The Poor Poverty Line

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Government officials tell us how many people are living at or below the poverty line, but they don't tell us how low the poverty line is. A more appropriate name would be the "near starvation line." The federal poverty line is based on a formula arrived at in 1963, which set the poverty line at three times the annual cost of food under a "low-cost budget," without considering housing, fuel costs, or child care costs, all of which have escalated substantially in the past forty-nine years. The poverty line is the same for all the states except for Alaska and Hawaii, which are higher. The 2010 poverty guidelines for the forty-eight Contiguous States and the District of Columbia were: $10,830 for one person; $14,570 for two people; $18,310 for three people; and $22,050 for four people. The federal poverty line is an outmoded measure that grossly misleads the public into thinking that only a small percentage of the U.S. population is poor.[1] In 2009, 43.56 million people lived below the poverty line, 14.3 percent of the population.[2]

Researchers at Wider Opportunities for Women figured out what it really costs to maintain a bare minimum standard of living. They found that in 2010 a family with one adult, one preschooler, and one school-age child living in the Bronx in New York City needed to earn $60,934 a year, while in South Manhattan it required $91,552 a year to be sulf-sufficient.[3] This standard took into account the costs of child care, housing, health care, and transportation, in addition to food, now estimated to consume about 10 percent of a family's budget, but it did not allow for any luxuries.

The cost of living varies between states and localities within states, so it is customized for different localities. WOW has also computed the wages required to meet the standard. Even in the states with the lowest wages required to meet the self-sufficiency standard, the wages were far above the national minimum wage, which in 2011 was $7.25 per hour.[4] For example, in Erie County Pennsylvania in 2010 a family consisting of one adult, one preschooler, and one school age child needed $46,676 to be self-sufficient. The poverty line for a family of three was $18,310. The cash value of the basic public assistance package, including TANF, SNAP (food stamps) and WIC, amounted to $11.661 per year for three person families in Pennsylvania. This was just twenty-four percent of the Self-sufficiency standard and is sixty-four percent of the Federal Poverty Level.[5]

If you used the self-sufficiency standard's yearly wage as the official poverty line, rather than the government's level, the number of poor people in the United States would be millions more than the estimated overall poverty in 2009 of 47.8 million people.[6]

The poverty line is used in determining eligibility for some government benefits. Some benefits, such as fuel assistance and Medicaid, use a higher percentage of the poverty line than 100 percent. TANF payments are below the poverty line in all states, far below in southern states. Setting the percentage often becomes a struggle between advocates and legislators. In Massachusetts, for example, the eligibility level for shelter for homeless families in 2010 was 130 percent of the poverty line. Legislators tried to cut that back to 100 percent of the poverty line. Whichever the level, if clients earn even a dollar more, they remain homeless.

Even the U.S. government recognizes that the poverty line is not a realistic measure. The U.S. Census taken in 2010 did some revised poverty calculations with the census data it collected. However, that was not used to revise the federal poverty line, which is codified by law.

The income gap is one way to measure poverty, but the wealth gap is also crucial, and racial disparities are drastically greater in terms of wealth than in terms of income. “The median wealth for single white women in their prime working years, age 36-49, is 61 percent of the wealth of their male counterparts, who own $70,030. The corresponding ratio between women and men of color is nearly off the charts, at just 0.05 percent—$550 versus $11,000. Almost half of single black and Hispanic women have zero or negative wealth. Single black women have a median wealth of $100 and Hispanic women of $120—dramatically lower than white men ($43,800), white women ($41,500) or black men ($7,900).”[7]

Wealth is particularly important in an economic crisis. It influences your ability to retire or support yourself in old age. Women of color have had the highest foreclosure rates of any group during the current recession—both as a result of their lack of wealth and their being targeted for subprime mortgages, regardless of their income level. “Wealth also helps people get ahead. Home equity can be borrowed against to send children to college, for example, and wealth can be passed down through the generations to provide them with more stability, access and options. Family wealth is the biggest predictor of the future economic status of a child, giving lie to the old American ‘bootstraps’ mythology.”[8]

Notes

1. M. Rosenthal, Letter to the editor, *Boston Globe*, January 17, 2007.
2. Tim Casey, “New poverty data for 2009—some ‘highlights.’” endpovertynow@googlegroups.com, September 16, 2010.
3. D. Pearce, “The self-sufficiency standard for New York State 2010.” Center for Women’s Welfare, School of Social Work, University of Washington, June 2010.
4. Some states (California, Connecticut, Illinois, Massachusetts, and Washington) have a higher minimum wage.
5. D. Pearce, “The self-sufficiency standard for Pennsylvania 2010-2011.” Center for Women’s Welfare, School of Social Work, University of Washington, May, 2010.
6. Fox News, “Census: Number of poor may be millions higher,” January 5, 2011.
7. J. Hollar, “Wealth gap yawns—and so do media,” *Extra!* Common Dreams, June, 2010.
8. Ibid.