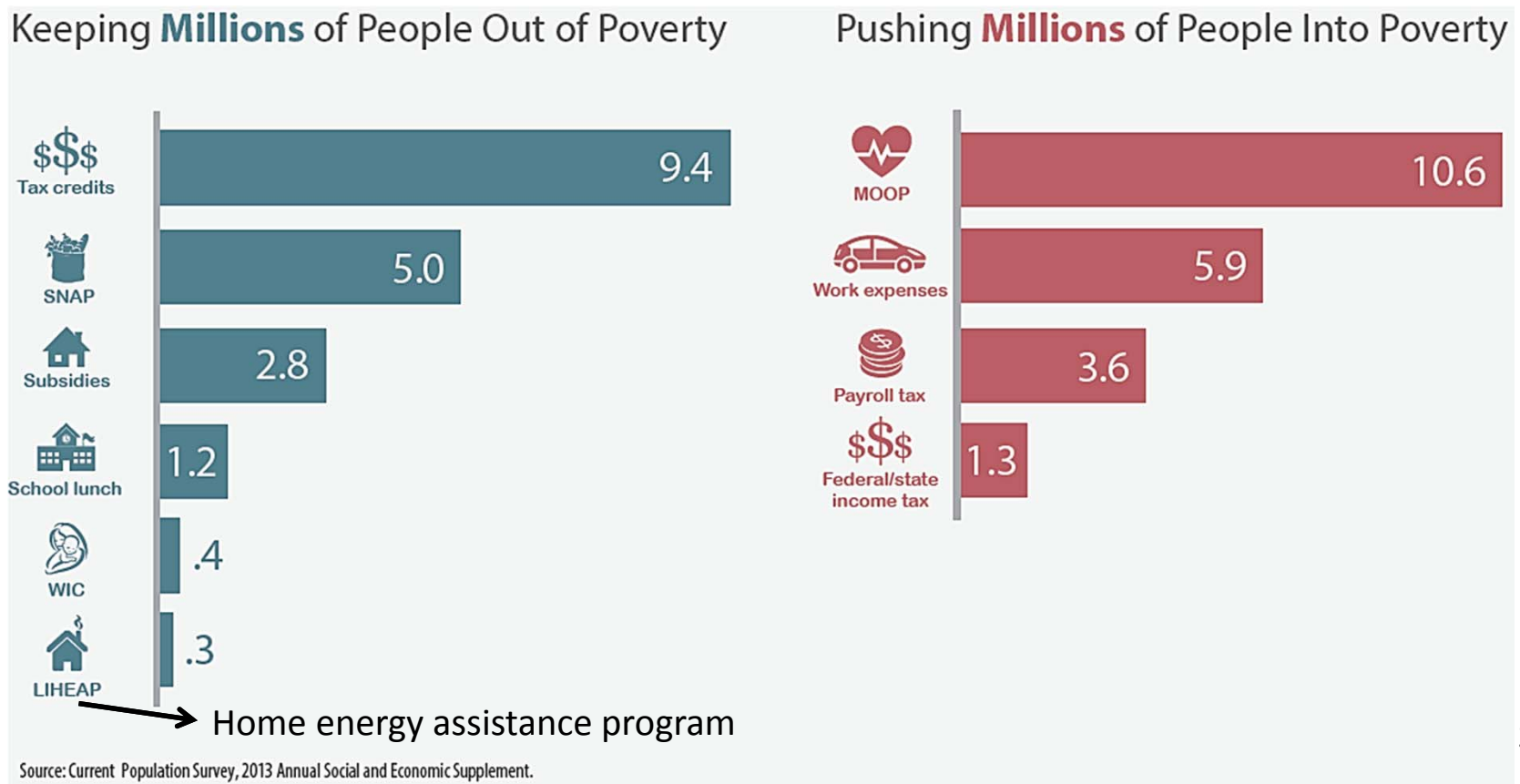
- Different assumptions on who shares resources
 - The OPM assumes all individuals residing together that are related to the householder by birth, marriage or adoption share income
 - Who is the householder can be somewhat arbitrary
 - The SPM uses family relationships and then adds some unrelated people such as foster children and unmarried partners
 - One SPM calculation for the “consumer unit”; recall that OPM would have separate calculations for unmarried partners
- What factors comprise the poverty threshold
 - OPM: Three times the cost of a minimum food diet in 1963 in today’s prices  x 3
 - SPM: What people spend today for basic needs: food, clothing, shelter, and utilities 



The SPM shows how poverty would be effected if certain factors were taken out of the calculation

“The important contribution that the SPM provides is allowing us to gauge the effectiveness of tax credits and transfers in alleviating poverty. We can also examine the effects of the nondiscretionary expenses such as work expenses and medical out of pocket (MOOP) costs.”

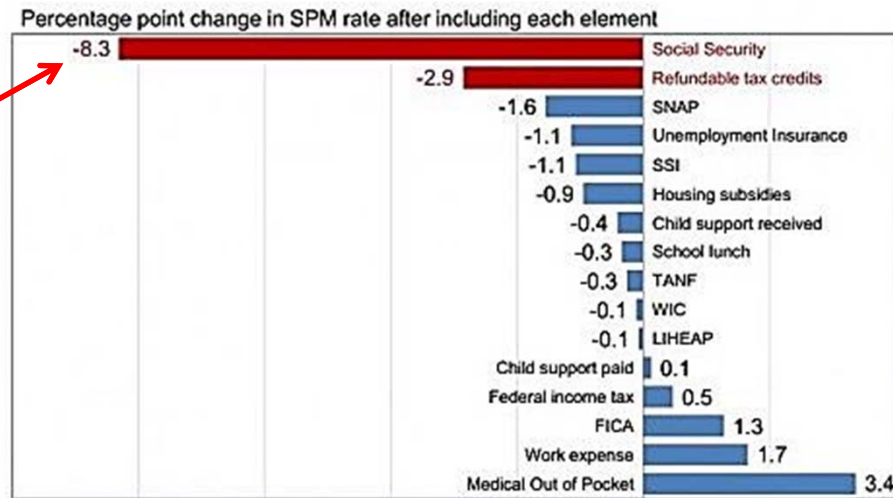
- Kathleen Short in 2012 SPM report





How various programs and costs affect the poverty rate

Difference in SPM Rate After Including Each Element: 2011



Poverty would be 8.3 points higher overall if social security income was not included in the calculation.

Since soc. security is mainly for seniors, if it was not added as income the poverty rate for those 65+ would be ~40 points higher.

United States Census Bureau
U.S. Department of Commerce
Economics and Statistics Administration
U.S. CENSUS BUREAU

Source: U.S. Census Bureau, Current Population Survey, 2012 Annual Social and Economic Supplement.
http://www.census.gov/hhes/povmeas/methodology/supplemental/research/Short_ResearchSPM2011.pdf



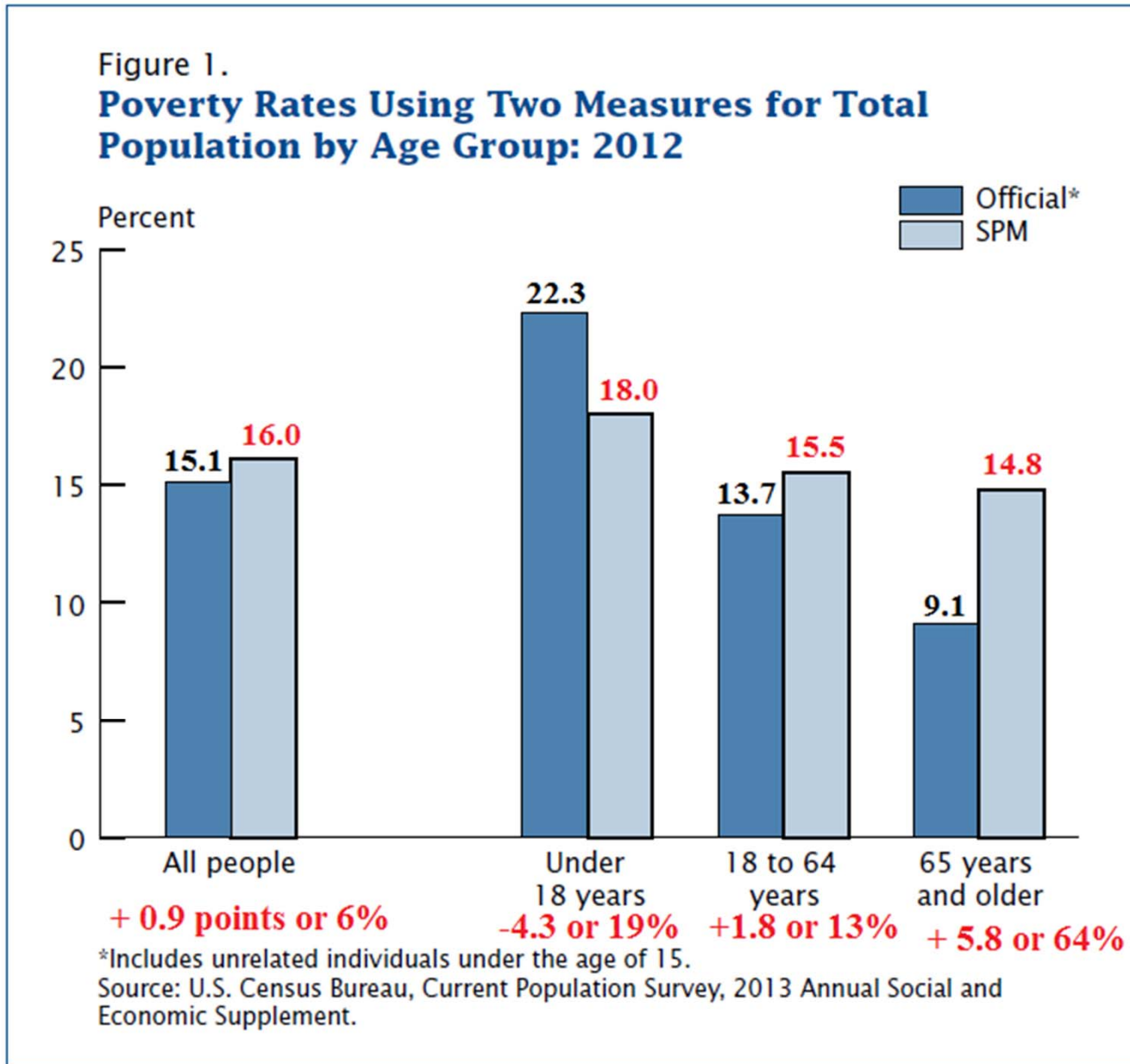
Table 5b.
Effect of Excluding Individual Elements on SPM Rates: 2011¹

Elements	All persons		Children		Nonelderly adults		65 years and older	
	Estimate	90 percent C.I.† (±)	Estimate	90 percent C.I.† (±)	Estimate	90 percent C.I.† (±)	Estimate	90 percent C.I.† (±)
Research SPM	16.1	0.3	18.0	0.5	15.5	0.3	15.1	0.5
Social Security	24.4	0.3	20.1	0.5	19.6	0.3	54.1	0.8
Refundable tax credits	18.9	0.3	24.3	0.6	17.6	0.3	15.2	0.5
SNAP	17.6	0.3	20.9	0.5	16.7	0.3	15.8	0.6
Unemployment insurance	17.2	0.3	19.3	0.5	16.7	0.3	15.5	0.5
FICA	14.8	0.3	16.3	0.5	14.2	0.3	14.8	0.5
Work expense	14.4	0.3	15.7	0.5	13.8	0.3	14.7	0.5
MOOP	12.7	0.3	15.2	0.5	12.7	0.3	8.0	0.4

Work expense barely effects seniors but medical expenses do.



While the overall OPM and SPM values are similar, there are big differences by demographic characteristic





Other Big Differences in the Two Measure's Data for the U.S.

<u>Category</u>	<u>OPM</u>	<u>SPM</u>	<u>Difference</u>	
Male	13.7	15.3	+ 1.5*	
Female	16.4	16.7	+ 0.3	
Married couple	7.5	10.0	+ 2.5*	
Female householder	29.1	28.9	- 0.2	
Male householder	17.9	23.1	+ 5.2*	
New SPM	30.9	18.4	-12.5*	The inclusion of unmarried partner income has a huge impact.
White, non Hispanic	9.8	10.7	+ 0.9*	
Asian	11.8	16.7	+ 4.9*	
Black	27.3	25.8	- 1.6*	Hispanic poverty is highest in SPM.
Hispanic	25.8	27.8	+ 2.0*	

* Denotes a change that was statistically different than 0 at the 90% confidence level.

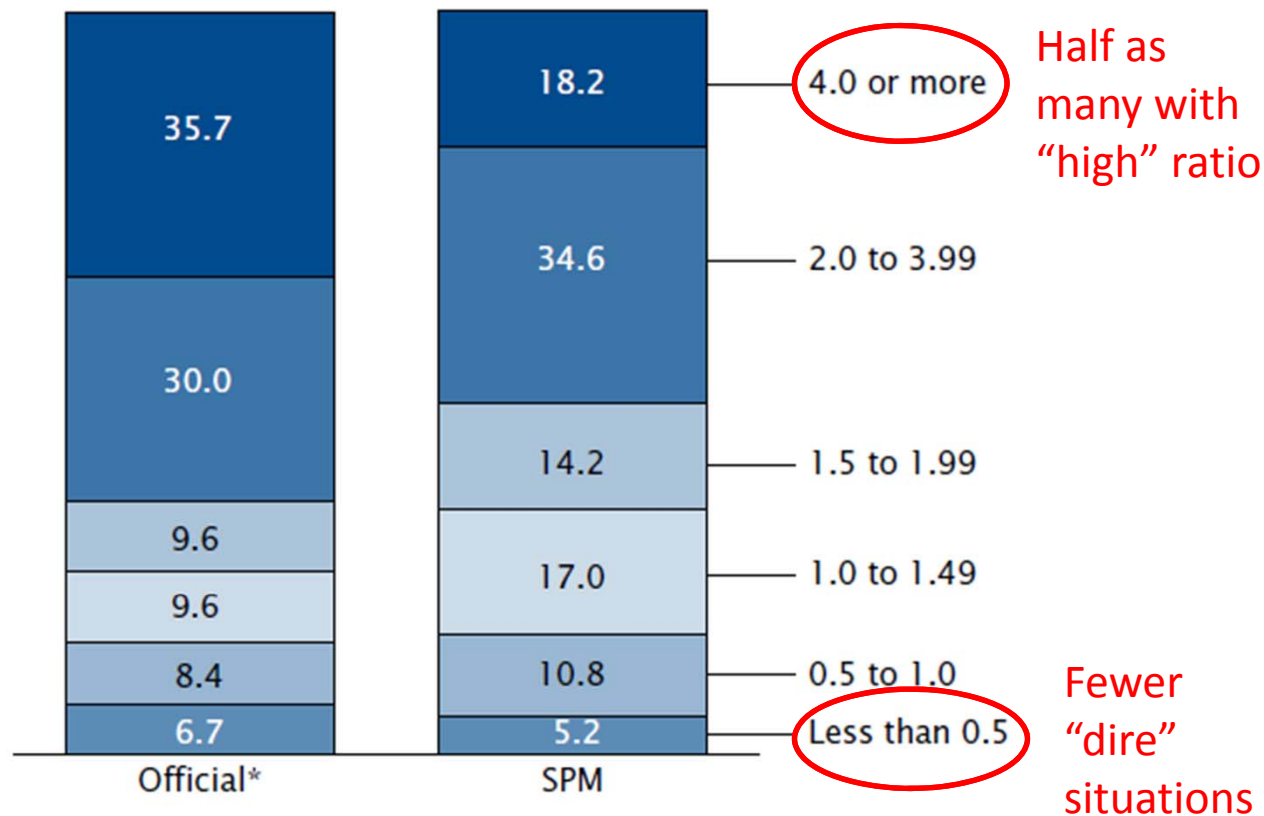
Source: Table 1, 2012 Supplemental Poverty Measure Report



Accounting for programs for the “needy” and taxes on higher earners lower the extremes of the SPM income to poverty distribution

Figure 3.
Distribution of People by Income-to-Threshold Ratios: 2012

(In percent)



*Includes unrelated individuals under the age of 15.

Note: Total does not sum to 100.0 due to rounding.

Source: U.S. Census Bureau, Current Population Survey, 2013 Annual Social and Economic Supplement.

HOW THE SPM IMPACTS POVERTY RATES BY STATE

Google autocomplete results:

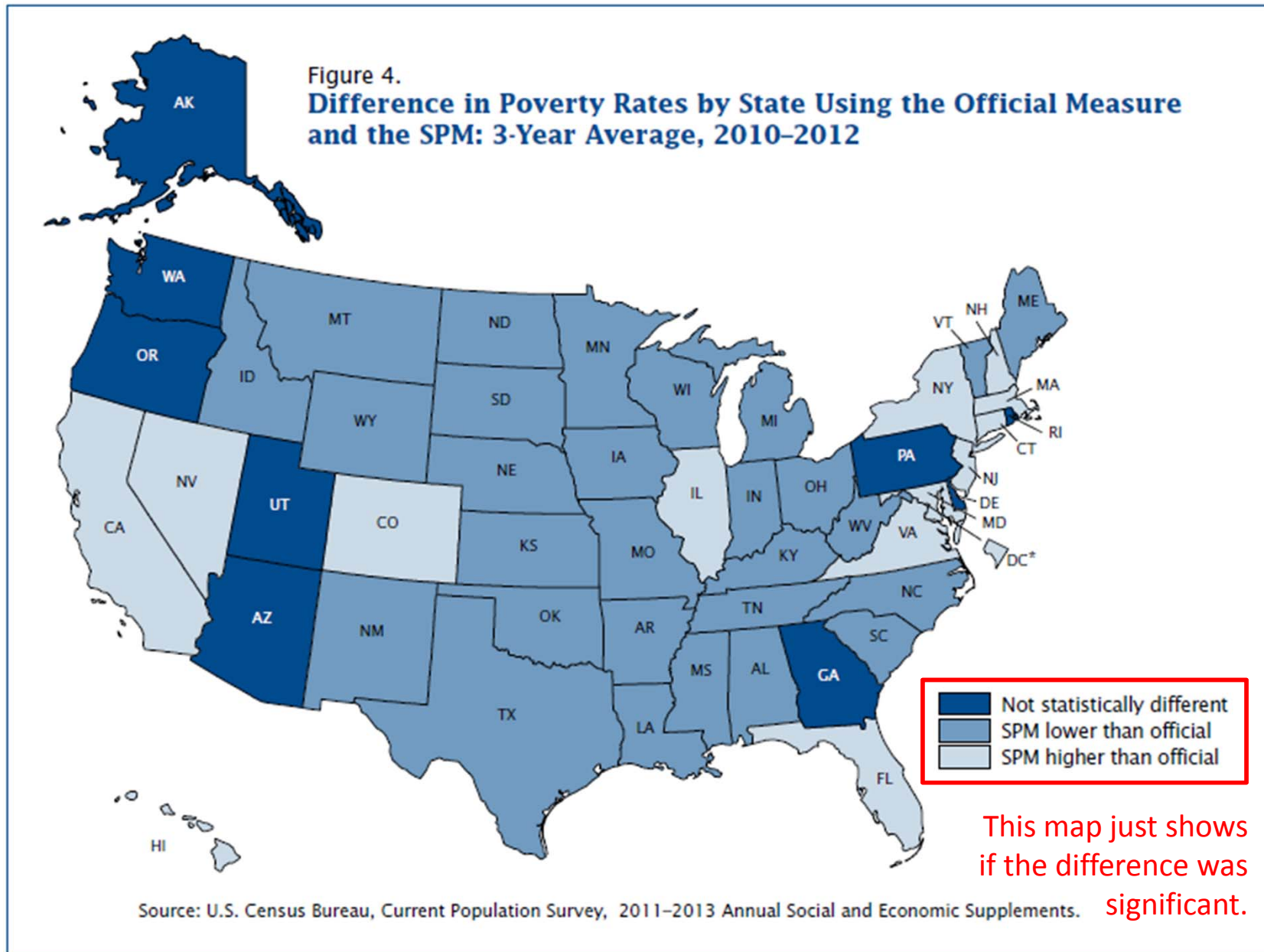
“Why is [state] so...”



as of January 2014



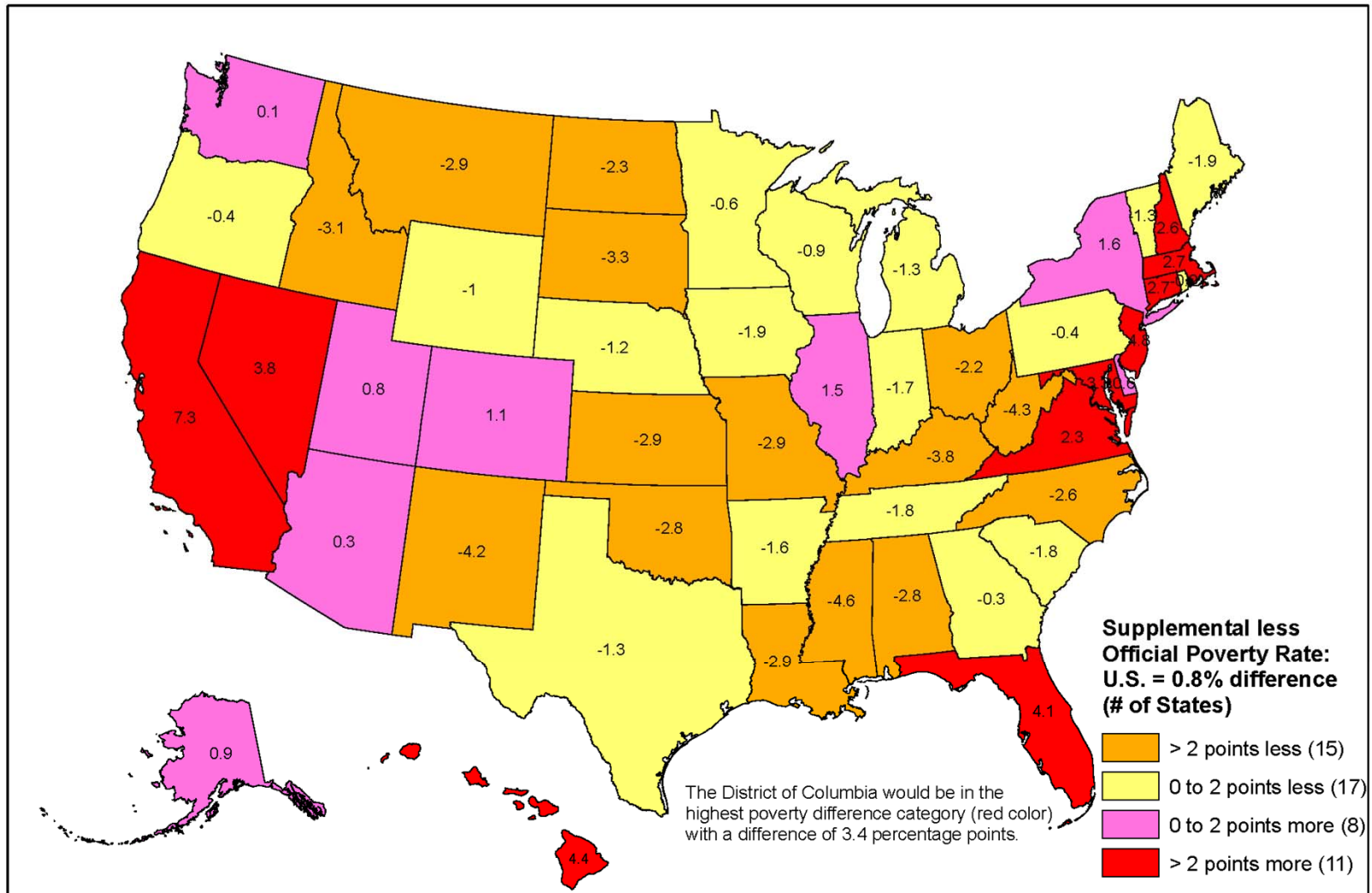
The SPM is statistically different in all but 9 states; all those in the Midwest and Plains are lower except Illinois and Colorado





Here are the differences between the SPM and OPM; Note the declines in the Plains and South while big increases in red are on the coasts

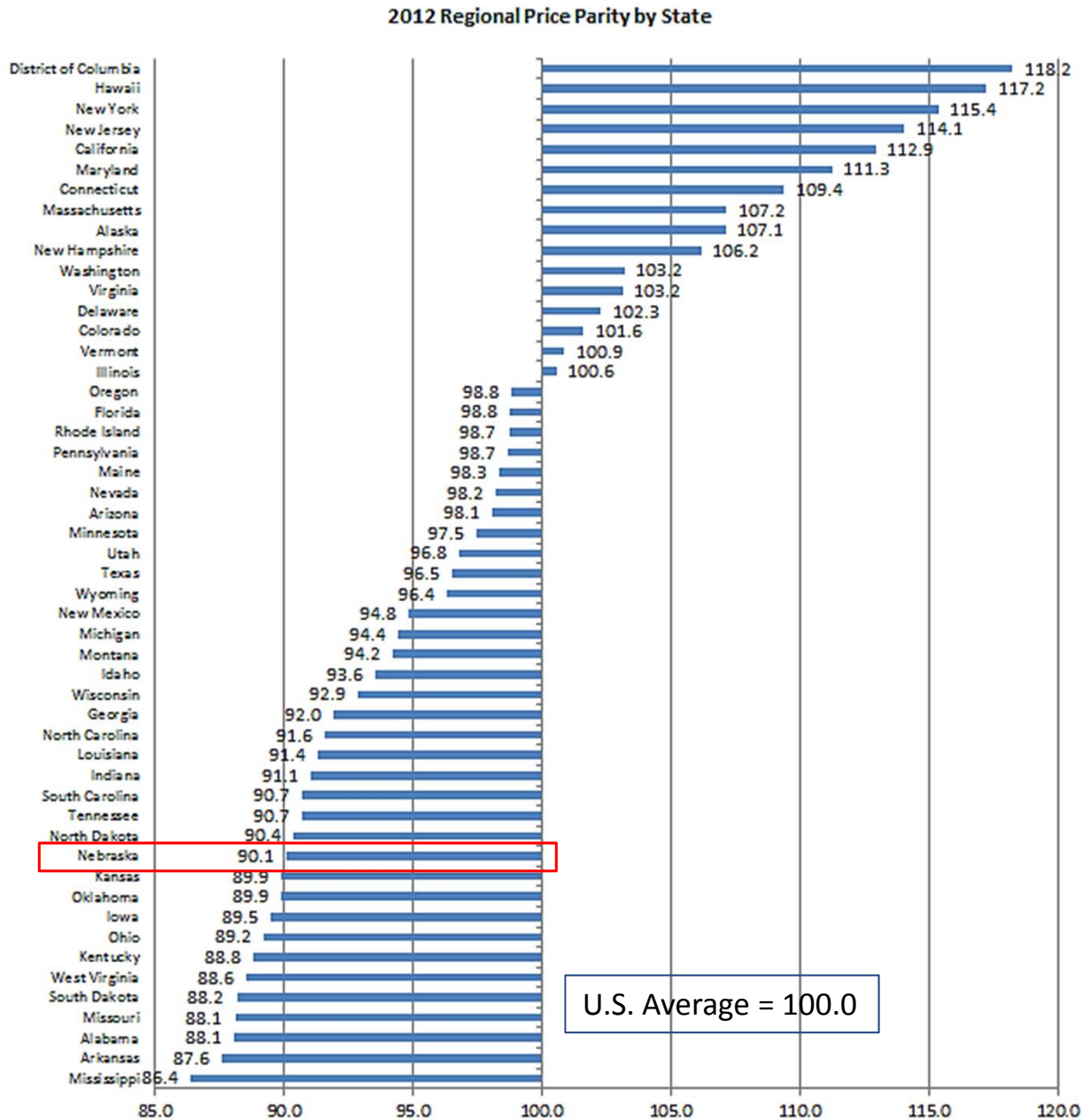
Supplemental vs. Official Poverty Rate: 2010 to 2012 CPS



Source: Table 4, The Research SUPPLEMENTAL POVERTY MEASURE: 2012, Kathleen Short, Issued November 2013, U.S. Census Bureau
Prepared by: David Drozd, Center for Public Affairs Research, University of Nebraska Omaha - November 11, 2013



BEA Regional Price Parities Show Nebraska and Nearby States to Have Costs about 10% below the U.S. Average; New York 15% above



Source: U.S. Bureau of Economic Analysis; Real Personal Income for States and Metropolitan Areas, 2008-2012



Comparison of Poverty Thresholds in the 2012 SPM for 2 adult 2 child families; recall the official threshold was \$23,283

<u>Area</u>	<u>Owner with Mortgage</u>	<u>Owner no Mortgage</u>	<u>Renter</u>
U.S.	25,784	21,400	25,105
NE: Omaha MSA	24,569	20,595	23,954
NE: Combined small metros	23,263	19,731	22,719
NE: Nonmetro	21,642	18,658	21,184
IA: Des Moines MSA	24,043	20,248	23,457
IA: Combined small metros	23,173	19,672	22,633
IA: Nonmetro	21,252	18,400	20,815
CA: San Jose MSA	35,493	27,827	34,296
CA: Combined small metros	25,004	20,883	24,366
CA: Nonmetro	26,069	21,589	25,375



Nebraska values for the Omaha MSA, other small metros, and nonmetro areas are about 95%, 90%, and 85% of the U.S. average respectively. The official poverty threshold is \$23,283 regardless of tenure and location. A weighted average of households by tenure would put the SPM ~\$24,683.

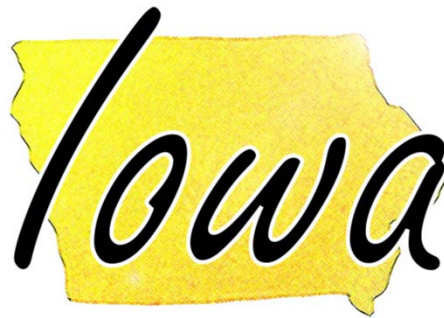
Omaha metro costs here based on rents would rank 36th lowest among the 100 largest metros. Other sources like ACCRA would have Omaha in the top 10 lowest for the cost of goods/services.

Area	Official Poverty Rate	Rank of Official Rate
United States	15.1	n/a
New Hampshire	7.6	1
Connecticut	9.8	2
Maryland	10.1	3
Wyoming	10.2	4
Minnesota	10.4	5
Iowa	10.5	6
New Jersey	10.7	7
Utah	10.7	7
Nebraska	11.0	9
Virginia	11.0	9
Massachusetts	11.1	11
Vermont	11.3	12
North Dakota	11.5	13
Alaska	11.6	14
Wisconsin	11.7	15
Washington	12.1	16
Colorado	12.6	17
Hawaii	12.9	18
Maine	13.1	19
Pennsylvania	13.1	19
Delaware	13.2	21
Illinois	13.7	22
Rhode Island	13.8	23
South Dakota	13.9	24
Oregon	14.3	25
Kansas	14.5	26
Idaho	14.8	27
Michigan	14.9	28
Montana	14.9	28
Missouri	15.3	30
Ohio	15.4	31
Florida	15.5	32
Indiana	15.8	33
Nevada	16.0	34
Alabama	16.3	35
Oklahoma	16.3	35
California	16.5	37
New York	16.5	37
North Carolina	16.8	39
West Virginia	17.2	40
Tennessee	17.3	41
Kentucky	17.4	42
South Carolina	17.6	43
Texas	17.7	44
Arkansas	18.1	45
Arizona	18.5	46
Georgia	18.5	46
District of Columbia	19.3	48
New Mexico	20.3	49
Mississippi	20.7	50
Louisiana	21.3	51

State Rankings of 2010-12 OPM and SPM

Source: Table 4 in 2012 SPM report

What state has the lowest poverty rate in the SPM? (which accounts for housing cost differences)



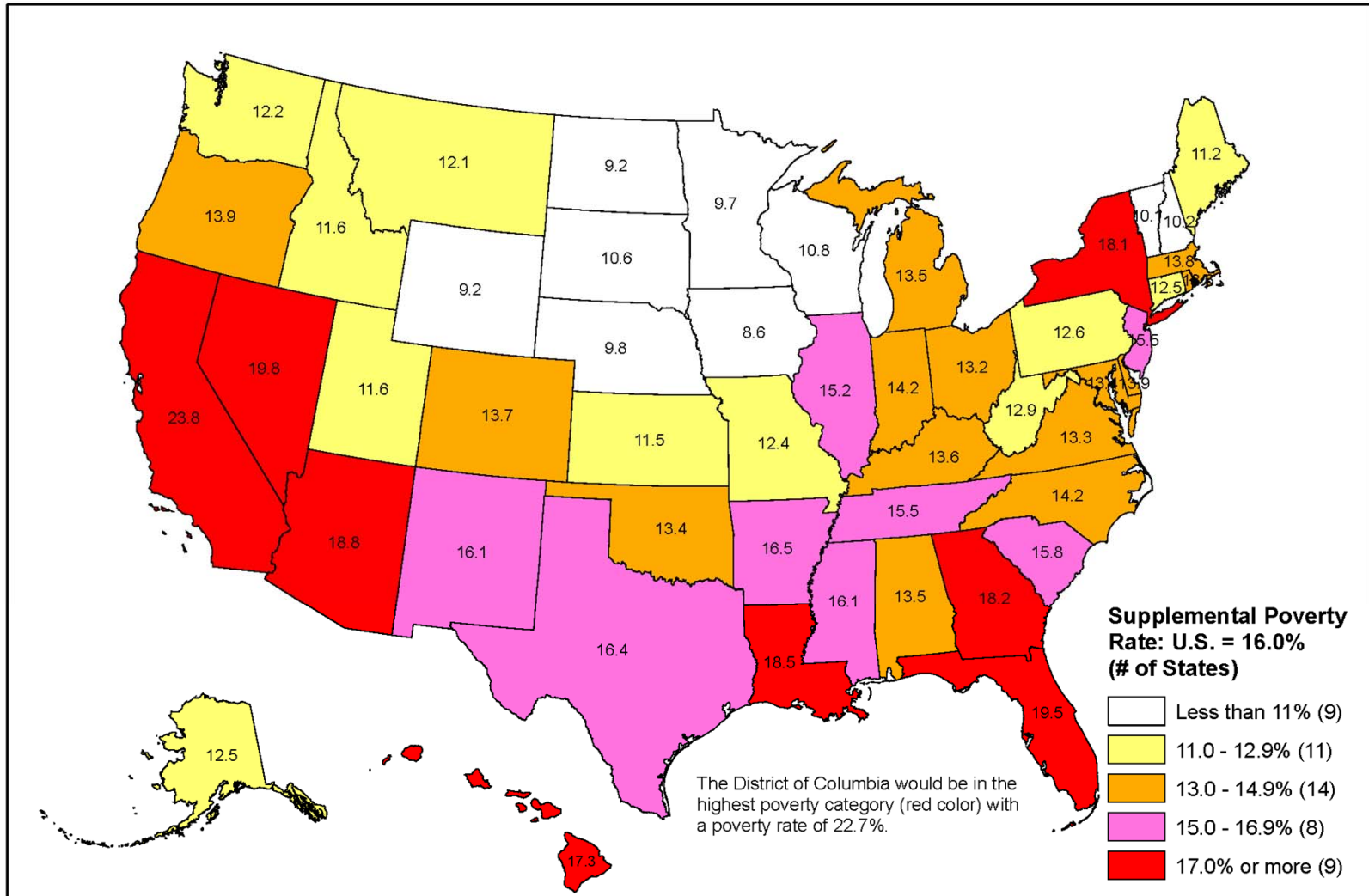
Nebraska improves to 5th lowest; South Dakota has the 2nd highest change between the rankings—16 places; New Jersey has the worst change, falling 29 spots in the ranking

Area	Official Poverty Rate	Supplemental Poverty Rate	Difference (as listed in table)	SS	Rank of Official Rate	Rank of Supple. Rate	Change in Ranking	Rank of Change in Ranking
United States	15.1	16.0	0.8	*	n/a	n/a	n/a	n/a
Iowa	10.5	8.6	-1.9	*	6	1	5	18
North Dakota	11.5	9.2	-2.3	*	13	2	11	9
Wyoming	10.2	9.2	-1.0	*	4	2	2	26
Minnesota	10.4	9.7	-0.6	*	5	4	1	27
Nebraska	11.0	9.8	-1.2	*	9	5	4	22
Vermont	11.3	10.1	-1.3	*	12	6	6	15
New Hampshire	7.6	10.2	2.6	*	1	7	-6	37
South Dakota	13.9	10.6	-3.3	*	24	8	16	2
Wisconsin	11.7	10.8	-0.9	*	15	9	6	15
Maine	13.1	11.2	-1.9	*	19	10	9	14
Kansas	14.5	11.5	-2.9	*	26	11	15	3
Idaho	14.8	11.6	-3.1	*	27	12	15	3
Utah	10.7	11.6	0.8		7	12	-5	36
Montana	14.9	12.1	-2.9	*	28	14	14	6
Washington	12.1	12.2	0.1		16	15	1	27
Missouri	15.3	12.4	-2.9	*	30	16	14	6
Alaska	11.6	12.5	0.9		14	17	-3	34
Connecticut	9.8	12.5	2.7	*	2	17	-15	45
Pennsylvania	13.1	12.6	-0.4		19	19	0	30
West Virginia	17.2	12.9	-4.3	*	40	20	20	1
Ohio	15.4	13.2	-2.2	*	31	21	10	11
Virginia	11.0	13.3	2.3	*	9	22	-13	42
Maryland	10.1	13.4	3.3	*	3	23	-20	49
Oklahoma	16.3	13.4	-2.8	*	35	23	12	8
Alabama	16.3	13.5	-2.8	*	35	25	10	11
Michigan	14.9	13.5	-1.3	*	28	25	3	23
Kentucky	17.4	13.6	-3.8	*	42	27	15	3
Rhode Island	13.8	13.6	-0.2		23	27	-4	35
Colorado	12.6	13.7	1.1	*	17	29	-12	41
Massachusetts	11.1	13.8	2.7	*	11	30	-19	48
Delaware	13.2	13.9	0.6		21	31	-10	40
Oregon	14.3	13.9	-0.4		25	31	-6	37
Indiana	15.8	14.2	-1.7	*	33	33	0	30
North Carolina	16.8	14.2	-2.6	*	39	33	6	15
Illinois	13.7	15.2	1.5	*	22	35	-13	42
New Jersey	10.7	15.5	4.8	*	7	36	-29	51
Tennessee	17.3	15.5	-1.8	*	41	36	5	18
South Carolina	17.6	15.8	-1.8	*	43	38	5	18
Mississippi	20.7	16.1	-4.6	*	50	39	11	9
New Mexico	20.3	16.1	-4.2	*	49	39	10	11
Texas	17.7	16.4	-1.3	*	44	41	3	23
Arkansas	18.1	16.5	-1.6	*	45	42	3	23
Hawaii	12.9	17.3	4.4	*	18	43	-25	50
New York	16.5	18.1	1.6	*	37	44	-7	39
Georgia	18.5	18.2	-0.3		46	45	1	27
Louisiana	21.3	18.5	-2.9	*	51	46	5	18
Arizona	18.5	18.8	0.3		46	47	-1	32
Florida	15.5	19.5	4.1	*	32	48	-16	47
Nevada	16.0	19.8	3.8	*	34	49	-15	45
District of Columbia	19.3	22.7	3.4	*	48	50	-2	33
California	16.5	23.8	7.3	*	37	51	-14	44



The Upper Plains has the lowest poverty; the deep south not nearly as “solid”; southwest stands out with California highest in the country

Supplemental Poverty Rate: 2010 to 2012 Current Population Survey



Source: Table 4, The Research SUPPLEMENTAL POVERTY MEASURE: 2012, Kathleen Short, Issued November 2013, U.S. Census Bureau
Prepared by: David Drozd, Center for Public Affairs Research, University of Nebraska Omaha - November 11, 2013

OTHER RELEVANT DATA AND INFORMATION ABOUT POVERTY

Living in Near Poverty in the United States:
1966–2012

Current Population Reports

By Charles Hokayem and Misty L. Heggeness¹
Issued May 2014
P60-248

Dynamics of Economic Well-Being:
Poverty, 2009–2011

Household Economic Studies

By Ashley N. Edwards
Issued January 2014
P70-137

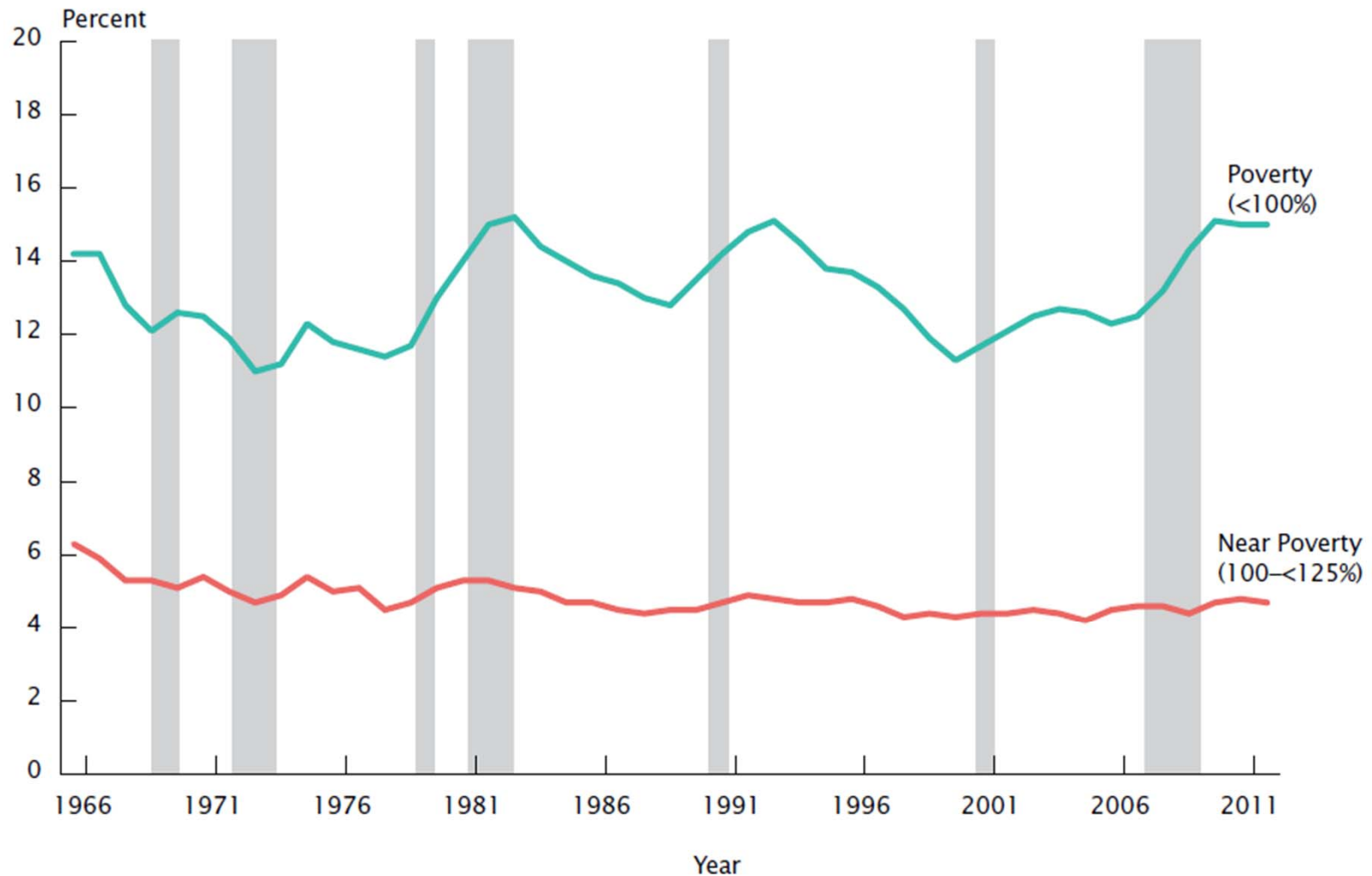
*“Poverty is a complex
topic.”*

- David Drozd, 2007
Data Center Conference



While the Poverty Rate fluctuates with Economic Conditions, the Percentage of those who are “Near Poor” is relatively stable

Figure 1.
Near-Poverty and Poverty Rate: 1966–2011



Note: For more information on sampling and nonsampling error, see <www.census.gov/aprd/techdoc/cps/cpsmar13.pdf>. Shaded areas indicate recessions.

Source: Author's calculations. U.S. Census Bureau, Current Population Survey, 1967–2013 Annual Social and Economic Supplements.



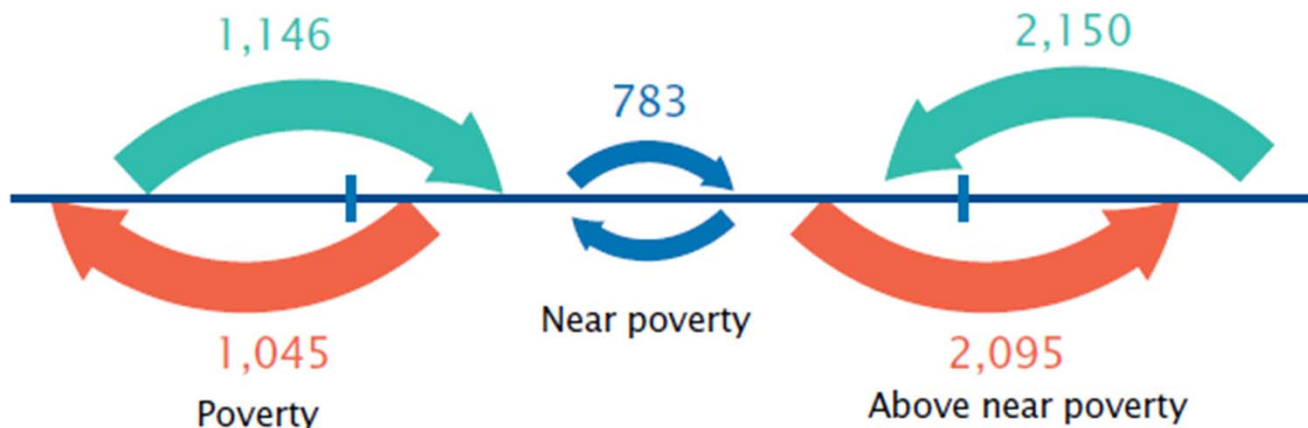
People are constantly moving into and out of poverty and near poverty

Figure 10.

Moving Into and Out of Near Poverty: Evidence From 2011 and 2012

(In thousands)

- █ Exit near poverty
- █ Enter near poverty
- █ Stay near poverty



Near poverty in 2011	+	Enter near poverty	-	Exit near poverty	=	Near poverty in 2012
3,923		3,296		3,140		4,079

Note: For more information on sampling and nonsampling error, see www.census.gov/aprd/techdoc/cps/cpsmar13.pdf.

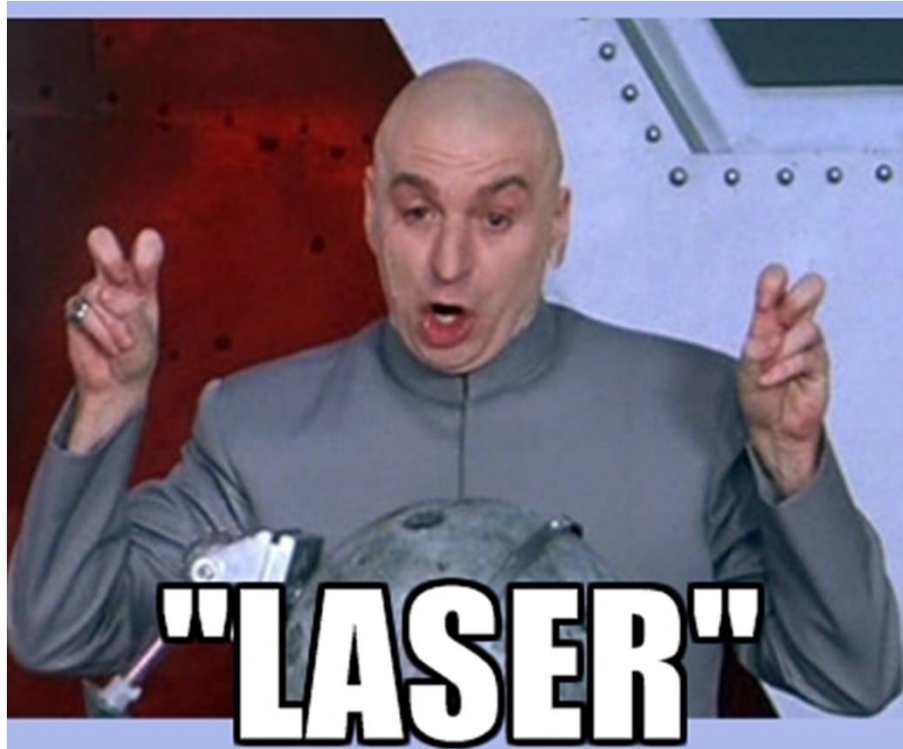
Source: Author's calculations. U.S. Census Bureau, Current Population Survey, 2012 and 2013 Annual Social and Economic Supplements.

Of the 3.9 million in near poverty in 2011, only 783,000 or 20% remained there in 2012 – the other 80% either improved or fell into poverty.

The near poor grew by 156,000 from 2011 to 2012. Most was from a net gain of those exiting poverty: 1146 – 1045 = 101 thousand or 65% of the increase.



Are You Focused??





Information from the Survey of Income and Program Participation

- The SIPP follows a panel of people, interviewing them every 4 months for a period of 2.5 to 5 years
 - Provides a dynamic view of the duration of poverty spells and the frequency of transitions into and out of poverty
 - Is calculated the same way as official poverty

HIGHLIGHTS

- Over the 36-month period from January 2009 to December 2011, 31.6 percent of the U.S. population was in poverty for at least 2 months, an increase from 27.1 percent over the period of 2005 to 2007.⁴

Dynamics of Economic Well-Being: Poverty, 2009–2011

Household Economic Studies

By Ashley N. Edwards
Issued January 2014
P70-137



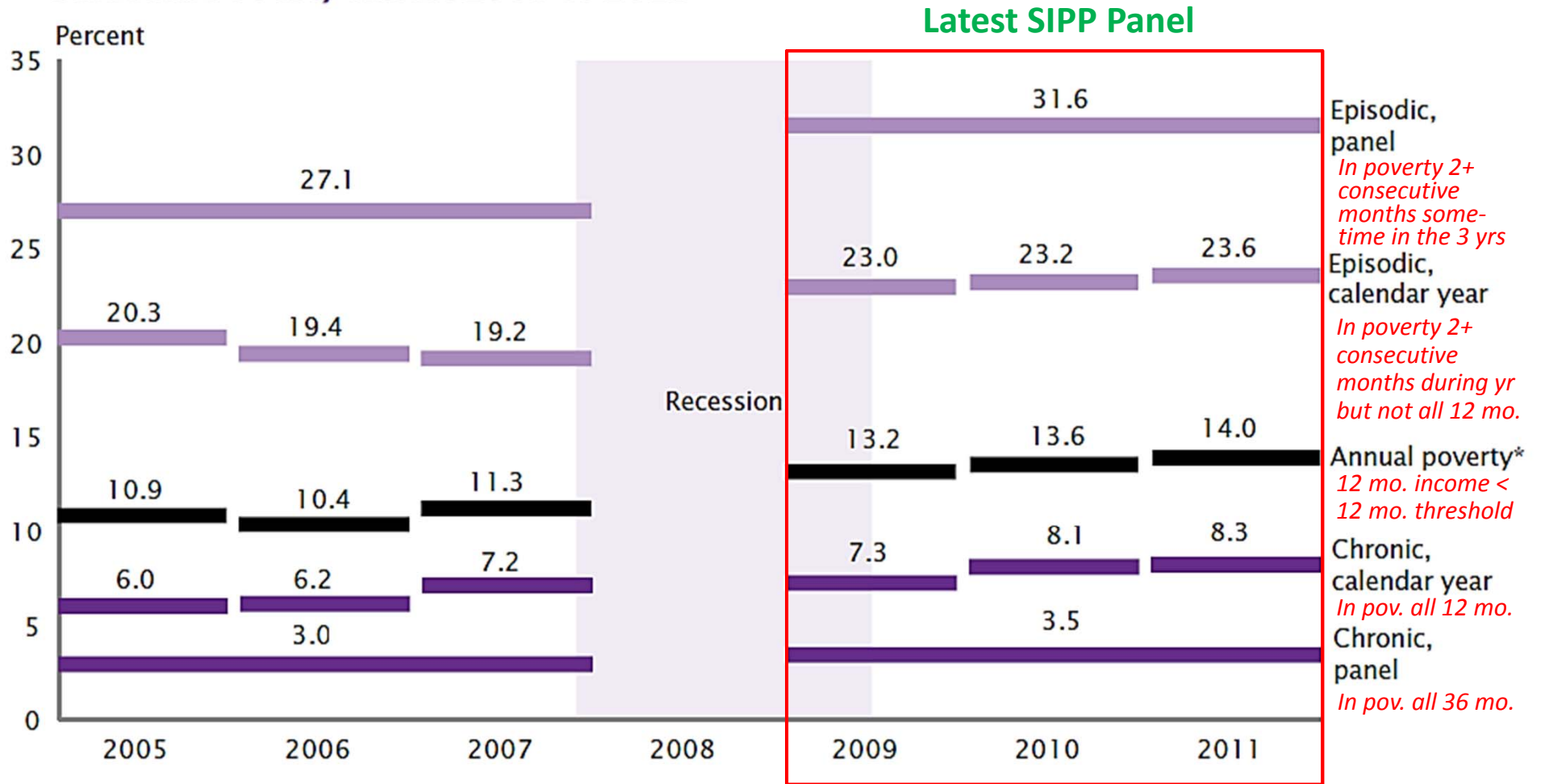
- The percentage of people in poverty all 36 months from 2009 to 2011 was 3.5 percent, an increase from 3.0 percent over the period of 2005 to 2007.
- By 2011, 5.4 percent of people who were not in poverty in 2009 had entered poverty.
- Of individuals in poverty in 2009, 12.6 million (35.4 percent) were not in poverty in 2011, but approximately half of those who exited poverty continued to have income less
- than 150 percent of their poverty threshold.
- For individuals experiencing a poverty spell lasting 2 or more consecutive months from 2009 to 2011, an estimated 44.0 percent of poverty spells ended within 4 months, while 15.2 percent of spells lasted more than 2 years.
- From 2009 to 2011, the median length of a given poverty spell was 6.6 months, up from a median length of 5.7 months over the period of 2005 to 2007.

*Were not much above
the poverty line*



Graphic View of Data from SIPP report; chronic poverty is fairly rare but episodes of poverty are common

Figure 1.
Selected Poverty Rates: 2005 to 2011



* Since the first reference month of the 2008 Panel was May 2008, calendar year estimates are not available for 2008.

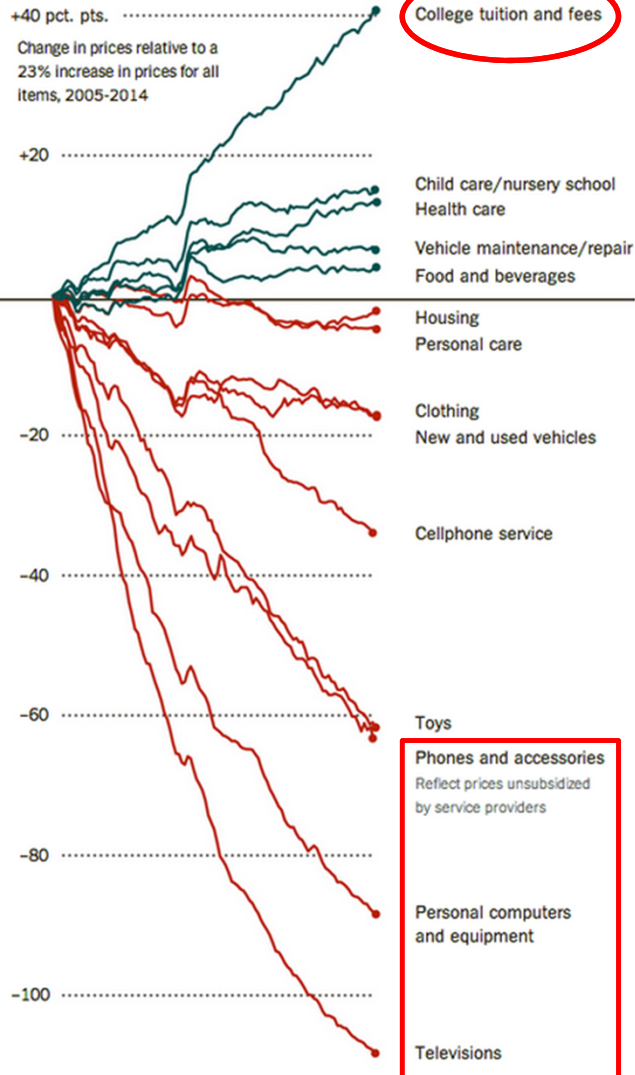


Poverty considerations...

Chart of the Week: How America's poor can still be rich in stuff

Costs for Americans ...

... have soared for education, child care and health care ...



... and have plummeted for televisions, toys and phones, relative to other prices.

BY LARRY BUCHANAN and ALICIA PARLAPIANO
Source: Bureau of Labor Statistics

From: <http://tinyurl.com/npfsexp>

“the differences in what poor and middle class families consume on a day-to-day basis are much smaller than the differences in what they earn.”

“Without a doubt, the poor are far better off than they were at the dawn of the War on Poverty,” but relative to middle and upper-income Americans “they have also drifted further away.”

“Income Gap, Meet the Longevity Gap”

From: <http://tinyurl.com/obwwff9>

“Poverty not only diminishes a person’s life chances, it steals years from one’s life.”

“in recent decades, socioeconomic status has become an even more important indicator of life expectancy” - 2008 CBO report

Older male life expectancy gains since ~ 1980
Upper ½ of incomes: + 6 yrs; Lower ½: +1.3 yrs

Poverty considerations: food for thought...

- If the CPI is understating inflation as many believe, then poverty would be affecting more people as the thresholds would be higher
- Table 6 of the 2012 Annual Income, Poverty, and Health Insurance Coverage report showed the following:
 - 9.52 million families in poverty with an average deficit (\$ to get them to the poverty line) of \$9,785
 - 12.558 million unrelated individuals in poverty with an average deficit of \$6,542
 - Thus, doing the math, it would take \$175 billion to “wipe out” poverty (get everyone to the threshold)
 - What did the federal government spend in 2012 on “income security” programs (SNAP, SSI, EITC, unemployment compensation, etc.)??

\$354 billion

Other federal outlays:

- Medicaid: \$251 billion
- Disability/non SS retirement: \$144 billion

Source: Congressional Budget Office, August 2013

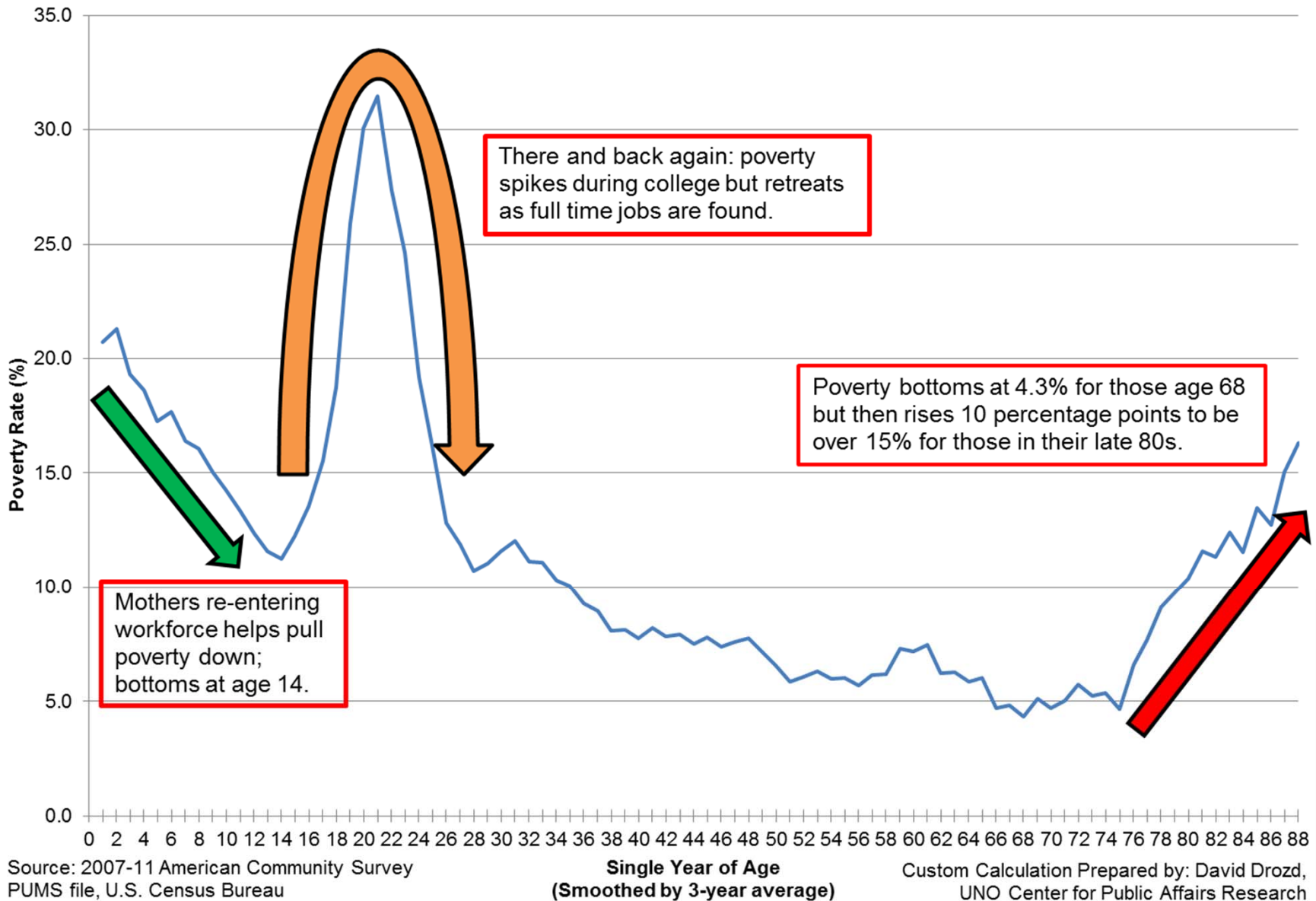
Note that federal outlays were \$768 billion for Social Security and \$551 billion for Medicare.





Drozd Custom Analysis off ACS PUMS file

Nebraska Poverty Rate by Single Year of Age: 2007-2011 Timeframe

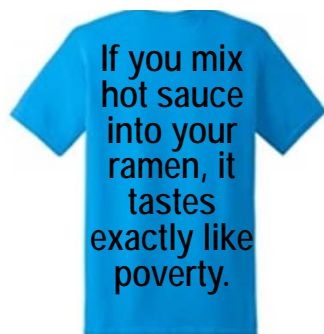
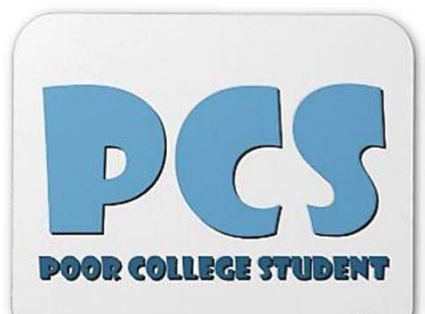




Examining the Effect of Off-Campus College Students on Poverty

Students living in dorms are excluded from the poverty calculation (as are residents of nursing homes and prisons – limited earnings potential)

- A census study took off-campus students enrolled in college out of the poverty calculation as well: <http://tinyurl.com/nnjphef>
 - Found that the poverty rate for off-campus students was a whopping 55% in Nebraska (above U.S. average of 52%)
 - Once removed, Nebraska's poverty rate dropped 1.1 points from 12.7 to 11.6% (more than U.S. drop of 0.7 points; only 6 states had a bigger drop)
 - ❖ Kearney -5.4 points
 - ❖ Lincoln -3.5
 - ❖ Omaha -1.2
 - ❖ Norfolk -0.9
 - ❖ The higher the proportion of college students, the bigger the impact; Ames, IA -16.8; Manhattan, KS -16.0
 - Allows for a more apples-to-apples comparison of locations when one has a major college student population
 - ❖ With college students: Lincoln poverty (16.9%) > Omaha (16.3%)
 - ❖ Without college students: Lincoln poverty (13.5%) < Omaha (15.1%)





Summary

- Poverty data from the Census Bureau are statistical measures that delve into the “concept of need” based upon income received



– They are not perfect but help us gauge the issue



- Poverty data based on income say nothing about the assets possessed/available to that person/household
- Be mindful of the possibility for sampling error and always use the longest/most accurate dataset when splitting figures by age, race, etc.

- The SPM is an effort to update the original measure and more fully account for government programs and relevant costs faced by today’s households



– Will be revolutionary for how poverty is compared among demographic groups and geographies

- Accounting for how living costs fluctuate across the country is extremely important and provides more “real world” figures



- Poverty is a complex topic



– People are constantly moving into and out of poverty

- Some preconceived notions about poverty are shortsighted or out-of-date

