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Poverty on the Rise Across the United States and in New Hampshire

The US Census Bureau's annual report on income, poverty, and health insurance coverage reveals a sizable increase in the national poverty rate in 2009, as the ongoing recession continues to take its toll on millions of individuals and families struggling to make ends meet.ⁱ Data included with the release of the report show a similarly sharp upturn in poverty in New Hampshire, though such state-oriented findings should be considered preliminary until the Census Bureau issues more authoritative state-by-state data later this month.

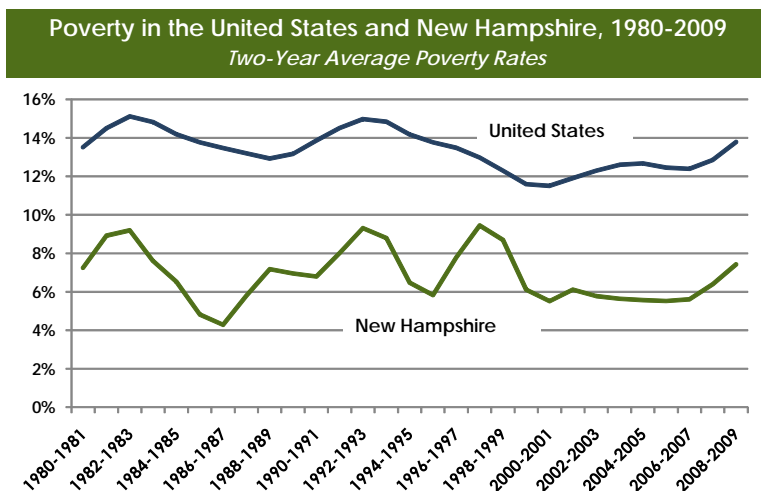
Poverty Climbs Both Nationally and Locally in 2009

According to the Census Bureau's report, approximately 43.6 million people were living in poverty in the United States in 2009, an increase of 3.7 million people since 2008 and the third such increase in the last three years. As a result, the US poverty rate rose to 14.3 percent last year, 1.1 percentage points higher than its 2008 level of 13.2 percent. Just as importantly, since the start of the recession in 2007, the number of people with incomes below the federal poverty threshold has grown by 6.3 million, a change that corresponds to a roughly 1.9 percentage point increase over the 2007 poverty rate of 12.5 percent.

In New Hampshire, the poverty rate appears to have climbed 1.8 percentage points over the course of the economic downturn. For the two year period from 2006 to 2007, the New Hampshire

poverty rate was 5.6 percent; for the two year period from 2008 to 2009, it stood at 7.4 percent.ⁱⁱ A poverty rate of 7.4 percent suggests that roughly 97,000 people, out of New Hampshire's total population of nearly 1.3 million, had incomes below the official poverty line during the 2008-2009 period.

Figure 1.



Source: US Census Bureau

As Figure 1 illustrates, while New Hampshire’s poverty rate remains considerably below the national rate, it now likely stands at its highest level in close to a decade. Indeed, the last two-year stretch during which the New Hampshire poverty rate exceeded 7 percent was 1998-1999, when it was 8.7 percent. Similarly, the 1.8 percentage point increase in the New Hampshire poverty rate between 2006-2007 and 2008-2009 likely marks the largest jump in the rate since the latter half of the 1990s.

Measuring Poverty and Understanding the Impact of the Recovery Act

To be considered poor, a person must have total income below the federal poverty threshold that corresponds to the size of his or her family, the number of children in that family, and the age of the head of that family. In the case of a single individual, his or her own income must fall below that threshold; in the case of a child, he or she is counted as poor if his or her family’s income is below the given threshold for his or her

Figure 2.

Family Structure and Age	Threshold
Single person (under age 65)	\$11,161
Single person (age 65 and older)	\$10,289
Married couple (under age 65)	\$14,366
Married couple (age 65 and older)	\$12,968
Single parent, one child under age 18	\$14,787
Two parents, one child under age 18	\$17,268
Two parents, two children under age 18	\$21,756

Source: US Census Bureau

family. Figure 2 lists several different family structures and their corresponding poverty thresholds for 2009.

In determining an individual’s or a family’s poverty status, the Census Bureau uses a definition of income that includes cash income before taxes and tax credits, as well as any unemployment insurance benefits that individual or family may receive. However, that definition excludes capital gains and non-cash benefits

like housing assistance or Supplemental Nutrition Assistance Program benefits (also referred to as food stamps). This failure to account for all forms of income for a particular individual or family is one of several shortcomings – in addition to the failure to account for the true expenses people face on a day to day basis and for any regional variation in those expenses – that have long plagued the federal poverty measure. The Census Bureau will address some of these shortcomings via the new Supplemental Poverty Measure that it will begin publishing on a preliminary basis later this year and that will be officially issued next fall.

In the interim, though, the manner in which poverty is measured has a real effect in understanding the impact of federal efforts, through the American Recovery and Reinvestment Act of 2009 (ARRA), to help working individuals and families cope with the economic hardships created by the recession. For instance, according to the Center on Budget and Policy Priorities, unemployment insurance benefits, which are counted as income under the Census Bureau’s methodology, prevented 3.3 million Americans from falling into poverty in 2009, in part due to temporary enhancements

achieved through the Recovery Act and related legislation.ⁱⁱⁱ Likewise, the \$68 million in additional unemployment benefits arising from the Recovery Act in New Hampshire through November 2009 almost surely kept the state's poverty rate of 7.4 percent in 2008-2009 lower than it otherwise would have been. On the other hand, because the measure of income used by the Census for determining poverty status excludes non-cash benefits and tax credits, the poverty rate, both nationally and here in the Granite State, fails to reflect the impact of additional food stamp benefits available under the Recovery Act or of changes in the Child Tax Credit or other similar targeted tax expenditures. Here at home, the Recovery Act has resulted in an additional \$32 million in food stamp benefits through August of this year, while, over the same period, some \$392 million has flowed to New Hampshire workers as a result of the Making Work Pay Credit included in the Act.^{iv}

ⁱ DeNavas-Walt, Proctor, and Smith, *Income, Poverty, and Health Insurance Coverage in the United States: 2009*, US Census Bureau, September 2010, available at <http://www.census.gov/prod/2010pubs/p60-238.pdf>.

ⁱⁱ These rates are based on data from the Census Bureau's Current Population Survey, which serves as the official source of information on poverty and incomes at the *national* level and is the basis for the Census Bureau's *Income, Poverty, and Health Insurance Coverage in the United States* report. For *state* level trends and analysis, the Census Bureau recommends the use of its American Community Survey; however, the Census Bureau does not plan to release the 2009 American Community survey data until later this month. The Census Bureau further recommends that, in deriving state-by-state statistics from the Current Population Survey, two-year averages be used to compare trends within states over time and three-year averages be used to make comparisons among states.

ⁱⁱⁱ Sherman, Arloc. *Looking at Today's Poverty Numbers*, Center on Budget and Policy Priorities, September 16, 2010, available at <http://www.offthechartsblog.org/looking-at-today%E2%80%99s-poverty-numbers/>

^{iv} Data on the impact of ARRA in New Hampshire available at <http://www.recovery.gov/Pages/home.aspx>