



# JOINT ECONOMIC COMMITTEE DEMOCRATS



SENATOR JACK REED (D-RI) – RANKING DEMOCRAT

ECONOMIC POLICY BRIEF

SEPTEMBER 2005

## POVERTY RATE INCREASES FOR THE FOURTH CONSECUTIVE YEAR

New estimates by the Census Bureau show that the poverty rate increased to 12.7 percent in 2004, marking the fourth consecutive year of poverty rate increases. During that time, 5.4 million more people have been thrown into poverty. This brief reports on national and state poverty trends since 2000.

### The National Picture

- The number of Americans living in poverty increased by 1.1 million to 37 million in 2004, up from 35.9 million in 2003. Since 2000, the number of Americans living in poverty has increased each year, by a total of 5.4 million (**Chart 1**). The official poverty line for a family of four is \$19,307.
- The poverty rate increased from 12.5 percent in 2003 to 12.7 percent in 2004. Four consecutive years of increases have raised the poverty rate by 1.4 percentage points, from 11.3 percent in 2000. The poverty rate had declined in each of the preceding seven years (**Chart 1**).
- More than one in six American children lives in poverty. The poverty rate for all children under 18 years of age was 17.8 percent in 2004, up from 17.6 percent in 2003.
- Poverty increased significantly among children and working-aged adults between 2000 and 2004 (**Chart 2**). The poverty rate for children increased by 1.6 percentage points. The poverty rate among individuals aged 18 to 64 increased by 1.7 percentage points.
- The poverty rate was 24.7 percent for blacks in 2004 and 21.9 percent for Hispanics. The poverty

rates among black and Hispanic children were even higher, at 33.2 percent and 28.9 percent, respectively. Since 2000, the poverty rate among blacks has risen by 2.2 percentage points, while the black child poverty rate has gone up by 2 percentage points. The poverty rate both for Hispanics and for Hispanic children rose about one-half percentage point over the same period (**Chart 3**).

- Poverty has increased not only because of the poor performance of the economy, but also because income support programs like Unemployment Insurance (UI) and Temporary Assistance for Needy Families (TANF) are helping fewer individuals. For example, although the number of children living in poverty has increased by 12.4 percent since 2000, the number of children receiving TANF has moved in the opposite direction, declining by 10.9 percent over the same period.

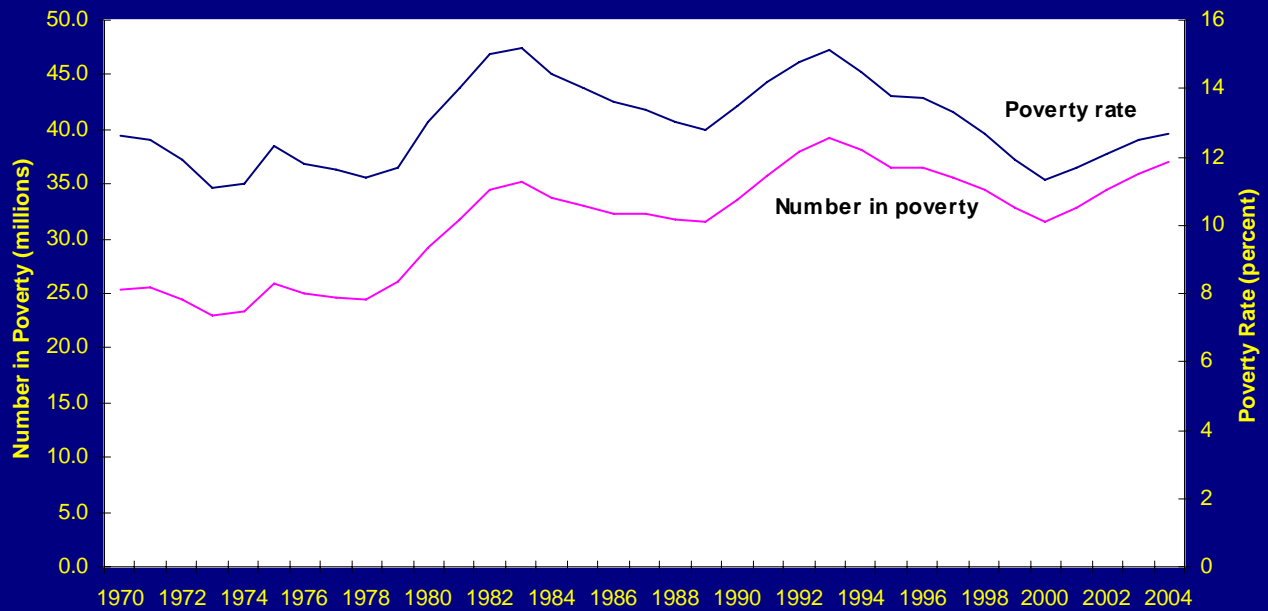
### The State Picture

Following Census guidance on how to use state level data, this report compares the two-year average for 1999-2000, the last years of the Clinton Administration, with the two-year average for 2003-2004 to analyze changes in poverty under President Bush. During that period:

- The poverty rate increased significantly in 11 states (**Table 1**). In ten of these states, the poverty rate increased by at least 2 percentage points. Only one state (Idaho) experienced a significant decline in its poverty rate. The rate in the remaining 39 states and the District of Columbia was essentially unchanged.

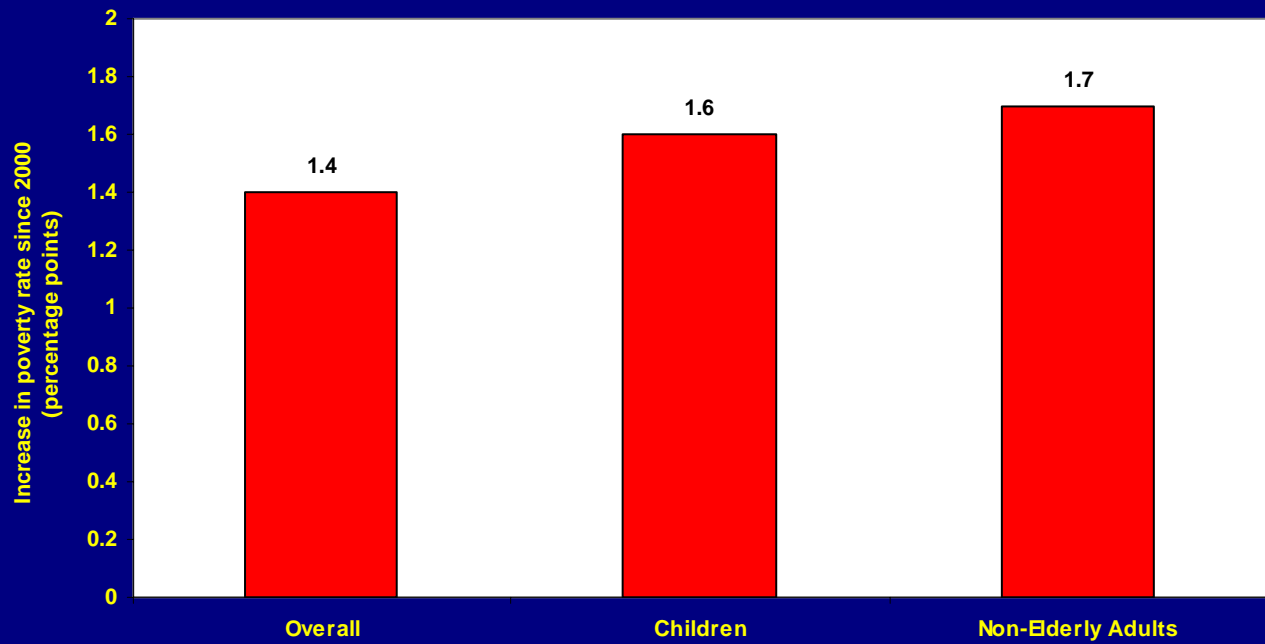
- Of the 11 states experiencing significant increases in their poverty, six were in the Midwest. In that region, the increases in the poverty rate ranged from 2 percentage points in Iowa to 3.8 percentage points in South Dakota.
- A full 18 states experienced significant increases in the number of poor people (**Table 2**). In 11 of these states, the increase was at least 25 percent.
- The Southern region of the country saw the greatest increase in the number of poor people, with eight of the 17 states in that region experiencing a significant increase. Texas was hit the hardest. There, an additional 552,000 people were thrown into poverty since 1999-2000 (**Table 2**). Altogether, an additional 1.9 million Americans living in the South fell below the poverty line.

**Chart 1- Poverty Has Increased Each Year Since 2000**



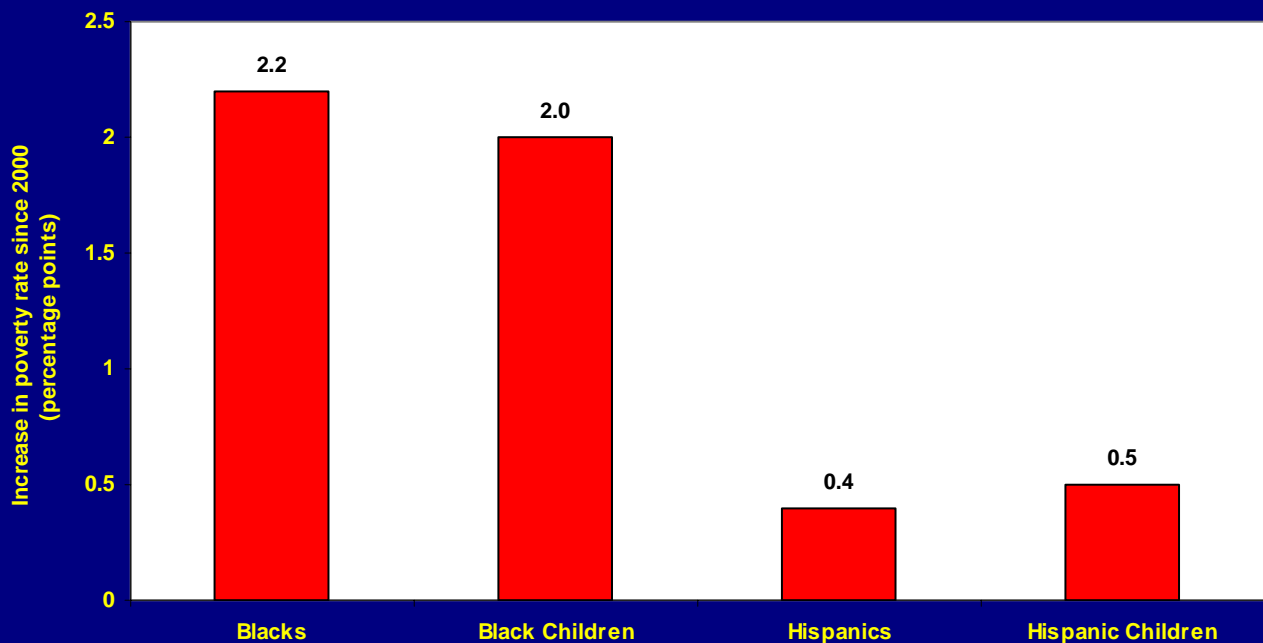
Source: Bureau of the Census, U.S. Department of Commerce.

**Chart 2 - The Poverty Rate Has Increased Significantly Since 2000  
Among Children and Working-Aged Adults**



Source: Bureau of the Census, U.S. Department of Commerce.

**Chart 3 - The Poverty Rate Has Increased Significantly since 2000  
Among Blacks, with Smaller Increases Among Hispanics**



Source: Bureau of the Census, U.S. Department of Commerce.

Table 1			
Percent of People in Poverty by State: 1999-2000 vs 2003-2004			
State	2-year average (1999-2000)	2-year average (2003-2004)	Change (2003-2004 average less 1999- 2000 average)
	Percent	Percent	Percentage points
United States	11.6	12.6	1.0 *
Alabama	14.3	16.0	1.7
Alaska	7.6	9.4	1.8
Arizona	11.9	13.9	2.0
Arkansas	15.6	16.4	0.9
California	13.4	13.2	-0.2
Colorado	9.1	9.9	0.7
Connecticut	7.4	9.1	1.6
Delaware	9.4	8.2	-1.2
District of Columbia	15.0	16.7	1.8
Florida	11.7	12.2	0.5
Georgia	12.5	12.5	0.0
Hawaii	9.9	8.9	-1.0
Idaho	13.3	10.0	-3.3 *
Illinois	10.3	12.4	2.1 *
Indiana	7.6	10.8	3.2 *
Iowa	7.8	9.9	2.0 *
Kansas	10.1	11.1	0.9
Kentucky	12.3	16.0	3.7 *
Louisiana	18.2	16.8	-1.4
Maine	10.3	11.6	1.3
Maryland	7.3	9.2	1.9 *
Massachusetts	10.8	9.7	-1.1
Michigan	9.8	12.3	2.5 *
Minnesota	6.5	7.2	0.7
Mississippi	15.6	17.3	1.7
Missouri	10.4	11.5	1.0
Montana	15.0	14.6	-0.3
Nebraska	9.8	9.6	-0.2
Nevada	10.0	10.9	0.8
New Hampshire	6.1	5.6	-0.5
New Jersey	7.6	8.3	0.7
New Mexico	19.2	17.3	-1.9
New York	14.0	14.6	0.6
North Carolina	13.1	15.1	2.0 *
North Dakota	11.7	9.7	-2.0
Ohio	11.0	11.3	0.3
Oklahoma	13.9	11.8	-2.1
Oregon	11.7	12.1	0.4
Pennsylvania	9.0	10.9	2.0 *
Rhode Island	10.1	11.5	1.4
South Carolina	11.4	13.8	2.4
South Dakota	9.2	13.0	3.8 *
Tennessee	12.7	15.0	2.3
Texas	15.4	16.7	1.4
Utah	6.7	9.5	2.8 *
Vermont	9.8	8.2	-1.6
Virginia	8.1	9.7	1.6
Washington	10.2	12.0	1.8
West Virginia	15.2	15.8	0.6
Wisconsin	8.9	11.0	2.1 *
Wyoming	11.2	9.9	-1.3

\*Statistically different from zero at the 90-percent confidence level.

Source: U.S. Census Bureau

Table 2			
Number of People in Poverty by State: 1999-2000 vs 2003-2004			
State	2-year average (1999-2000)	2-year average (2003-2004)	Change (2003-2004 average less 1999- 2000 average) <sup>1</sup>
	Thousands	Thousands	Thousands
United States	32,186	36,429	4,243 *
Illinois	1,261	1,563	302 *
Indiana	455	661	207 *
Iowa	224	287	64 *
Kansas	267	296	30
Michigan	972	1,223	251 *
Minnesota	315	367	52
Missouri	576	644	68
Nebraska	165	166	1
North Dakota	73	61	-12
Ohio	1,230	1,268	38
South Dakota	67	98	31 *
Wisconsin	479	600	121 *
Connecticut	252	313	61
Maine	131	149	18
Massachusetts	678	619	-59
New Hampshire	76	72	-4
New Jersey	629	716	87
New York	2,640	2,775	135
Pennsylvania	1,075	1,327	252 *
Rhode Island	105	121	16
Vermont	59	50	-9
Alabama	626	713	87
Arkansas	410	443	33
Delaware	73	67	-5
District of Columbia	82	92	9
Florida	1,846	2,087	241 *
Georgia	997	1,077	80
Kentucky	485	654	169 *
Louisiana	786	744	-43
Maryland	377	509	132 *
Mississippi	432	494	62
North Carolina	1,034	1,257	223 *
Oklahoma	463	406	-57
South Carolina	443	565	122 *
Tennessee	710	879	169 *
Texas	3,138	3,690	552 *
Virginia	557	714	158 *
West Virginia	266	282	16
Alaska	48	61	13
Arizona	612	789	178 *
California	4,513	4,688	175
Colorado	395	443	48
Hawaii	119	111	-8
Idaho	168	137	-31
Montana	133	133	0
Nevada	205	252	47
New Mexico	348	325	-22
Oregon	401	432	31
Utah	148	224	76 *
Washington	589	734	144 *
Wyoming	54	48	-6

\*Statistically different from zero at the 90-percent confidence level.

<sup>1</sup>Details may not sum to totals because of rounding

Source: U.S. Census Bureau