49 million Americans in poverty, Census study finds

Andre Damon
9 November 2011

A new Census study has determined that 49 million Americans now live in poverty, based on new methods of calculation. The report, which concludes that poverty is far more prevalent among older Americans than had been previously estimated, coincides with a drive by the Obama administration and the Republicans to slash government programs that have kept millions of seniors out of poverty.

The new results show a higher number of poor Americans than figures released in September, which put the figure at 46.2 million. The earlier report showed that between 2009 and 2010, the poverty rate went from 14.3 percent to 15.1 percent, while an additional 2.6 million people fell into poverty.

Monday's report revises the poverty rate up to 16 percent.

The methods used by the Census Bureau to calculate the official poverty statistic—unchanged since 1969—have been criticized for decades as being overly simplistic and out of sync with the increasing cost of living.

The new metric, dubbed the Supplemental Poverty Measure, presents a more nuanced measurement of poverty by taking into account regional housing costs, health care and childcare, as well as the effect of government taxation and antipoverty programs.

Most notably, the new method increased the poverty rate for the elderly by a shocking 6.9 percentage points, to 15.9 percent, compared to 9 percent by the standard measurement. The poverty rate for children, on the other hand, is somewhat lower by the new calculation. This is in part because the new measure takes into account the cost of health care, which disproportionately affects the elderly.

It is precisely the elderly who will be most affected by hundreds of billions of dollars in cuts to key social security programs like Medicare and Social Security that have already been implemented or are being planned. Under the terms of the budget deal reached between Obama and the Republicans in August, there will be $1.5 trillion in cuts to government spending over the next decade, falling in large measure on such programs.

The principal concern of the ruling class is to ensure that the cuts go forward. "People will say [the poverty figure] shows how crucial it is not to cut a penny out of Medicare spending," complained Ron Haskins of the pro-Democratic Party Brookings Institution. "And that's unfortunate, because it's an argument against solving the deficit."

The new measure also takes into account the effect of government anti-poverty programs, such as Food Stamps, housing subsidies and school lunches.

The unemployment insurance program, for instance, kept 4.6 million people out of poverty in 2010, according to a separate analysis of the Census data published Monday by the Center on Budget and Policy Priorities.

The CBPP concludes: "Census data show that in 2010, poverty rates without government income assistance of any sort would have been nearly twice as high as they actually were: 28.6 percent."

But it is precisely these programs that are on the chopping block. Several federal programs initiated during the past couple years have expired or will expire soon. For example, the "making work pay" tax credit, which expired at the end of last year, "kept 1.5 million people out of poverty," according to the CPBB.

Besides the federal cuts, states are launching their own assault on assistance programs. South Carolina recently announced that it would cut payments through the main welfare program, Temporary Aid for Needy

Families (TANF), by 20 percent.

The determination of the ruling class, led by the Obama administration, to carry through austerity measures in the face of mass poverty was highlighted by an article published last week in the *New York Times*. The politically-motivated article sought to argue that the new figures would show that poverty was much less than previously reported.

The article, entitled “Bleak Portrait of Poverty Is Off the Mark, Experts Say,” cited datasets different from that presented by the Census Bureau on Monday to conclude that, given the new data, “as much as half of the reported rise in poverty since 2006 disappears.” But when the data actually came out, it pointed to the fact that poverty is much more, not less.

The latest figures are intended to be presented alongside the standard measure. The official statistic, developed in 1969, sets the poverty threshold at three times the cost of a bare-minimum diet, with variations only by age and number of children. But numerous changes since that time, including soaring health care and childcare costs, have made this figure even less accurate than it was at its inception.

The new adjustments correct some of these discrepancies, but it still vastly underestimates the amount of social misery in the United States. For instance, a recent Gallup poll found that 19 percent of people surveyed said they worried about being able to feed their families in the past three months, a figure significantly larger than the official poverty estimate of 15.1 percent.

The new figures take into account the fact that much poverty is attributable to the exorbitant costs in places like Los Angeles and New York, where working-class people can pay half or more of their incomes on housing. This transforms what would be considered a decent income in other areas into a poverty wage.

The new figure also revised upward the percentage of the population earning less than twice the federal poverty level, from 34 percent of the population to 47.9 percent: a staggering 40 percent increase.

This report is only the latest in a series of disastrous figures released in recent months. Earlier this month, a study by the Brookings Institution found that Americans living in high-poverty neighborhoods increased by one third over the past 10 years, including drastic increases in poverty for youth and the elderly.