Poverty levels and trends in comparative perspective

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Introduction

In his 1964 State of the Union address, President Lyndon Johnson said, "This administration today, here and now, declares unconditional war on poverty in America… It will not be a short or easy struggle, no single weapon or strategy will suffice, but we shall not rest until that war is won."[1] Yet, as we will show, total official poverty rates are not much different today than they were in the late 1960s. Johnson predicted the struggle would not be "short or easy"—but why has it been so long and so difficult?[2]

In this article, we review the way poverty is officially measured in the United States. We use this official definition to present poverty rates in 2006 and answer several questions about poverty: Which types of individuals and families have the highest risks of poverty? What are the characteristics of those who live in poverty? What types of income sources do they have? We then examine trends over the 1968–2006 period, identifying groups that have made the most progress, and looking for clues as to why. Finally, we try to put the U.S. story in perspective. Do our conclusions change if we use a different definition of poverty? How do poverty rates in the United States compare to those of several other countries, and what explains these differences?

The official U.S. poverty measure

A person or family is usually defined as "poor" if their resources fall below a particular level or threshold. This simple definition highlights three issues:[3]

- What should be counted as resources? For example, should we count only cash, or should "near-cash" sources like food stamps count? Should assets play a role? Should anything be subtracted from resources, such as taxes, health care expenses, or other nondiscretionary expenditures?
- Whose resources should count? Should we add up all the resources in a household, or only those from individuals linked to each other by blood or marriage (the Census Bureau's definition of "family"), or should we try to determine each individual's resources separately without adding across other household members?
- What should the threshold be, and for whom should it vary? Should the threshold be higher for large families or those living in more expensive locations? How should the threshold vary over time—only as prices change, or as the general standard of living changes, or by some other criteria?

The official definition used in calculating U.S. poverty rates answers these questions by including total pre-tax money income (ignoring near- and noncash sources, assets, and all expenditures) for all individuals related by blood or marriage (a family) and comparing this to a threshold that varies by the family's size and age composition but not their geographic location. Each year, the U.S. Census Bureau reports the official poverty rate based on data gathered in the March Current Population Survey (CPS), which interviews over 50,000 U.S. households. The threshold changes over time only with changes in prices.[4] The United States is unusual among developed countries in having a single official method of calculating poverty.

Poverty in the United States in 2006

In 2006, 12.3 percent of all persons living in the United States were poor by the official poverty measure. If we were to use a more comprehensive measure of resources, including the cash value of food stamps and the Earned Income Tax Credit (EITC) and subtracting an estimate of payroll and state and federal income taxes paid, 11.4 percent of all persons would be below the poverty threshold. The alternative poverty rate is lower because food stamps and the EITC provide more to the poor than they lose in the taxes they pay.

Table 1, which focuses on the official measure, shows that the official poverty rate varies dramatically for different demographic groups. The rate for children is substantially higher than the rate for adults between the ages of 18 and 64 and the rate for the elderly. Among those less than age 65, people of color have particularly high poverty rates—with the rate for both non-Hispanic African Americans and Hispanics more than twice the rate of non-Hispanic whites.[5] Individuals in female-headed families have by far the highest poverty rates at nearly 32 percent.

Poverty is closely tied to the education and employment levels of the primary person in the unit. Poverty rates for those in which the primary person has less than a high school education are more than twice as high as those whose primary person has just a high school diploma. Those living in units in which the primary person has a college degree have particularly low rates. The differences in poverty rates by work status of the primary person are also dramatic: fewer than 5 percent of those living in units in which the primary person works full time year-round are poor, but nearly half of those living in a unit in which the primary person did not work during the last year are poor.

Table 1
U.S. Poverty in 2006

	Poverty Rate	Share of the Poor	Average Poverty Gap
All	12.3%	100.0%	$8,113
By Age Group			
Children	17.4	35.3	$9,919
Aged 18–64	10.8	55.4	$7,593
Elders	9.4	9.3	$4,378
For Those Less than Age 65			
All Less than Age 65	12.7%	90.7%	$8,496
By Race			
White	8.4	42.2	$7,748
Black	24.2	24.2	$9,338
Hispanic	20.7	26.5	$8,738
Other	13.0	7.1	$9,175
By Family Type			
Married-Couple Family	5.9	29.8	$8,590
Male-Headed Family	14.7	5.4	$8,301
Female-Headed Family	31.9	40.8	$9,839
Male (non-family)	18.4	11.9	$6,107
Female (non-family)	23.7	12.1	$6,144
By Family Size			
One	20.8	24.1	$6,126
Two	9.5	15.1	$7,025
Three	10.8	16.8	$7,988
Four	9.8	18.2	$9,020
Five	12.0	12.1	$10,022
Six or More	19.3	13.8	$12,784
By Education of Head			
Less than High School Degree	31.4	34.6	$9,051
High School Degree	14.8	34.9	$8,170
Some College	10.6	22.4	$8,094
College Degree	3.5	8.2	$8,758
By Work Status of the Head			
Not Working	47.2	46.0	$10,320
Working, Not Full Time Year-Round	24.3	30.5	$7,493
Working, Full Time Year-Round	4.2	23.6	$6,310

Source: Authors' calculations based on the 2007 Current Population Survey.
Note: The poverty "gap" is the mean amount of income needed to surpass the official poverty line or threshold.

The "face" of poverty: Characteristics of those below the poverty line

Poverty rates provide information on the risk of being poor. A related, but different, question examines the characteristics of those below poverty. Returning to Table 1, the second column presents information on the composition of those below the poverty line, enabling us to examine the characteristics of a typical person below poverty. Whites constitute a larger share of the poor than blacks or Hispanics. Fewer than half the poor live in a family in which the primary person did not work at all last year. And the "feminization of poverty" is clear: more than half the poor come from one of two groups, those who live in female-headed families or female non-family individuals.

How poor are those below poverty?

The poverty rate is a relatively crude measure of disadvantage: individuals are either above or below the line. The public and policymakers may feel very differently about the extent to which poverty is a problem depending not only on how many people are classified as being poor, but also on how close they are to the poverty line. The third column of Table 1 shows the average poverty "gap," defined as the difference between the poverty line and income for those who are below the line. Most poor families are not clustered just below the line, but would need a significant increase in their income ($8,113 on average) to move over the line.

Income sources of the poor

Table 2 shows the income sources of the poor, differentiating between those in which the head was either below or at or above age 65. Earnings are the main source of income for most nonelderly families, and key reasons for poverty among nonelderly heads are unemployment and low wages. None of the cash income sources other than earnings are common for the nonelderly who are poor. The other income sources and taxes paid that are not considered in the official poverty calculation are received by many of the poor. Accounting for these other sources increases mean and median incomes, but still leaves most families far below the poverty line.

Trends in poverty

About one in eight Americans was poor in 2006. As we have seen, poverty rates are substantially higher for children than

Table 2
Income Sources for Those Below the Poverty Line, 2006

	Percent with Source	Mean Income	Median if Present
Nonelderly Heads			
Earnings	50%	$3,874	$7,002
Social Security	11	869	8,022
Public Assistance	7	223	2,507
Child Support	7	190	2,400
Supplemental Security Income	11	656	7,200
Other	25	673	1,524
Family Income	79	6,485	7,950
Poverty Gap		7,197	
Food Stamp Value	29	725	1,860
EITC	36	653	1,225
Net Family Tax	25	232	-383
Net Family Income	91	6,646	8,082
Poverty Gap (Net income)		4,112	

Source: Authors' calculations based on the 2007 Current Population Survey.

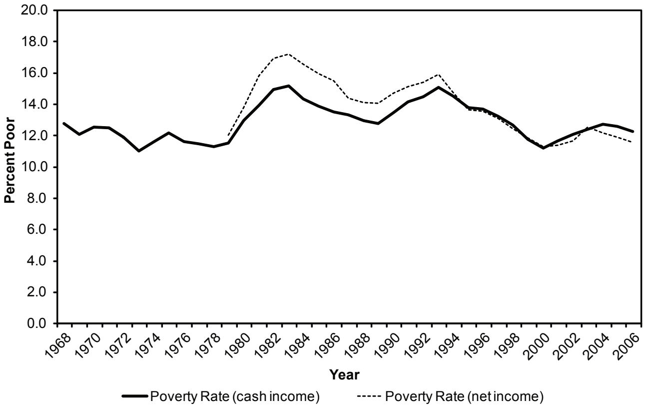

Figure 1. Poverty trends 1968–2006, two measures of poverty.

elders, for people of color than non-Hispanic whites, and for those in single-parent families than those in married-couple families. To provide additional perspective, we also consider the progress, or lack of progress, made in fighting poverty. Even in periods of fairly stable total poverty rates, we find that some groups have made remarkable progress, while others have lost ground.

We comment first on long-term patterns. Several conceptual and measurement issues make it difficult to calculate comparable poverty rates for previous generations.[6] A key difficulty is that research has shown that the public's ideas about what a family needs to escape poverty increases as the country's standard of living increases.[7] Notwithstanding these difficulties, some researchers have calculated historical poverty rates based on thresholds that change only with prices. Robert Plotnick, Eugene Smolensky, Erik Evenhouse, and Siobhan Reilly report a poverty rate in 1914 of 66 percent, a high of 78 percent in 1932, and a rapid decline in poverty during World War II to a level of 24 percent in 1944.[8] Gordon Fisher's series begins in 1947 at 32 percent and declines during the post World War II boom to 24 percent in 1958.[9] The official governmental series then begins in 1959, with poverty at 22 percent, declining to 13 percent in 1968; our analyses begin in 1968.

In Figure 1, we show poverty trends from 1968 to 2006 using the official poverty measure, which is based on cash income, and using an alternative poverty measure, which is based on net income that incorporates taxes paid and food stamps and EITC received, as proposed in 1995 by a National Academy of Sciences panel.[10] When we compare the official rate to our adapted measure, we find that in 1979 (data limitations preclude starting this series earlier) the rate was 12.0 percent (compared to the official rate of 11.6 percent). In the next several years, poverty rates under this alternative measure were higher than under the official measure because taxes on low-income families were higher than they now are and EITC payments were lower.[11] With the expansion of the EITC in 1986, 1990, and 1993, fewer low-income families pay net income taxes, with federal and state EITCs (and food stamps) generally offsetting taxes. Thus, poverty under the alternative income measure fell more than under the official measure, and the two rates were quite similar in the years after 1995.

Poverty trends for subgroups, using the official measure

Table 3 shows poverty rates under the official measure in 1968, 1990, and 2006. Several important policy changes occurred over this 1968–2006 period. Spending on social insurance programs increased much faster than spending on means-tested programs (except for Medicaid), and spending on in-kind programs increased more rapidly than cash programs. New programs included SSI, the EITC, child care subsidy programs, and TANF; all except SSI, a newly federalized program for people with disabilities, were focused on encouraging or helping people to work. The policy changes that provide additional in-kind benefits, benefits through the tax system, or other work supports do not directly affect the official poverty rate, because these sources are not counted in gross cash income.

Poverty rates for people of color were substantially higher than for non-Hispanic whites throughout this period, and show contrasting patterns. Poverty rates for non-Hispanic blacks improved slightly between 1970 and 1990 and more substantially between 1990 and 2006. The rates for Hispanics increased during the first period before showing substantial reductions in the second. Poverty declines for Hispanics during the second period are particularly remarkable given the increase in immigration. For both groups, poverty rates in 2006 were less than in 1970, especially so for African Americans.

Trends in characteristics of the poor

Over the nearly 40-year period between 1968 and 2006, the composition of the poor has shifted dramatically. For example, Hispanics now make up a substantially larger share of the poor than they did in 1970 (27 percent, compared to 10 percent), with declines in shares for both non-Hispanic whites (from 55 percent to 42 percent) and African Americans (from 33 percent to 24 percent). Changes in the composition of the overall population caused much of this shift. A combination of population changes and changes in underlying poverty rates has also resulted in a larger fraction of the poor in 2006 living in central cities and other urban

Table 3
Poverty Rates in 1968, 1990, 2006

	Poverty Rates		
	1968	1990	2006
All	12.8%	13.5%	12.3%
By Age Group			
Children	15.4	20.6	17.4
Aged 18–64	9.0	10.7	10.8
Elders	25.0	12.1	9.4
For Those Less than Age 65			
All Less than Age 65	11.5%	13.7%	12.7%
By Race[a]			
White	7.5	8.7	8.4
Black	32.8	31.6	24.2
Hispanic	23.8	28.3	20.7

[a]The first column of poverty rates by race are for 1970, not 1968.

Table 4
Income-Source Trends for the Poor, 1968 & 2006

	1968	2006
Nonelderly poor families with earnings	62%	50%
Share of income attributable to earnings	67	60
Families receiving public assistance	20	7
Share of total income from public assistance	15	3
Elderly poor families with earnings	14	6

areas and a substantially smaller fraction living in rural areas (22 percent, compared to 49 percent in 1968).[12]

Overall, the change in the "face" of poverty has been dramatic: in 1968, a picture of a non-Hispanic white individual who was part of a married-couple family, lived in a rural area, and whose head had less than a high school degree would have accurately represented characteristics associated with about half or more of those below poverty. By 2006, none of these characteristics would have accurately reflected the characteristics of more than half of those below poverty.

Trends in income sources for the poor

Table 4 shows the results of these analyses in which we examine two time points, 1968 and 2006, use the official measure of poverty, and consider cash income sources. For both elderly and nonelderly poor families, the significance of earnings as an income source has declined over time. This change, consistent with other research that shows that the pre-transfer poverty gap is growing, means that governmental transfers would have had to become more generous over time to bring families above poverty.[13] Yet the data show that this has not occurred: cash transfers have become substantially less important for nonelderly families as we have moved more toward a policy system that requires and supports work.

Putting poverty in perspective

An important criticism of the official poverty measure is that the poverty thresholds have not been updated since the 1960s to reflect increasing standards of living, but instead are based on an absolute standard. Even in the eighteenth century, the man often described as the "father of economics," Adam Smith, pointed out that the standard of living of a society is closely related to how we think about what is necessary: "By necessaries I understand not only the commodities which are indispensably necessary for the support of life, but what ever the customs of the country renders it indecent for creditable people, even the lowest order, to be without." One traditional way to measure this construct is to take a particular percentage (often half) of median income as a measure that is more closely linked to the "customs of the country." This type of measure is often called a "relative" measure because the incomes of others matter in the setting of the poverty threshold.

In this section we use the National Academy of Sciences proposed resource measure that we introduced before (accounting for near-cash sources of income and taxes), and compare this measure of resources to a threshold based on half the median income. This resource measure reflects growth in standards of living over time. More specifically, we compare equivalized household income to 50 percent of equivalized median household income in that year.[14]

We use 50 percent of median household income in part because it is often used in other countries, though the European Union now recommends 60 percent of median income as a preferred poverty threshold, and in part because the U.S. official measure was approximately half the median income when it was set in 1963.[15] Because net incomes have risen substantially faster than prices over the last 40 years, a poverty threshold based on half median incomes is substantially higher than the official measure.[16] Poverty under this measure was 14.4 percent in 1979, when the official rate was 11.6 percent; in 2006, this measure shows a rate of 15.7 percent, compared to 12.3 percent for the official measure.

Poverty in the United States compared to selected other countries

The Luxembourg Income Study allows researchers to compare poverty rates in the United States to those in other countries. The most recent data available from this source are from about 2000 (specific years of data vary somewhat across countries). The economist Timothy Smeeding has recently compared poverty rates in the United States with ten other countries (Canada and nine European countries) using a measure of resources similar to our "net income" measure[17] and a threshold based on half the median income within each country. As shown in the first column of Table 5, poverty in the United States is the highest of the countries examined when a relative measure is applied, at 17.0 percent. Poverty rates in Canada are substantially lower and rates are particularly low in the Scandinavian countries Finland and Sweden. The next column shows that the United States has particularly high poverty rates for households with children.

Table 5
Poverty Rates in Eleven Rich Countries

	Relative Measure			Absolute Measure
	All	Households with Children	Age 65 or Older	All
United States	17.0%	18.8%	28.4%	8.7%
Ireland	16.5	15.0	48.3	NA
Italy	12.7	15.4	14.4	NA
United Kingdom	12.4	13.2	23.9	12.4
Canada	11.4	13.2	6.3	6.9
Germany	8.3	7.6	11.2	7.6
Belgium	8.0	6.0	17.2	6.3
Austria	7.7	6.4	17.2	5.2
Netherlands	7.3	9.0	2.0	7.2
Sweden	6.5	3.8	8.3	7.5
Finland	5.4	2.9	10.1	6.7

Notes: Data are from 2000 except from the United Kingdom and Netherlands, where data are from 1999. The relative measure compares cash and near-cash household income to 50 percent of median equivalized household income. The absolute measure uses the U.S. poverty threshold, converted to each country's currency.

Here the contrast with the Scandinavian countries is most stark, as their rates for households with children are much lower than their overall poverty rates.

In the final column, we report Smeeding's analysis of a measure roughly comparable to the U.S. official poverty measure. Note that this analysis is substantially different from the earlier columns, in which the poverty threshold for each country is set based on its own income distribution in recognition that part of the concept of poverty is having less than what "the custom of the country" deems it needful to have. In the absolute measure used in this table, the approximate amount that could be purchased in the United States with an income equal to the U.S. threshold is taken and the equivalent amount of income is calculated in other countries. Under this measure, poverty in the United States is lower than that in the United Kingdom, and closer to other countries. Thus, the United States has higher poverty rates than most other rich countries under both measures, but especially so under relative measures.

Why does the United States rank so poorly in comparisons with other wealthy nations? A substantial literature has explored this question.[18] Because so few elders work, the primary factors related to their poverty are unearned income, primarily the generosity of public pensions and other governmental supports. Even though great strides have been made in reducing poverty among elderly Americans in the last 40 years (see Table 3), the United States still ranks second only to Ireland for poverty among elders in the 11 countries surveyed by Smeeding using the relative measure of poverty. The United States does not fare any better in poverty among elders according to an absolute measure that applies the U.S. threshold adjusted for purchasing power to other countries. Here the United States ranks second only to the United Kingdom among the nine countries for which these calculations were made. These results suggest that while policy in the form of Social Security and SSI have been successful in reducing poverty, the generosity of these old age retirement and income support programs in the United States lags behind those of industrialized European countries.

Among the nonelderly, the story is somewhat more complicated, but explanations center on differences in taxes, social insurance (benefits that are not means-tested), social assistance (means-tested benefits including the EITC in the United States and the Family Tax Credit in the United Kingdom), differences in labor supply, and differences in earnings in the United States compared with wealthy European countries.

One way to assess the poverty-reducing effects of taxes, social insurance, and social assistance is to compute poverty rates first based on gross-market income and second based on net-disposable income, and then to compare the results of the two measures. Timothy Smeeding as well as Janet Gornick and Markus Jäntti have performed this exercise using LIS data from around 2000 for slightly different sets of countries.[19] The results indicate that the tax and transfer policies of other countries do far more to reduce poverty than similar policies in the United States. Among the 11 countries for which Smeeding performed this exercise, the United States achieved the lowest percentage reduction in poverty as a result of tax and transfer policy, at 26.4 percent. The next lowest country was Ireland at 44.1 percent.

These results suggest policy in the United States is doing far less to reduce poverty than in most other countries. The primary reason for the ineffectiveness of U.S. policy has to do with the level of expenditures. Among the 11 countries surveyed by Smeeding, the United States ranks the lowest in nonelderly cash and near-cash social spending as a percentage of GDP, and it has the highest nonelderly poverty rate. Across the 11 countries, the correlation between the percentage of nonelderly poor and nonelderly social expenditures is very high at 0.78 (on a scale from zero to 1.0, at which zero would be no correlation and 1.0 would be perfect correlation).

To what extent do relatively high poverty rates in the United States have to do with differences in labor supply or wages? Smeeding also examines this question, finding that average annual hours worked by the head and spouse in poor households in the United States exceeds that of the six other countries for which comparable data are available. In most cases the differences are quite striking. For instance, using a net-disposable income measure and a relative (50 percent of median household income) poverty threshold, poor U.S. household heads and their spouses worked an average of over 1,200 hours per year in 2000, compared with only 489 in the Netherlands, 371 in Germany, and 463 in Belgium, all countries with dramatically lower poverty rates. Thus, high poverty rates in the United States are not merely the result of low levels of labor supply. In fact, quite the contrary is true, as nonelderly poor in the United States work more hours than their counterparts in other wealthy nations.

While differences in labor supply do not provide an explanation for the relatively high poverty rates in the United States, low wages do. As shown by Smeeding, the correlation between the percentage of full-time workers earning less than 65 percent of median earnings and the nonelderly poverty rate among the eleven countries he surveyed is 0.92.[20]

Summary

In 2006, 42 years after the War on Poverty was proclaimed, poverty according to the official measure was 12.3 percent, about the same as it was in the late 1960s. A poverty measure that incorporates additional income sources shows somewhat lower poverty, 11.4 percent, but if a relative measure (that incorporates changes in the standard of living over time) is used, poverty in 2006 would be 15.7 percent.

When the War on Poverty was proclaimed, its architects thought that poverty could be eradicated, but they had no temporal or cross-national comparisons to provide context. We can now compare the poverty level to two benchmarks: poverty in the United States in previous years, and poverty in other countries. On both comparisons, the United States fares poorly. Over the 1968–2006 period, even during the best economic times, with substantial governmental efforts, and with a poverty threshold that many consider too low, the official poverty rate has never been as low as 10 percent, and there is no strong trend toward lower poverty rates over time. Moreover, not only are poverty rates high compared to the recent historical record, the rates in the United States are also quite high when compared to rates in other developed countries.

Substantial differences in poverty rates across demographic groups have persisted over the study period. Using the official measure, the highest poverty rates, all above 20 percent, are for those living in female-headed families, those living in a family whose head does not have a high school degree or was not working, and people of color. The first two characteristics highlight the critical importance of the labor market. Part of the reason single-parent families have higher rates of poverty is that only one adult is available to work, and that adult must provide both economic support and nurturing.[21] Part of the reason individuals with low education have such high poverty rates is that their earnings are low. Finally, the fact that people of color have such high poverty rates highlights the extent to which race is still strongly connected to opportunity and outcome in the United States.

Nonetheless, we do note that the economic boom in the 1990s was associated with increased willingness of employers to hire minorities and other groups that have traditionally faced disadvantages,[22] and a strong link persists between macroeconomic performance and the poverty rates of various disadvantaged groups. The trends also suggest that policy can make a difference in fighting poverty. The prime example is that most analysts credit increases in Social Security benefits as the primary cause of the dramatic declines in elderly poverty.[23]

As President Johnson predicted, the struggle against poverty has not been "short or easy." He also realized that no "single weapon or strategy" would be sufficient. Despite a variety of social policy changes, the official measure, as well as our alternative measures, shows that very little progress has been made. Perhaps it is time for a renewed war on poverty, this time fought with new commitments and different policy weapons.■

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[1]This article draws upon "Poverty Levels and Trends in Comparative Perspective," in *Changing Poverty, Changing Policies*, eds. M. Cancian and S. Danziger (New York: Russell Sage Foundation, 2009).

[2]Johnson's speech is available at http://www.americanrhetoric.com/speeches/lbj1964stateoftheunion.htm.

[3]We focus here only on poverty in a single time period, rather than persistent or permanent poverty. For simplicity, we also ignore other issues, including whether income or consumption is the best measure of resources and whether there should be a single measure or multiple measures.

[4]Through 1969, the thresholds were indexed using the price of food. Up until 1980, the poverty thresholds were indexed using the consumer price index for urban wage earners and clerical workers. Since 1980, it has been indexed by the consumer price index for all urban consumers (CPI-U).

[5]Our categories are focused on race and ethnicity, but not on immigrant status because immigration is covered in more detail in the article in this issue by Steven Raphael and Eugene Smolensky.

[6]The U.S. Census Bureau calculates official poverty rates back to 1959, using a threshold that is back-dated for changes in prices. Gordon Fisher has back-cast the official threshold even further, to 1947, in Estimates of the Poverty Population under the Current Official Definition for Years before 1959, mimeograph, Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services, 1986; and Robert Plotnick and colleagues have created a poverty series that dates back to 1914, R. Plotnick, E. Smolensky, E. Evenhouse, and S. Reilly, "The Twentieth-Century Record of Inequality and Poverty in the United States," in *The Cambridge Economic History of the United States*, Vol. 3, eds. S. L. Engerman and R. E. Gallman (Cambridge: Cambridge University Press, 2000), 249–299. All of these series are back-cast only for changes in prices and do not reflect increases in the general standard of living.

[7]For example, Rebecca Blank shows that responses to the minimum amount needed to "get along" track 50 percent of median income through the late 1980s, suggesting that as the general standard of living increases, so does the amount reported as needed, in R. Blank, "How to Improve Poverty Measurement in the United States," *Journal of Policy Analysis and Management* 27, No. 2 (2008): 233–254. Since the late 1980s, with increases in inequality, responses to the amount needed to "get along" increase by more than median income, and seem more closely related to half the mean income. Thus, if median or mean incomes are increasing, updating a poverty line by prices only will eventually be an underestimate of what most people think of as amounts needed to "get by."

[8]R. D. Plotnick, E. Smolensky, E. Evenhouse, and S. Reilly, "The Twentieth-Century Record of Inequality and Poverty in the United States," in *The Cambridge Economic History of the United States*, Vol. 3, eds. S. L. Engerman and R. E. Gallman (Cambridge: Cambridge University Press, 2000), 249–299.

[9]G. Fisher, "Estimates of the Poverty Population under the Current Official Definition for Years before 1959," mimeograph, Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services, 1986.

[10]Citro and Michael, *Measuring Poverty*.

[11]J. K. Scholz, "Taxation and Poverty: 1960–2006," *Focus* 25(1): 52–57.

[12]The figures for 1968 examine only those whose status has been classified; 15 percent of the poor were not classified into central city, other urban, or rural.

[13]J. P. Ziliak, "Filling the Poverty Gap: Then and Now," in *Frontiers of Family Economics* Vol. 1, ed. P. Rupert (Bingley, UK: Emeerald Group, 2008).

[14]Unlike the official measure, poverty status is computed for all household members, regardless of their family membership. We thus assume that all household members, whether related or not, share their incomes. Because this assumption is not likely to hold for persons living in noninstitutional living arrangements for groups (such as college dormitories), we excluded these persons from this measure. We use the household rather than the family because this procedure is roughly equivalent in concept and construct to how many industrialized countries measure poverty. Income is equalized using the scale.

[15]European Union Social Protection Committee, *Report on Indicators in the Field of Poverty and Social Exclusion*, 2001, accessed at http://ec.europa.eu/employment_social/spsi/docs/social_protection_commitee/laeken_list.pdf.

[16]A higher poverty threshold is also appropriate given that food expenditures are now a much lower portion of overall expenditures, which suggests that food costs should be multiplied by a much larger multiplier than three to be consistent with the original methodology. Based on the 2006 Consumer Expenditure Survey, food expenditures for consumer units averaged slightly more than 10 percent of before-tax income.

[17]A key difference is that Timothy Smeeding's measure includes cash housing benefits. See T. M. Smeeding, "Poor People in Rich Nations: The United States in Comparative Perspective," *Journal of Economic Perspectives* 20, No. 1 (2006): 69–90.

[18]See, for example, G. Burtless, "What Have We Learned about Poverty and Inequality? Evidence from Cross-National Analysis," *Focus* 25, No. 1 (2007): 12–17. [19]Smeeding, "Poor People in Rich Nations"; and J. C. Gornick, and M. Jäntti, "Child Poverty in Upper-Income Countries: Lessons from the Luxembourg Income Study," in *From Child Welfare to Child Well-*

being: An International Perspective on Knowledge in the Service of Making Policy, eds. S. B. Kamerman, S. Phipps, and A. Ben-Arieh (forthcoming).

[20]Smeeding, "Poor People in Rich Nations."

[21]For most single-parent families, there is a living parent who does not reside with the child, making child support an important potential income source. In addition, in theory, single-parent families could live with other adults, which would lessen the burden on a single adult to provide both economic support and care.

[22]H. J. Holzer, S. Raphael, and M. A. Stoll, "Employers in the Boom: How Did the Hiring of Less-Skilled Workers Change During the 1990s?" *Review of Economics and Statistics* 88, No. 1 (2006): 283–299.

[23]See, for example, G. Burtless and J. Quinn, "Retirement Trends and Policies to Encourage Work among Older Americans," in *Ensuring Health and Income Security for an Aging Workforce*, eds. P. Budetti, R. Burkhauser, J. Gregory, and A. Hunt (Kalamazoo, MI: The W.E. Upjohn Institute for Employment Research, 2001), 375–415.

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