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Who is Living in Poverty and Why?

Abstract

In thinking about poverty, it is common to focus on those places and populations where the poverty rate is the highest, where poverty is the most concentrated and visible. Thus, many associate poverty with inner city residents, people of color, high school drop-outs, never-married mothers, and people without jobs – all of whom suffer from disproportionately high rates of poverty. There are both good and bad reasons to focus attention on these groups, but it is important to remember the big picture as well. What is most typical among the 39 million people living in poverty in the United States?

Keywords

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Who Is Living in Poverty?

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Location: the Suburbs

More people in poverty live in the suburbs (12.5 million) than in big cities (11 million), small metro areas (7.9 million), or non-metro areas (7.8 million).²

Race/Ethnicity: White

Many more people in poverty are white (42.2%) than black (24.2%) or Hispanic (26.5%).³

Education: High School Grad

Two-thirds of people in poverty (65.4%) are high-school graduates. Many have been to college: 22.4% have some

college, and 8.2% have college degrees.⁴

Family: Single Mother

Although most people living in poverty are not single mothers and their children, many are (40.8%). Of all people in poverty, 29.8% are in married couple households, 5.4% are in male-headed homes, 11.9% are single males, and 12.1% are single families. Most people in poverty are in small families: only 25.9% are in families of five or more. Most (56%) are in families of one, two, or three people.⁵



Employment Status: Working

Most households living in poverty (54%) are headed by someone who works. 23.6% have worked full time all year, and 30.5% have worked part of the year and/or part-time.⁶

Among the working poor, the most common reason for poverty is not spells of unemployment, but low wages – particularly in the service sector.⁷

What is Typical, Then?

The poverty population is highly diverse and somewhat fluid, with many people moving in and out of poverty – so much so, that of children born between 1970 and 1990, fully 35% experienced poverty at least once.⁸ Nonetheless, if asked to find a “typical” family living in poverty, we should probably pick a divorced white woman with a high school degree, living in the suburbs of a large or medium sized city, parenting one or two children, and working in a service sector job such as retail, health care, or child care.

People or Policies?

In thinking about poverty, there is a natural tendency to focus on the people currently living in poverty and seek answers to their poverty in their attributes or life stories – what I will call, for shorthand, the “people-focused” approach. At an individual level, the “answers” to poverty may seem fairly simple: if you stay in school, never get arrested, avoid addiction, stay out of debt, and get married before having kids, your chances of landing in poverty are relatively small.

But people-focused explanations do not do a very good job in explaining why the poverty rate in the United States goes up and down over time, or how it compares to poverty in other countries with people much like ours. For example, in 1950, 35% of whites and nearly 75% of black people in America were living in poverty. By 1964 the national poverty rate was

down to 19%, and in 1973 it hit its all time low of 11%, before rising and falling unevenly to the 2008 rate of 13.2%.⁹ In the late 1990s, poverty fell quite sharply; in the 2000s it rose again – despite the fact that the people and the culture of the United States had not changed in any way that could explain it. Graduation rates were rising in the early 2000s,¹⁰ crime rates were dropping, and teen pregnancy rates were plummeting – but poverty and economic inequality were rising sharply.¹¹

The countries of Western Europe offer sharp contrasts to the United States. In Sweden, single motherhood is common, and high school drop out rates are roughly equal to those in the U.S.¹² But whereas in the United States, more than 45% of single mothers are living in poverty, in Sweden the number is only 5%. Why? The answer, in a nutshell, is higher wages and more generous work supports, such as subsidized child care and paid family leave.¹³

Similarly, Norway is a nation with per capita spending power almost identical to that of the United States. But in Norway, although the average number of hours worked per year is only 1,363, compared to 1,824 in the U.S., the poverty rate for children is 3%, compared to our rate of 17%. The Norwegians are not so different from us, but they make quite different policy choices. Their government collects much more revenue in taxes (43% of GDP compared to our 26%), and they spend it quite differently (1.9% of GDP on military spending, compared to our 4.1%, for example).¹⁴

To make the point differently, imagine a room with 100 hungry people and 90

apples. If 90 people grab the 90 apples and eat them, leaving ten hungry, how should we analyze the problem? We could focus on the ten who did not get the apples and ask why they failed. We could come up with different interventions and training programs for them, so that next time, they will stand a better chance. Unfortunately, if all ten of them get apples next time, it only means that ten different people will go without. Alternately, we could focus our attention on how to increase the number of apples to 100, or as close as we could come. And finally, we could focus on how best to share those 90, or 95 apples. After all, if 90 people ate 9/10 of an apple, no one would go hungry.¹⁵

To return to poverty policy, people-focused analyses can help explain who competes successfully for decent-paying jobs, but they do not help us to understand how many jobs are available or how well those jobs pay. Moreover, if they are overly individualistic – if they ignore forces like geography, race, class, and gender -- then they do not do a very good job explaining why some people compete better for jobs than others.

One salient example of these institutional factors is racial discrimination. In a notable experiment, researchers sent out over 1300 fictitious resumes in response to help wanted ads, assigning very white names to half the resumes, and very African American names to half. The call back rate for the white resumes was 50% higher.¹⁶ A similar experiment found that white men with felony records were more likely get a call back than African American men with no criminal history.¹⁷

Imagine a nation in which we all graduate from high school, avoid crime, addiction and debt, and wait to have children until we have a work history and a co-parent. Those might all be good things, but they might have a surprisingly small effect on the poverty rate. After all, if there were not enough jobs to go around, then some of us would be unemployed. And roughly one third of us would still need to fill low wage jobs – in retail sales, child care, home health care, landscaping, security, food service. A child care worker might have a Ph.D., but she will still be living in poverty if her wages, supplemented by public benefits, don't add up to enough to pay for rent, food, child care, transportation, and health care. Over 40 million jobs in the United States pay \$11.11 per hour or less; how we pay and support those workers is vital to a big-picture analysis of poverty.¹⁸

Poverty is not a mysterious disease whose cure we still have not found. Poverty means that one's income is too low and one's expenses are too high. We can find a multitude of public policies at home and abroad that increase incomes and lower expenses for people at or near poverty.

To increase incomes for people who are disabled, unemployed, or taking care of a family member, we can increase public assistance such as disability benefits, unemployment insurance, and welfare grants. To increase incomes for people who are working, we can increase minimum wages, crack down on wage theft, and make it easier for workers to organize and bargain for higher wages. To cut expenses for people with low incomes, we can lower their taxes, cut down on predatory lending and sales,

and reduce the costs of basic public goods such as health care, public transportation, and education.

The hard part, of course, is not identifying these solutions but generating the political will to do so, in a

democracy that has been increasingly co-opted by large-scale campaign donors and lobbyists. Reversing that trend so that people with low incomes regain a stronger voice in public policy is an endless and endlessly necessary task for organizers and advocates everywhere.

¹ All statistics cited use the federal definition of poverty, which is updated for inflation each year. For 2009, the definition is \$10,830 for a single person, \$14,570 for a family of two, \$18,310 for a family of three, and \$22,050 for a family of four. Almost all commentators agree that this definition is artificially low, and that a figure between 150% and 200% of the federal line would more accurately reflect the income needed to escape poverty.

² Elizabeth Kneebone and Emily Garr, “The Suburbanization of Poverty: Trends in Metropolitan America, 2000-2008,” Brookings Institution, 2010.

³ 2006 Census Data, cited in Daniel R. Meyer and Geoffrey L. Wallace, “Poverty Levels and Trends in Comparative Perspective.” Institute for Research on Poverty, *Focus* Vol. 26, No. 2, Fall 2009.

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*

⁷ U.S. Department of Labor, “A Profile of the Working Poor, 2007.” Of the working poor, about 29% had experienced unemployment in the previous year, whereas nearly 70% had experienced low wages.

⁸ National Center for Children in Poverty, “Ten Important Questions about Child Poverty and Family Economic Hardship.” Note that while many people move in and out of poverty, social mobility is low in the United States compared to other nations, and it has been falling rather than rising. See, for example, Massey, Douglas S., 2007. *Categorically Unequal: The American Stratification System*. New York: Russell Sage Foundation.

⁹ Maria Cancian and Sheldon Danziger, “Changing poverty and changing anti-poverty policies,” Institute for Research on Poverty, *Focus* Vol. 26, No. 2, Fall 2009.

¹⁰ Graduation rates for U.S. public high schools rose by 2.8% from 1996 to 2006. Christopher B. Swanson, “Gauging Graduation, Pinpointing Progress,” *Education Week*, June 11, 2009.

¹¹ Tamar Lewin, “After Years of Falling, Teen Pregnancy Rate Rises,” *New York Times*, January 27, 2010.

¹² Alliance for Excellent Education, “Facts for Education Advocates.”

¹³ Karen Christopher, “Family-Friendly Europe,” *The American Prospect*, April 8, 2002.

¹⁴ Christopher Jenks, “They’d Much Rather Be Rich,” *New York Review of Books*, October 11, 1997.

¹⁵ This example is a modification of a parable used by Philip Harvey in his chapter in Frank Munger, 2002, *Laboring Below the Line*. New York: Russell Sage Foundation.

¹⁶ Bertran, Marianne and Sendhil Mullainathan, 2003. *Are Emily and Greg More Employable than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination*. [MIT Department of Economics Working Paper No. 03-22](#).

¹⁷ Massey, Douglas S., 2007. *Categorically Unequal: The American Stratification System*. New York: Russell Sage Foundation.

¹⁸ Boushey, Heather, Shawn Fremstad, Rachel Gragg, and Margy Waller, 2007. *Understanding Low-Wage Work in the United States*. Center for Economic Policy and Research and The Mobility Agenda.



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