

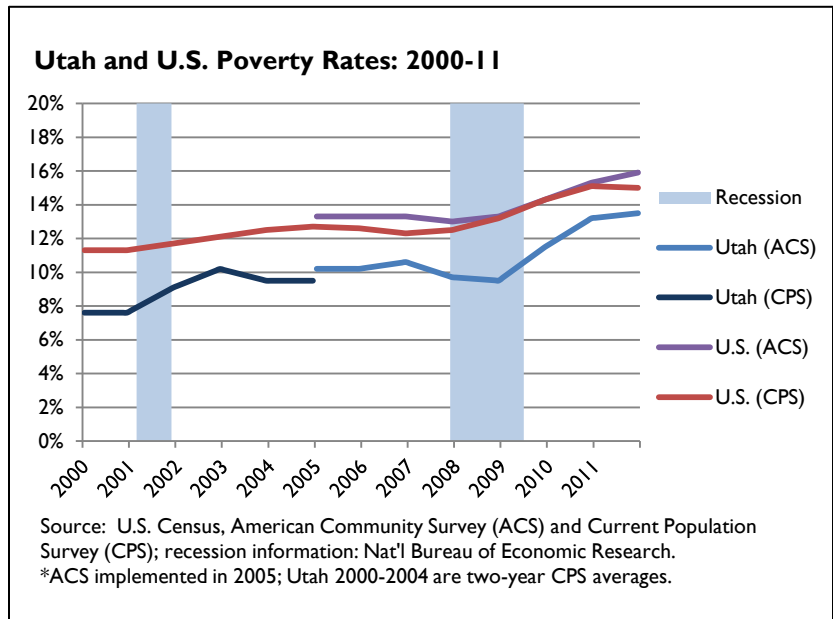
PRIORITY ISSUE #9: POVERTY

Each gubernatorial election year since 2004, Utah Foundation organizes the Utah Priorities Project in partnership with the Hinckley Institute of Politics. The project is designed to engage the public and political candidates in serious dialogue on the most important issues facing our state. It begins with survey work that establishes what voters view as the top ten issues for the election year. This month, Utah Foundation releases a series of policy briefs of each of the top ten issues. In 2012, voters listed poverty as the 9th most important priority in the election year.

There are currently about 46 million people living in poverty in the U.S., or about 15% of the population (a slight decrease from 15.1% in 2010). Since 2000, the national poverty rate had statistically significant annual increases seven times (2001-2004 and 2008-2010). In Utah, about 13.5% of the population is living in poverty. This rate has also trended upwardly since 2000. Poverty has increased during and following both of the recessions that occurred since 2000, as it has during and following all of the recessions since 1960.¹

There are wide differences between county poverty rates throughout Utah. The county with the lowest rate is Morgan (5.4%), followed by Daggett, Summit and Wasatch (6.3%, 7.6% and 7.9%, respectively). The county with the highest poverty rate was San Juan (25.2%), followed by Iron, Piute, Sanpete and Cache (20.9%, 20.1%, 18.4%, and 15.8% respectively).²

Poverty also affects subsets of the population differently, hitting children the hardest. Within Utah, Daggett had the lowest childhood poverty (5.6%) and Piute had the highest (32.5%).³ Additionally, poverty rates are higher for females than males, and it is particularly hard on female heads of households. The national poverty rate for married couples was 6.2% and for male householders with no spouse present was 16.1%, while the rate for female householders with no spouse present was 31.2%.⁴



Poverty Rates (and Utah's National Ranking) by Subgroup, Utah and U.S., 2011

	All ages	Under 18	18 to 64	65 years and over
Utah	13.5%	15.9%	13.6%	5.3%
Utah's national rank	35th	40th	29th	51st
U.S. (ACS)	15.9%	22.5%	14.4%	9.3%
U.S. (CPS)	15.0%	21.9%	13.7%	8.7%

Source: ACS and CPS (CPS is official U.S. poverty rate, ACS is preferred for state rates)

President Lyndon B. Johnson declared a War on Poverty in 1964, but the current poverty rate of 15% is only about one-fifth lower than it was then (19%).⁵ However, there are measures in place that work to mitigate the effects of poverty. For instance, Social Security and Unemployment Insurance payments, which are included in household incomes when determining poverty rates, both have an impact on poverty. Without Social Security, 21.4 million more people would live in poverty, an almost 50% increase in the number currently in poverty. The relief from Social Security payments is typically directed toward adults 65 and older. Without Unemployment Insurance, 2.3 million more people would be in poverty. The impact of Unemployment Insurance is felt by all age groups. Before the new poverty rates were released in September 2012, many economists expected poverty to rise, due in part to a decrease in Unemployment Insurance relief. This was not the case, even though Unemployment Insurance payments fell by \$36 billion – nearly 25% – from 2010 when the payments helped 3.2 million people.⁶

There are other programs designed to assist people in poverty, but they do not reduce official poverty estimates because they are considered “non-cash.” For example, the *Supplemental Nutrition Assistance Program* (SNAP) (formerly known as “food stamps”) takes 3.6 million people out of poverty.⁷ Since 2008, there has been a 119% increase in the number of Utah households utilizing the program, though only 63% of eligible households (with earnings at 130% of the poverty thresholds) do so.⁸ The Earned Income Tax Credit (EITC) takes 4.2 million people out of poverty.⁹ If SNAP and EITC were included in the poverty measure, the poverty rate would be 12.5%. Interestingly, Moody’s Analytics found that the effects of the increased SNAP caseload during the recession and the Unemployment Insurance expansion from the 2009 stimulus are first and second, respectively, in terms of effectiveness at economic stimulation.¹⁰

The type of assistance has more recently begun to be determined by the type of poverty. Generally, there are two kinds of poverty: situational (due to a specific, traceable event) and intergenerational (persistent over generations). Utah Department of Workforce Services has begun tracking intergenerational poverty for the purpose of developing plans and programs to break the “cycle of poverty.” This cycle is certainly a reality; children who were never in poverty under the age of 15 only have a 0.6% likelihood of being in poverty at the age of 35, while children who were in poverty for over half of their youth have a 45.3% likelihood.¹¹

How Poverty is Measured

In the early 1960s, an economist from the Social Security Administration named Mollie Orshansky developed measures for the risks of being poor. At the start of the War on Poverty, President Johnson’s administration used one of these measures to define poverty, which—with slight changes—has been used ever since. This measure defines people in poverty as spending more than one-third of their household income on a thrifty food budget.¹² This equation is then used to make poverty thresholds for income (based on pre-tax income without non-cash). To put the poverty thresholds in context, Utah’s median family income was \$62,809 in 2011 (down from \$63,443 the previous year). U.S. median family income is national benefits average of \$61,455.¹³

Since the measure was first established, there have been movements to change the way poverty is defined. Some groups feel that it needs to reflect the lower costs of food in comparison to the higher costs of other necessities (like housing and healthcare); others feel that it should reflect non-cash benefits like SNAP and EITC. The Supplemental Measure of Poverty from the Interagency Technical Working Group in 2010 (based on the National Academy of Sciences panel recommendations from 1995) shows that poverty is slightly under estimated (by nearly one tenth). For children under 18 years it is quite over estimated (by about one fifth), for people 18 to 64 years it is under estimated (by nearly one tenth), and for people 65 years and over it is quite under estimated (by nearly one half).¹⁴

U.S. Poverty Thresholds in 2012

Persons in Family/Household	Threshold
One person	\$11,170
Two people	15,130
Three people	19,090
Four people	23,050
Five people	27,010
Six people	30,970
Seven people	34,930
Eight people	38,890

Note: Thresholds for 48 contiguous states and DC
Source: Federal Register, Vol. 77, No. 17, January 26, 2012, pp. 4034-4035

Regardless of how poverty is measured, the fact remains that many households struggle to make ends meet. That voters identified poverty as a top priority in the Utah Priorities Survey may be indicative of the post-recessionary pressures that people are feeling in their lives.

This brief was written by Utah Foundation Research Analyst Shawn Teigen. Contact him at (801) 355-1400 or by email at shawn@utahfoundation.org.

¹ U.S. Census Bureau, Income, Poverty, and Health Insurance Coverage: 2011, Webinar slides, September 2012.

² U.S. Census Bureau, Small Area Income and Poverty Estimates, 2010.

³ Ibid.

⁴ U.S. Census Bureau, Current Population Survey, 2012 Annual Social and Economic Supplement.

⁵ U.S. Census Bureau, Current Population Survey, 1964.

⁶ U.S. Census Bureau, Current Population Survey, 2012 Annual Social and Economic Supplement.

⁷ Ibid.

⁸ Telephone conversation with Gina Cornia, Utahns Against Hunger; and Cunnyngham, Karen, Reaching Those in Need, USDA, Dec. 2011.

⁹ U.S. Census Bureau, Current Population Survey, 2012 Annual Social and Economic Supplement.

¹⁰ The Economist, the Struggle to Eat, July 14th, 2011. <http://www.economist.com/node/18958475>

¹¹ Utah Department of Workforce Services, Intergenerational Poverty in Utah 2012. https://jobs.utah.gov/wi/pubs/Poverty_Report_web.pdf

¹² The Development of the Orshansky Poverty Thresholds and Their Subsequent History as the Official U.S. Poverty Measure by Gordon M. Fisher. <https://www.census.gov/hhes/povmeas/publications/orshansky.html>

¹³ American Community Survey, 2011. Note: Utah Foundation prefers median family income to median household income because the latter is skewed by Utah’s unusually low number of single-person households.

¹⁴ U.S. Census Bureau, Current Population Survey, 2011 Annual Social and Economic Supplement.