

Poverty

No matter how much money you have, choose to not be poor.

What is poverty?

- poverty threshold: the income level below which, the income is insufficient to support a family; varies with the size of the family.
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- poverty rate: percentage of people below the poverty threshold

Causes of Poverty

Lack of Education

- The median income of high-school dropouts in 1997 was \$16,818, which was just above the poverty line for a family of four.

Location

- On average, people who live in the inner city earn less than people living outside the inner city.

Shifts in Family Structure

- Increased divorce rates result in more single-parent families and more children living in poverty.

Economic Shifts

- Workers without college-level skills have suffered from the ongoing decline of manufacturing, and the rise of service and high technology jobs.

Racial and Gender Discrimination

- Some inequality exists in wages between whites and minorities, and men and women.

Current poverty rate and guidelines

- The official poverty rate in the U.S. has increased for four consecutive years, from a 26-year low of 11.3% in [2000](#) to 12.7% in [2004](#). This means that 37.0 million people were below the official poverty thresholds in 2004. This is 5.4 million more than in 2000. The poverty rate for children under 18 years old increased from 16.2% to 17.8% over that period. The current poverty rate is measured according to the 2006 [HHS](#) Poverty Guidelines^[9] which are illustrated in the table below.

Persons in Family Unit	48 Contiguous States and D.C.	Alaska	Hawaii
1	\$9,800	\$12,250	\$11,270
2	\$13,200	\$16,500	\$15,180
3	\$16,600	\$20,000	\$19,090
4	\$20,000	\$25,000	\$23,000
5	\$23,400	\$29,250	\$26,910
For each additional person, add	\$3,400	\$4,250	\$3,910

SOURCE: [Federal Register](#), Vol. 71, No. 15, [January 24](#), 2006, pp. 3848-3849.

What can be done about poverty?

1. Enterprise zones: a tax free area for business if they relocate in a poverty stricken area
2. Employment assistance: job training, education programs
3. Welfare, food stamps: government issued coupons that can be exchanged for food.
4. Workfare: a programming requiring a recipient to work in order to get benefits.

Homework

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- Write out questions and answers.