



# JOINT ECONOMIC COMMITTEE DEMOCRATS



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ECONOMIC POLICY BRIEF

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## POVERTY RATE UNCHANGED FROM 2004, BUT UP SINCE 2000

New estimates by the Census Bureau show that the poverty rate and the number of people living in poverty were statistically unchanged in 2005. Since 2000, however, the poverty rate has risen by 1.3 percentage points and the number of poor people has grown by 5.4 million.

### The National Picture

- The number of Americans living in poverty remained statistically unchanged at 37 million in 2005 after increases each year between 2000 and 2004 (**Chart 1**). Since 2000, the number of people in poverty has increased by a total of 5.4 million. The official poverty line for a family of four is \$19,971.
- The poverty rate in 2005 was 12.6 percent, statistically unchanged from 12.7 percent in 2004. Before last year, the poverty rate had increased for four straight years, and it remains 1.3 percentage points higher than it was in 2000. In contrast, the poverty rate had declined each year from 1994 to 2000 (**Chart 1**).
- More than one in six children lives in poverty. The poverty rate for all children under 18 years of age was 17.6 percent in 2005, statistically unchanged from its level in 2004.
- The poverty rate was 24.7 percent for blacks in 2005 and 21.8 percent for Hispanics. Since 2000, the poverty rate among blacks has increased significantly, rising by 2.2 percentage points (**Chart 2**). The poverty rates among black and Hispanic children were even higher, at 33.5 percent and 28.3 percent, respectively.

- Poverty has increased not only because of the relatively weak labor market, 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 11.3 percent since 2000, the number of children receiving TANF has moved in the opposite direction, declining by 15.5 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 2004-2005 to analyze changes in poverty under President Bush. During that period:

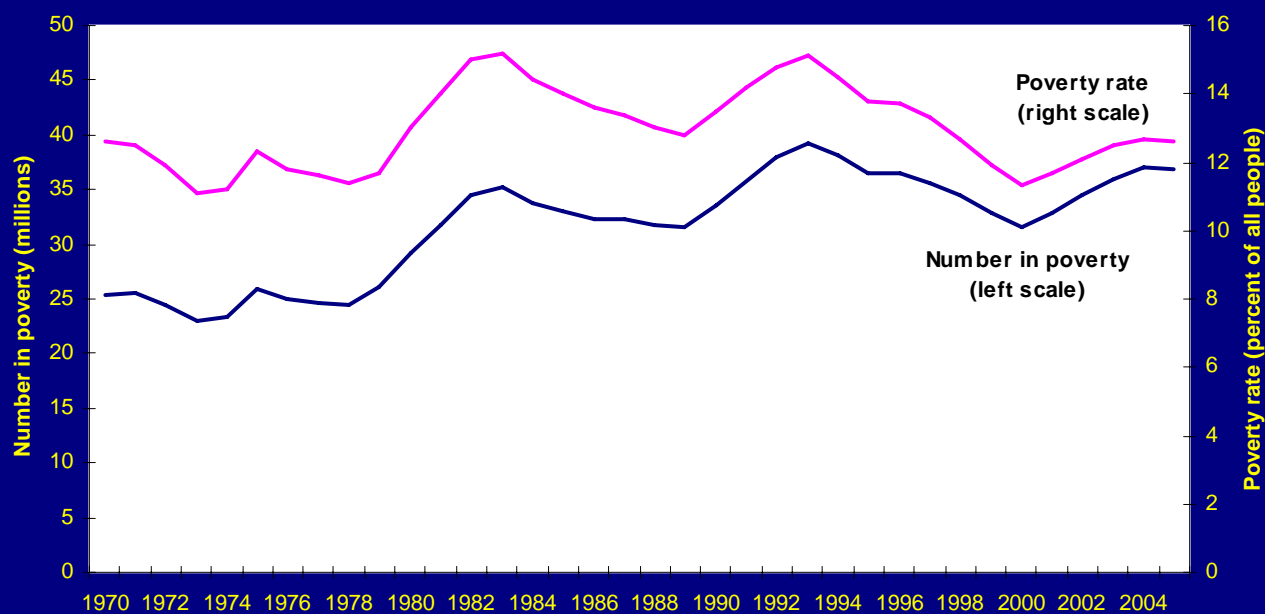
- The Midwest region of the country saw the greatest percentage increase in the number of poor people (**Table 1**). The number of poor people in the region increased by 23 percent while its total population increased by only 2 percent. Half of the states in the Midwest experienced a statistically significant increase in the number of poor people. Indiana was hit the hardest. There, the number of poor people increased by 63 percent while its total population increased by only 3 percent.
- The poverty rate increased significantly in 15 states and the District of Columbia (**Table 2**). In seven of these states and in the District of Columbia, the poverty rate increased by at least 3 percentage

points. Only one state (Idaho) experienced a significant decline in its poverty rate. The rate in the remaining 34 states was essentially unchanged.

- A full 21 states and the District of Columbia experienced significant increases in the number of poor people (Table 3). In 16 of these states and the District of Columbia, the increase was at least 25 percent.

**Chart 1- Poverty was Substantially Higher in 2005 than in 2000**

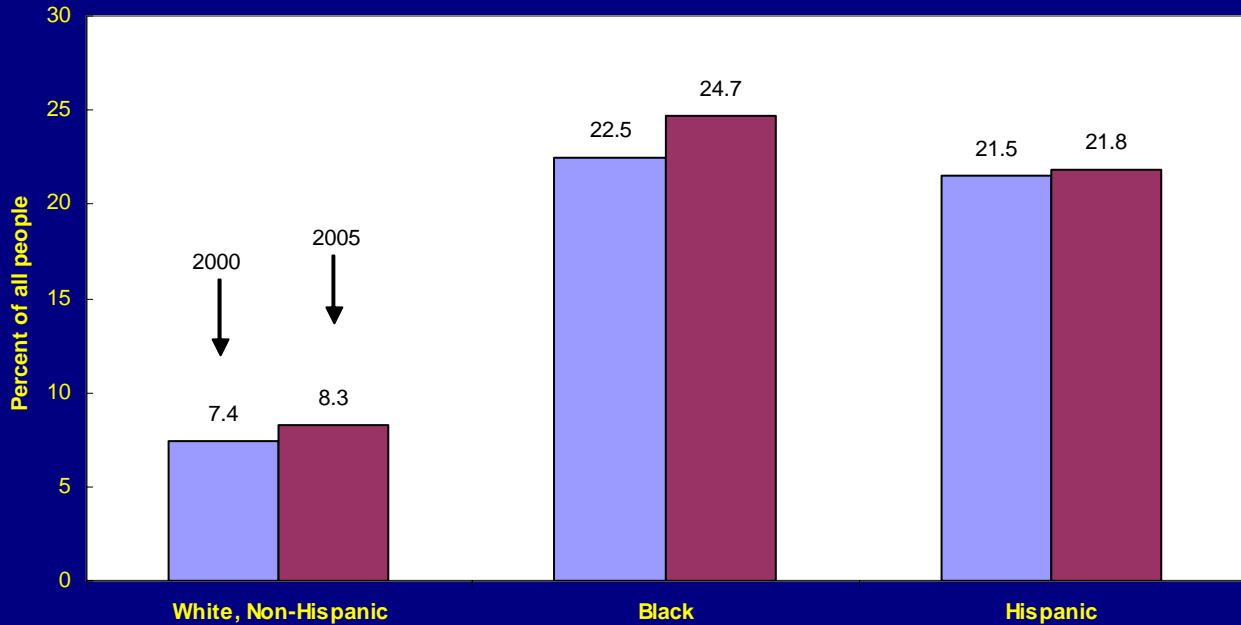
Number of People in Poverty and Poverty Rate, 1970-2005



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

**Chart 2 - Poverty Rates Are High Among Minorities and Increased Substantially for Blacks Between 2000 and 2005**

Poverty Rates by Race and Ethnicity, 2000 and 2005



Source: U.S. Census Bureau

**Table 1**

**The Midwest Experienced a Substantial Increase in Poverty**

Two-Year Average of Population and Number of People in Poverty, 1999-2000 and 2004-2005

Region	1999-2000		2004-2005		Percent change	
	Total population (in millions)	Poor population (in millions)	Total population (in millions)	Poor population (in millions)	Total population	Poor population
West	63.0	7.7	67.6	8.5	7	10
South	98.1	12.7	105.5	14.8	8	17
Northeast	53.0	5.7	54.0	6.2	2	10
Midwest	63.6	6.1	64.9	7.5	2	23
United States	244.6	32.2	291.9	37.0	5	15

Source: U.S. Census Bureau

Table 2			
Percent of People in Poverty, by State, 1999-2000 and 2004-2005			
State	2-year average (1999-2000)	2-year average (2004-2005)	Change (2004-2005 average less 1999- 2000 average) <sup>1</sup>
	Percent	Percent	Percentage points
United States	11.6	12.7	1.1 *
Alabama	14.3	16.8	2.5
Alaska	7.6	9.5	1.9
Arizona	11.9	14.8	2.9 *
Arkansas	15.6	14.5	-1.1
California	13.4	13.2	-0.2
Colorado	9.1	10.7	1.6
Connecticut	7.4	9.7	2.3 *
Delaware	9.4	9.1	-0.3
District of Columbia	15.0	19.1	4.1 *
Florida	11.7	11.4	-0.3
Georgia	12.5	13.7	1.2
Hawaii	9.9	8.6	-1.3
Idaho	13.3	9.9	-3.4 *
Illinois	10.3	11.9	1.6 *
Indiana	7.6	12.1	4.5 *
Iowa	7.8	11.1	3.3 *
Kansas	10.1	12.0	1.8
Kentucky	12.3	16.3	3.9 *
Louisiana	18.2	17.6	-0.6
Maine	10.3	12.1	1.8
Maryland	7.3	9.8	2.5 *
Massachusetts	10.8	9.7	-1.1
Michigan	9.8	12.6	2.8 *
Minnesota	6.5	7.5	1.1
Mississippi	15.6	19.4	3.8 *
Missouri	10.4	11.9	1.5
Montana	15.0	14.0	-1.0
Nebraska	9.8	9.5	-0.3
Nevada	10.0	10.8	0.7
New Hampshire	6.1	5.5	-0.6
New Jersey	7.6	7.4	-0.2
New Mexico	19.2	17.2	-2.0
New York	14.0	14.8	0.7
North Carolina	13.1	13.8	0.7
North Dakota	11.7	10.4	-1.3
Ohio	11.0	11.9	1.0
Oklahoma	13.9	13.2	-0.7
Oregon	11.7	11.9	0.2
Pennsylvania	9.0	11.3	2.3 *
Rhode Island	10.1	11.8	1.7
South Carolina	11.4	15.0	3.6 *
South Dakota	9.2	12.7	3.4 *
Tennessee	12.7	15.4	2.7 *
Texas	15.4	16.3	1.0
Utah	6.7	9.6	3.0 *
Vermont	9.8	7.7	-2.1
Virginia	8.1	9.3	1.2
Washington	10.2	10.8	0.6
West Virginia	15.2	14.8	-0.4
Wisconsin	8.9	11.3	2.3 *
Wyoming	11.2	10.3	-0.9

\*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

Table 3			
Number of People in Poverty, by State, 1999-2000 and 2004-2005			
State	2-year average (1999-2000)	2-year average (2004-2005)	Change (2004-2005 average less 1999- 2000 average) <sup>1</sup>
	Thousands	Thousands	Thousands
United States	32,186	36,995	4,809 *
Alabama	626	756	130 *
Alaska	48	62	15 *
Arizona	612	874	262 *
Arkansas	410	397	-14
California	4,513	4,720	207
Colorado	395	490	94
Connecticut	252	339	87 *
Delaware	73	76	3
District of Columbia	82	104	21 *
Florida	1,846	2,002	156
Georgia	997	1,215	218 *
Hawaii	119	108	-11
Idaho	168	139	-29
Illinois	1,261	1,493	232 *
Indiana	455	743	289 *
Iowa	224	322	98 *
Kansas	267	321	54
Kentucky	485	661	176 *
Louisiana	786	746	-40
Maine	131	158	27
Maryland	377	546	169 *
Massachusetts	678	617	-61
Michigan	972	1,257	285 *
Minnesota	315	384	69
Mississippi	432	554	122 *
Missouri	576	673	97
Montana	133	128	-5
Nebraska	165	165	1
Nevada	205	260	55 *
New Hampshire	76	72	-4
New Jersey	629	643	14
New Mexico	348	330	-18
New York	2,640	2,803	163
North Carolina	1,034	1,172	138
North Dakota	73	65	-8
Ohio	1,230	1,348	118
Oklahoma	463	458	-5
Oregon	401	428	27
Pennsylvania	1,075	1,378	303 *
Rhode Island	105	124	20
South Carolina	443	620	178 *
South Dakota	67	96	29 *
Tennessee	710	902	191 *
Texas	3,138	3,675	537 *
Utah	148	236	88 *
Vermont	59	48	-11
Virginia	557	689	132 *
Washington	589	668	79
West Virginia	266	265	-1
Wisconsin	479	615	135 *
Wyoming	54	52	-2

\*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