

TOO LITTLE PROGRESS: REFLECTIONS ON POVERTY IN THE U.S. ON THE FIFTIETH ANNIVERSARY OF PRESIDENT JOHNSON'S DECLARATION OF A WAR ON POVERTY

By Timothy Casey*

SUMMARY

There has been too little progress in ending poverty since President Johnson famously declared war on poverty in the United States in his January 8, 1964 [State of the Union Message](#).¹ Over one seventh of Americans still are poor. Recent poverty rates are among the highest since the declaration of a war on poverty. Women, children, Blacks, and Hispanics are still disproportionately poor. Without public benefits, many more would be poor. The U.S. has an exceptionally high relative poverty rate among high income countries at least in part because our public benefits do less to reduce poverty. Official poverty measurement does not capture the sizeable gains in health care coverage for the poor since the 1960's, but health care coverage still falls far short of the universal coverage that is now standard in other high income countries.

HOW THE FEDERAL GOVERNMENT MEASURES POVERTY

To measure progress in the war on poverty, the federal government created an official poverty measure (OPM) that has been used since the 1960's to calculate official poverty rates. Recently, the federal government adopted a second poverty measure, the Supplemental Poverty Measure (SPM).

The OPM measures poverty by comparing gross pre-tax cash income (without any additions or deductions) with poverty thresholds based on the cost of an inexpensive federal food plan multiplied by three to account for other needs. The OPM thresholds are revised annually for inflation, but have not been updated in response to the sizeable increase in real average income since the 1960's.

The OPM measurement process yields calendar year poverty rates that are announced by the Census Bureau in the fall of the following year. This past September the Census Bureau announced that the OPM was 15.0 in 2012, which means that 15% of Americans in 2012 were in households with an annual income, as defined by the OPM, below the OPM poverty threshold amount.²

The OPM poverty thresholds vary with household size and with the age of household members, although the age variations are relatively minor. For 2012, the weighted average poverty thresholds were \$11,720 for an individual, \$14,937 for a family of two, \$18,284 for a family of three, and \$23,492 for a family of four, with higher amounts for families of larger size.³

Since 2010 the Census Bureau has also measured poverty with the SPM. The SPM was fashioned in response to criticisms that the OPM's income definition is too narrow and too rigid, and that the OPM's poverty thresholds are outdated and insufficiently responsive to variations in need.⁴ The SPM counts as income not only cash, but also non-cash public benefits such as SNAP (Food Stamps) that can be used for basic needs. The SPM deducts expenditures for taxes, work expenses,

medical care, or child support from pre-tax income; the SPM adds the amount of any refundable tax credits received such as the EITC to pre-tax income.

The SPM poverty thresholds are based on expenditures for food, shelter, clothing and utilities by households at the 33% expenditure percentile, multiplied by 1.2 to account for other basic needs. The SPM thresholds vary by several factors in addition to household size, including housing cost differences across geographic areas, and housing cost differences between renters and owners. For 2012, prior to any adjustments for geographic housing cost differences, the SPM thresholds for a two-adult, two-child family of four were \$25,784 for owners with a mortgage, \$21,400 for owners without a mortgage, and \$25,105 for renters.⁵

OVER ONE SEVENTH OF AMERICANS STILL ARE POOR

The OPM was 15.0 in 2012.⁶ 46.5 million people were officially poor, 16.0 million children (<18), 26.5 million working age adults (18 to 64), and 3.9 million aged adults (>64).

The SPM was 16.0 in 2012.⁷ 49.7 million people were poor under the SPM, 13.4 million children, 30.0 million working age adults, and 6.4 million aged adults.

RECENT POVERTY RATES ARE AMONG THE HIGHEST SINCE OFFICIAL POVERTY MEASUREMENT BEGAN IN THE 1960'S

The OPM was 19.0 in 1964, the year in which President Johnson announced a war on poverty, but declined to 12.1 at decade's end in 1969.⁸ The OPM averaged 11.8 in the 1970's, 13.8 in the 1980's, 13.8 in the 1990s, and 12.5 in the decade 2000 to 2009. Over the entire period 1964 through 2009, the OPM averaged 13.0.

The OPM was 15.1 in 2010, 15.0 in 2011, and 15.0 in 2012. There have been only three other years since 1965 in which the OPM was 15.0 or higher – 1982 (15.0), 1983 (15.2) and 1993 (15.1). The 15.0 average OPM over the past three years is the highest three year average since the mid-1960s.

WOMEN, CHILDREN, BLACKS, AND HISPANICS ARE STILL DISPROPORTIONATELY POOR

The OPM has been much higher for adult women than for adult men in every year since official poverty measurement began.⁹ In 2012, the OPM for all adult women was 14.5, 32% higher than the 11.0 OPM for all adult men; the OPM for aged women was 11.0, 67% higher than the 6.6 OPM for aged men; the OPM for working age women was 15.4, 29% higher than the 11.9 OPM for working age men; and the OPM for single mothers was 40.9, 87% higher than the 21.9 OPM for single fathers.¹⁰

The OPM for children (<18) has been higher than the OPM for adults in every year since poverty measurement began.¹¹ In 2012, the OPM for children was 21.8, 70% higher than the 12.8 OPM for adults.

The OPM for blacks has been much higher than the OPM for non-Blacks in every year since poverty measurement began.¹² In 2012, the OPM for Blacks was 27.2, 106% higher than the 13.2 OPM for non-Blacks.

The OPM for Hispanics has been much higher than the OPM for non-Hispanics in every year since 1972, the first year in which the Census Bureau reported an OPM specifically for Hispanics.¹³ In 2012, the OPM for Hispanics was 25.6, 100% higher than the 12.8 OPM for non-Hispanics.

The SPM is also disproportionately high for women, children, Blacks, and Hispanics. In 2012, the SPM for women (including girls) was 16.7 compared to 15.3 for men; the SPM for children was 18.0 compared to 15.5 for working age adults and 14.8 for aged adults; the SPM for Blacks was 25.8 compared to 10.7 for non-Hispanic Whites; and the SPM for Hispanics was 27.8 compared to 10.7 for non-Hispanic Whites.¹⁴

WITHOUT PUBLIC BENEFITS, MANY MORE WOULD BE POOR

The Census Bureau's CPS Table Creator web tool allows calculation of what the OPM would be with public benefits excluded.¹⁵ In 2012, when the actual OPM was 15.0, the OPM would have been 22.1 without Social Security; 22.7 without Social Security & Unemployment Compensation (UC); 23.3 without Social Security & UC & Supplemental Security Income (SSI); 23.6 without Social Security & UC & SSI & Veterans benefits; and 23.7 without Social Security & UC & SSI & Veterans benefits & TANF.

Public benefits are especially important in reducing poverty for the aged. In 2012, when the actual OPM for the aged was 9.1, the OPM for the aged would have been 44.4 without Social Security.

The SPM would also be much higher without public benefits. In 2012, when the actual SPM was 16.0, the SPM would have been 17.6 with just SNAP excluded; 19.0 with just refundable tax credits excluded; and 24.5 overall, and 54.7 for the aged, with just Social Security excluded.¹⁶

THE U.S. HAS A HIGHER RELATIVE POVERTY RATE THAN COMPARABLE COUNTRIES AT LEAST IN PART BECAUSE OUR PUBLIC BENEFITS REDUCE POVERTY LESS

In the past two decades there have many cross-national studies comparing poverty rates in high income countries. These studies typically use a relative poverty measure (RPM) that defines poverty as an income less than half the median income in the home country adjusted for differences in household size. In 2012, the RPM in the U.S. was 22.9 using the OPM income definition, and 17.3 using an income definition similar to the SPM income definition.¹⁷

Cross-national comparisons repeatedly find that the U.S. has a higher RPM than comparable countries. The Organization for Economic Cooperation and Development (OECD) recently reported that in the late 2000's the U.S. had a 17.0 RPM that was the fourth highest among the OECD's 34 member nations, 6.0 points above the 11.0 OECD average, and exceeded only by Chile (18.0), Israel (20.0), and Mexico (21.0).¹⁸

Cross-national studies also repeatedly find that public benefits reduce poverty less in the U.S. than in other high income countries. A study of eight high income countries around the year 2000 found that public benefits on average reduced poverty from 26.1 before benefits to 9.8 after benefits, but in the U.S. from 23.7 before benefits to 17.0 after benefits.¹⁹ A study of 17 high income countries in the mid-2000's found that on average public benefits reduced poverty from 29.3 before benefits to 9.5 after benefits, but in the U.S. from 26.9 before benefits to 17.7 after benefits.²⁰ Legal

Momentum's own recent study of single parenthood in 17 high income countries, found that in the U.S. public benefits reduced single mother poverty from 63.0 before benefits to 51.0 after benefits, while in the other countries public benefits reduced single mother poverty from 61.0 on average before benefits to 27.0 on average after benefits.²¹

POVERTY MEASUREMENT DOES NOT CAPTURE THE SIZEABLE GAINS IN HEALTH CARE COVERAGE FOR THE POOR SINCE THE 1960'S, BUT HEALTH CARE COVERAGE IS STILL FAR SHORT OF THE UNIVERSAL COVERAGE THAT IS STANDARD IN OTHER HIGH INCOME COUNTRIES

The Medicare and Medicaid programs enacted in 1965, and the Affordable Care Act ("Obamacare") enacted in 2010, have extended health care coverage to millions of poor people who would otherwise be uncovered. This coverage enables poor people to obtain health care that they otherwise could not afford, and reduces what they must pay for health care, allowing them to spend more on other basic needs. These important gains in the well-being of the poor are not captured by official poverty measurement.

However, millions of poor people still lack health care coverage's. In 2012, 29.4% of the poor did not have coverage, more than twice the 13.0 uninsured rate for the non-poor.²² Health care coverage in the U.S. still falls far short of the universal coverage that is now standard in other high income countries.²³ While the Affordable Care Act expansions still going into effect will likely reduce the uninsured rate, the degree to which they will do so is unclear.

Legal Momentum promotes gender equity, personal and economic security for women and girls, an adequate safety net, and an end to poverty through targeted litigation, public policy advocacy, research, and education. To subscribe to Legal Momentum's Women & Poverty listserve, send an email to tcasey@legalmomentum.org with "subscribe" in the subject line.

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ENDNOTES

¹ The text of the message is available at <http://www.lbjlib.utexas.edu/johnson/archives.hom/speeches.hom/640108.asp>.

² U.S. Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2012* (2013), available at <http://www.census.gov/prod/2013pubs/p60-245.pdf>. Additional poverty data are available at <http://www.census.gov/hhes/www/cpstables/032013/pov/toc.htm>.

³ *Id.* To simplify administration in programs that base financial eligibility on the poverty line, the federal government promulgates OPM poverty guidelines as well as OPM poverty thresholds. The poverty guidelines are a simplified version of the thresholds, and they vary only by household size and not by age of household members. The guidelines are typically issued in January and are approximately equal to the poverty thresholds in the prior year. The [poverty guidelines for 2013](#) promulgated on January 24, 2013, 78 Fed. Reg. 5182, set \$11,490 as the poverty guideline for a one-person household, with a \$4,020 increment for each additional household member for households of larger sizes.

⁴ A Census Bureau explanation of the SPM is available at 75 Fed. Reg. 29513 (May 26, 2010).

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- ⁵ U.S. Census Bureau, *The Research SUPPLEMENTAL POVERTY MEASURE: 2012* (Nov. 2013), available at <http://www.census.gov/prod/2013pubs/p60-247.pdf>.
- ⁶ U.S. Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2012*, *supra*.
- ⁷ U.S. Census Bureau, *The Research SUPPLEMENTAL POVERTY MEASURE: 2012*, *supra*.
- ⁸ The OPM figures cited in this section are taken from the U.S. Census Bureau Historical Poverty Table “Table 2. Poverty Status of People by Family Relationship, Race, and Hispanic Origin: 1959 to 2012,” available for download at <http://www.census.gov/hhes/www/poverty/data/historical/people.html>. The averages cited in the section were calculated by the author from the figures in this table.
- ⁹ U.S. Census Bureau, Historical Poverty Table “Table 7. Poverty Status of People by Sex: 1966 to 2012,” available for download at <http://www.census.gov/hhes/www/poverty/data/historical/people.html>.
- ¹⁰ Legal Momentum, *Women's Poverty in the United States, 2012* (Sept. 2013), available at <http://www.legalmomentum.org/sites/default/files/reports/LMpovertyreport2012.pdf>.
- ¹¹ U.S. Census Bureau, Historical Poverty Table “Table 3. Poverty Status of People by Age, Race, and Hispanic Origin: 1959 to 2012,” available for download at <http://www.census.gov/hhes/www/poverty/data/historical/people.html>.
- ¹² U.S. Census Bureau, Historical Poverty Table “Table 2. Poverty Status of People by Family Relationship, Race, and Hispanic Origin: 1959 to 2012,” available for download at <http://www.census.gov/hhes/www/poverty/data/historical/people.html>.
- ¹³ *Id.*
- ¹⁴ U.S. Census Bureau, *The Research SUPPLEMENTAL POVERTY MEASURE: 2012*, *supra*, at Table 1.
- ¹⁵ The CPS Table Creator is found at <http://www.census.gov/cps/data/cpstablecreator.html>. The hypothetical OPM figures cited in the text were calculated by the author using the Table Creator.
- ¹⁶ U.S. Census Bureau, *The Research SUPPLEMENTAL POVERTY MEASURE: 2012*, *supra*, at Table 5a.
- ¹⁷ The RPM poverty rates were calculated by the author using the CPS Table Creator. The Table Creator can model the SPM income definition closely but not fully.
- ¹⁸ OECD, “Poverty rates and gaps” in *OECD Factbook 2013: Economic, Environmental and Social Statistics* (2013), Excel file available for download at <http://www.oecd-ilibrary.org/sites/factbook-2013-en/03/02/02/index.html;jsessionid=518mq3p47kp22.x-oecd-live-01?contentType=/ns/Chapter/ns/StatisticalPublication&itemId=/content/chapter/factbook-2013-26-en&containerItemId=/content/serial/18147364&accessItemIds=&mimeType=text/html>.
- ¹⁹ Timothy Smeeding, *Government Programs and Social Outcomes: The United States in Comparative Perspective* (2005), LIS Working Paper No. 426, available at <http://www.lisdatacenter.org/wps/liswps/426.pdf>.
- ²⁰ Janet Gornick & Markus Jäntti, *Child Poverty In Comparative Perspective: Assessing The Role Of Family Structure And Parental Education And Employment* (2011), LIS Working Paper No. 570, available at <http://www.lisdatacenter.org/wps/liswps/570.pdf>. (A version of this study was published in 2012 as: *Child Poverty In Cross-National Perspective: Lessons From The Luxembourg Income Study*. 34 Children and Youth Services Review 558-568.)
- ²¹ Timothy Casey & Laurie Maldonado, *Worst Off – Single-Parent Families in the United States, A Cross-National Comparison of Single Parenthood in the U.S. and Sixteen Other High-Income Countries* (Dec. 2012), available at <http://www.legalmomentum.org/our-work/women-and-poverty/resources--publications/worst-off-single-parent.pdf>.
- ²² Uninsured rates calculated by the author using the CPS Table Creator.
- ²³ See V. Paris, M. Devaux, & L. Wei, *Health Systems Institutional Characteristics: A Survey Of 29 OECD Countries* (2010) OECD Health Working Paper No.50, available at <http://dx.doi.org/10.1787/5kmfxq9qbnr-en>.