Poverty Perspectives: Absolute, Relative, and Alternate Poverty Measures

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#EIUHungerChallenge
What is Poverty?

• It’s Complicated...
• It Depends Who You Ask...
  – Self-Interest or Restricted Opportunities
    • Individual: Are individuals to blame?
      – Flawed Character
    • Structural: Is society totally to blame?
      – Restricted Opportunity
Individual Flawed Character

• Individual defects in aspiration or ability
  • Lack Motivation or ‘work ethic’

  – Human Capital: Obtaining Human Assets
    • Example:
      – College Education

  • Human capital → Market place
    – Individuals have the same choices but invest differently
    – Poverty then comes from making the wrong choice
Individual Flawed Character

• Pervasive opportunity:
  – Mobility upward is available to everyone
  – Hard work and access to opportunities
    – Non-flawed character
    – Bootstraps

• Economic interests:
  – Society already gives enough to succeed
Restricted Opportunity

• Circumstances and Structures
  – Unequal conditions of existence
    • *Everyone does not have the same level of access to good jobs, schools, and other acceptable source of income.*
    • Discrimination based on: racial, sex, gender, class, ability, and other forms of discrimination.

  – Equal opportunity does not exist
    • Example:
      – Gender Wage Gap; Wal-Mart associates Receiving Food Stamps
Big Brother

• The poor persons are not inherently flawed:
  – Governmental assistance diminishes the incentives for self-sufficiency
    • Welfare is a Choice, not a Necessity
      – The ‘blight of dependency’
  – By doing **less**, the government can eliminate poverty
    • “fend for yourself” through legitimate means
What is Poverty?

- Economic and/or income deprivation
  - Lacking means of subsistence capable of providing a secure and adequate standard of living:
    - Absolute: constant level/threshold
    - Relative: comparative level of social, economic, and cultural development
What is Poverty?

• Academically:
  
  **Absolute poverty:**
  
  • a true, basic (absolute) standard of needs
    – remains constant over time.
  
  • There is a real level of minimum needs in order to survive
Understanding Poverty Measurement

• Official Poverty Definition (U.S. Census Bureau):
  – Family Income:
    • Gross Family **Pre-Tax** Annual Cash Income:
      – Earnings
      – Pensions
      – Interest income
      – Rental income
      – and Cash Welfare
      – *Added together, if the family income is below the relevant threshold, then the family is considered poor.*
The current federal poverty measure was developed in the 1960s and is based on taking the cost of an emergency food diet and multiplying it by three.

At the time, food constituted one-third of the average family’s budget.
Now it amounts to around one-seventh as the costs of housing, childcare, and health care have all risen disproportionately.
# 2013 Poverty Thresholds

<table>
<thead>
<tr>
<th>Size of family unit</th>
<th>Thresholds</th>
<th>Related children under 18 years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>One person (unrelated individual)</td>
<td>11,888</td>
<td></td>
</tr>
<tr>
<td>Under 65 years</td>
<td>12,119</td>
<td>12,119</td>
</tr>
<tr>
<td>65 years +</td>
<td>11,173</td>
<td>11,173</td>
</tr>
<tr>
<td>Two people</td>
<td>15,142</td>
<td></td>
</tr>
<tr>
<td>Householder under 65</td>
<td>15,679</td>
<td>15,600</td>
</tr>
<tr>
<td>Householder 65+</td>
<td>14,095</td>
<td>14,081</td>
</tr>
<tr>
<td>Three people</td>
<td>18,552</td>
<td>18,222</td>
</tr>
<tr>
<td>Four people</td>
<td>23,834</td>
<td>24,028</td>
</tr>
<tr>
<td>Five people</td>
<td>28,265</td>
<td>28,977</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau.
Percent of Individuals in Poverty, by Race/Ethnicity: 1959-2013

- Black, 27.2%
- Hispanic, 23.5%
- All, 14.5%
- White, 12.3%
Percent of Families in Poverty, by Race/Ethnicity: 1959-2013

- Black, 25.8
- Hispanic, 22.3
- All, 12.4
- White, 10.1
Percent of Individuals in Poverty by Age: 1959-2013

- All Children Under 18, 19.9
- Related Children in Families, 19.5
- 18 to 64, 13.6
- 65+, 9.5
What is Poverty?

• Academically:
  
  *Relative poverty:*
  
  • A condition of comparative disadvantage to be judged against some relative, shifting, or evolving standard of living.
  
  • Comparative disadvantage based on social development
    – Median Income, for example
Poverty is Local and Relative:

“People are poverty-stricken when their income, even if adequate for survival, falls markedly behind that of the community. Then they cannot have what the larger community regards as the minimum necessary for decency, and they cannot wholly escape, therefore, the judgment of the larger community that they are indecent.”


• Relative Poverty / Comparative
  – Changes over time
  – Levels of poverty
Levels of Poverty (2013)

- 50% of poverty
  - Extreme Poverty
  - $5,944
  - $11,812
  - (Family of 4 with 2 children)

- 100% of poverty
  - Food Insecurity
  - $21,993
  - $43,704
  - (Family of 4 with 2 children)

- 185% of poverty
  - $21,993
  - $43,704
  - (Family of 4 with 2 children)

- 200% of poverty
  - $21,993
  - $43,704
  - (Family of 4 with 2 children)
185%

- Food insecurity level of income above poverty line
  - Formerly “hunger risk”

  - SNAP/Food Stamps → 130%
  - Women, Infants, and Children (WIC) → 185%
  - School Food Programs →
    - Free Meals: 130%
    - Reduced Price: 185%
What is Hunger?

- hunger [huhng-ger]
  - noun
  1. a compelling need or desire for food.
  2. state of weakness caused by the need of food.
  3. a shortage of food; famine.
  4. a strong or compelling desire or craving.
  - verb (used without object)
  5. to feel hunger; be hungry.
  6. to have a strong desire.
What is Food Insecurity?

- Households that are unable to acquire adequate food for one or more household members:
  - Insufficient money / resources for food:
    - Worried food would run out before they got money to buy more.
    - Food they bought didn't last, and they didn't have money to get more.
    - They couldn't afford to eat balanced meals.
Food Insecurity: 2000-2013

Percent of households

Food insecurity (including low and very low food security)

Very low food security

Understanding Poverty Measurement

- Dimensions of Poverty
  - Absolute and Relative Economic Deprivation
    - Census does not capture the “full experience”
  - Missing Factors:
    - In-kind benefits
    - Necessary expenses
    - Changes in family structure
    - Standards of living
    - Geographic variables
Supplemental Poverty Measure (SPM)

• Absolute Measure
  – Redefines thresholds

• Relative Measure
  – Social Factors
    • Expenditures for Shelter
      – (rent; own; mortgage)
    • Economic Unit
      – (related individuals; foster children; cohabitators)
  – Geographic costs of living
    – Goods and services
Family Resources, Benefits, and Expenses (SPM)

**Benefits:**
- TANF
- Social Security
- SSI
- Unemployment
- SNAP*
- School Lunch Program*
- WIC*
- LIHEAP*
- Housing subsidies*

**Non-discretionary Expenses:**
- Income and Payroll Tax*
- Tax Credits*
- Child care and work related expenses*
- Medical Out of Pocket Expenditures (MOOP)*
- Child Support*

*not included in Official Measure
Figure 1.
Poverty Rates Using Two Measures for Total Population and by Age Group: 2013

* Includes unrelated individuals under the age of 15.
Figure 4.
Difference in SPM Rates After Including Each Element: 2012 and 2013

Percentage point difference

-10  -8  -6  -4  -2  0  2  4

Social Security
Refundable tax credits*
SNAP
Unemployment insurance*
SSI*
Housing subsidies
Child support received
School lunch
TANF/General Assistance
WIC
LIHEAP
Workers' compensation
Child support paid
Federal income tax
FICA*
Work expense
MOOP

*Statistically significant change between 2012 and 2013.
Summary

• Poverty is in the eye of the beholder
• Different definitions and measures result in different understands
• Poverty differs by social group memberships
• Poverty is complex, but social programs can make a difference
Upcoming Lectures

• Academy of Life Long Learning
  – November 11, 12:00p
    • Local Poverty and Food Insecurity in Regional, State, and National Contexts
  – November 18, 12:00p
    • Interventions and Program Addressing Poverty and Food Insecurity

• Booth Library
  – November 6, 7:00p:
    • The War on Poverty, Social and Political Contexts