Lecture notes for Session 1: Definitions and Distributions of Poverty


- Poverty definition: to be considered in poverty, the pretax income of a family must be less than the cost of a minimum diet multiplied by 3 and adjusted for the age of the head of household and number of persons in the family.

- This definition was adapted for use in 1965 and has not changed since its creation.

- The definition itself was really created in 1963. At that time, for a family of 4 (2 adults and 2 children), the poverty threshold was $3,100. The threshold has been adjusted annually for inflation. It’s value now is $16,450 for that same family type. This figure represents the same purchasing power as the figure for 1963.

- Criticisms of the definition of poverty

- The measure of income used to determine poverty status should take into account in-kind assistance (e.g., Food Stamps, Medicaid)

- Income should be measured after taxes

- Work-related expenses and child care costs should be deducted from income to better approximate the amount of resources a family has available

- The poverty threshold should take into account regional variations in cost of living

- NRC recommendations for changing the current measure of poverty

- Poverty threshold should represent a budget for food, clothing, shelter, utilities, and a small amount for other needs.

- The threshold should reflect the needs of different family types (e.g., family types probably refers to the age distribution of people in the household. For example, a family with an infant may need slightly more funds than a family with a somewhat older child due to diaper costs.

- Thresholds should reflect regional differences in housing costs

- A measure of family resources that includes all cash and near cash benefits minus expenses that are not included in the family budget (e.g., taxes, child care, work-related expenses, out of pocket medical costs)
The threshold should be adjusted annually not only for inflation, but for growth in median expenditures on basic goods (i.e., food, clothing and shelter).

- How do the NRC recommendations affect the poverty distributions? <Table 1>
  - After taking the NRC recommendations into account, the poverty rate increased overall.
  - The biggest increase occurred for Hispanics, which is mainly due to the adjustment for housing costs.

- Why does it matter what the definition is?
  - In some cases, public resources are divided among states or other political jurisdictions based on the number or percentage of people living in poverty in that area.
  - At the individual level, whether or not a family might receive a particular benefit will depend upon whether they fall below the poverty threshold.
  - A flawed measure also gives an unclear picture on how effective governmental programs are in reducing poverty.

- How is poverty distributed in our society by racial group and over time? <Table 2>
  - Rate of poverty is lowest among Whites for all years.
  - In 1995, the poverty rate for Hispanics and Blacks was about equal, but Hispanics were slightly more likely to be in poverty.
  - For older adults, poverty has undergone a monotonic decline for Blacks and Whites. For Hispanics and Asian Americans, poverty has decreased over time but in 1995 experienced a slight upswing.
  - For children and female-headed households, the rates have also declined, but they remain the highest for all racial groups.
  - The overall rate of poverty is very similar between 1995 and the time of the Kerner commission report (1968). Have we made any progress?

- What is the geographical distribution of poverty? <Table 3>
  - Rates for Blacks and Hispanics are higher in nonmetropolitan areas (pop. < 50,000) than in either type of metropolitan area (pop. > 50,000).
  - For all racial groups, the lowest rates of poverty occur in metropolitan areas outside of the central cities.

- Hayes-Bautista makes 2 central points

  - In California, the Latino population represents an epidemiological paradox (?)
    - Higher percentages of Latinos live in poverty compared to Anglos, yet their birth outcomes (e.g., % low birthweight babies, drug babies, infant mortality rates) are better than those for Anglos
  
  - The urban underclass model does not apply to the Latino population of California (?)
    - Labor force participation rates among males are highest for Latinos
    - % enrolled in AFDC is lowest
    - % intact families (couples with children) is highest
    - Education levels are not as high as Anglos, but get closer over generations

- What does Hayes-Bautista mean when he refers to the Urban Underclass Model?

  - Christopher Jencks. 1989. “What is the Underclass – and is it Growing?”
    - He argues that there is no strict definition of the “underclass.” He has counted nearly a dozen definitions of the underclass and each yields a different picture of how big the underclass is and who its members are.
    
    - One definition of the underclass that has been used is one of the persistently poor. However, because the term underclass conjures up thoughts of unconventional behavior, the persistent poverty definition doesn’t really fit (e.g., farm families with several children).

    - Another attempt to define the underclass does so using geographic boundaries. That is, living in a high poverty area would mean one is a member of the underclass. Two problems:
      
      - Problem 1: Neighborhoods are heterogeneous – poor people live in prosperous neighborhoods and relatively prosperous people live in poor neighborhoods
      
      - Problem 2: Simply moving can change one’s class level to or from the underclass.

    - How then is the best way to define the underclass? Given that the underclass is commonly used as an antonym for the middle and working classes, it might be instructive
to determine what middle-class means and then find the opposite of those meanings.

- **Economic underclass**: All working-age men and women who cannot get or keep a steady job.

- **Moral underclass**: A group of people who find middle-class norms of behavior (e.g., obeying the law, premarital births, going to work every day) either impractical or irrelevant.

- **Educational underclass**: People who lack the information and skills needed to pass as members of the working class.
Questions for Discussion

• You are a member of congress who’s district lies within a metropolitan central city area. The NRC makes a recommendation that the poverty threshold should be adjusted for differential housing costs based on location. Given that you want as much money as possible to go to your district (reelection is a GOOD thing), how do you react to this suggestion?

• Sandefur et al. argue that we should think about poverty as a public health problem. What do they mean by that?

• What are some of the weaknesses in Jencks’ definitions of the underclass? That is, can you think of situations which would meet the letter of his definition but not the spirit of it?