

POVERTY

Definition: Poverty thresholds were originally developed in 1963-1964 by the Social Security Administration. These thresholds were based on the dollar costs of the U.S. Department of Agriculture’s (USDA) economy food plan for families of three or more persons. The 1964 USDA economy food plan is defined as a nutritionally adequate meal plan on a short-term basis. The threshold is multiplied by a factor of three to account for the average dollar value of all food used during a week (both at home and away from home) accounting for about one third of their total money income after taxes. The fundamental way the calculation to determine the US Federal Poverty Level (FPL) has remained the same since its creation, only that the measure is updated annually to account for inflation. Thus, the poverty measure created in 1963-64 represents the same purchasing power then as it does today (Assistant Secretary for Planning and Evaluation, 2011b). In 2010, the latest year in which detailed poverty data are available for this indicator, the U.S. Department of Health and Human Service’s threshold for a family of four (i.e. two parents with two children) was \$22,050 (this includes pre-tax cash income but not non-cash assistance such as food stamps or housing subsidies). Currently, the 2012 poverty threshold for a family of four is \$23,050 (Assistant Secretary for Planning and Evaluation, 2011a). Table 1 depicts the most recent poverty guidelines depending on the size of the household.




Table 1: 2012 Poverty Guidelines for the 48 Contiguous States and the District of Columbia

Persons in family/household	Poverty guideline
1	\$11,170
2	\$15,130
3	\$19,090
4	\$23,050
5	\$27,010
6	\$30,970
7	\$34,930
8	\$38,890
For families/households with more than 8 persons, add \$3,960 for each additional person.	

Rationale: Poverty is linked to a number of negative educational, health-related, and emotional outcomes across all age groups. The effects of poverty are especially punishing on children as the impacts can begin before birth and continue well into adulthood. Children living in poverty are more likely than children from non-poverty families to develop disease and to experience more severe effects from any disease they may develop. Poverty is also associated with lower levels of school achievement. Children who live in poverty are also much more likely than other children to experience developmental problems (Bradley & Corwyn, 2002).

Analysis: We examined poverty using a number of key metrics to provide a more complete picture of those in need or with potential needs within Newaygo County. We first examined the proportion of children living below poverty. The proportion of children living in poverty in Newaygo County rose dramatically between 2007 and 2010, climbing more than six percent from 21.5% to 27.9%. The proportion of children living in poverty within Newaygo County was also significantly higher in 2010 when compared to the US (20.1%) and the state of Michigan (21.8%). Among those living in extreme poverty – those surviving at 50% of the federal poverty level (FPL), the trend between 2007 and 2010 was unchanged in Newaygo County. Individuals living in extremely poverty were significantly higher in Newaygo County (8.4%) than the US (6.3%) in 2010. This rate, however, was not different than the overall rate for the state of Michigan. The third and final poverty metric examines all individuals living at or below 185% of FPL. Quantifying the proportion of individuals living at or below 185% FPL is important because this is the maximum eligibility criterion for many public assistance programs, such as SNAP, Head Start, free and reduced lunch at school, Medicaid and MI Child. Between the 2007 and 2010, the proportion of the population living at or below 185% FPL significantly increased from 34.6% to 40.2%. This would seem to indicate that as many as 4 in 10 residents in Newaygo County could conceivably be eligible for SNAP benefits. The sharp increase between 2007 and 2010 also resulted in Newaygo County having significantly higher proportions of poor and near poor when compared to the US (30.2%) and the state of Michigan (31.3%).

Table 1: Select Poverty Measures: ACS 2007 to 2010 Trend

Measure	ACS 3 Year Estimates		Trend*
	2005-07	2008-10	
Child Poverty (18 or younger)	21.5%	27.9%	
Individuals Living at 50% of FPL or Below	6.8%	8.4%	
Individuals Living at 185% of FPL or Below	34.6%	40.2%	

* Key to interpreting Trend



Improving – Statistically significant increase when comparing to 2007 and 2010









No Change - No statistically significant change when comparing 2007 and 2010



Declining – Statistically significant decrease when comparing to 2007 and 2010

Table 2: Select Poverty Measures: 2010 ACS Comparisons to US and Michigan

Comparison Groups	ACS 2008 – 2010 Estimate	Newaygo County Compared to Benchmark*
Child Poverty (18 or Younger)	27.9%	
USA	20.1%	
Michigan	21.8%	
Individuals Living at 50% of FPL or Below	8.4%	
USA	6.3%	
Michigan	7.2%	
Individuals Living at 185% of FPL or Below	40.2%	
USA	30.2%	
Michigan	31.3%	

* Key to interpreting Benchmark



Better – Newaygo County is performing statistically better when compared to benchmark

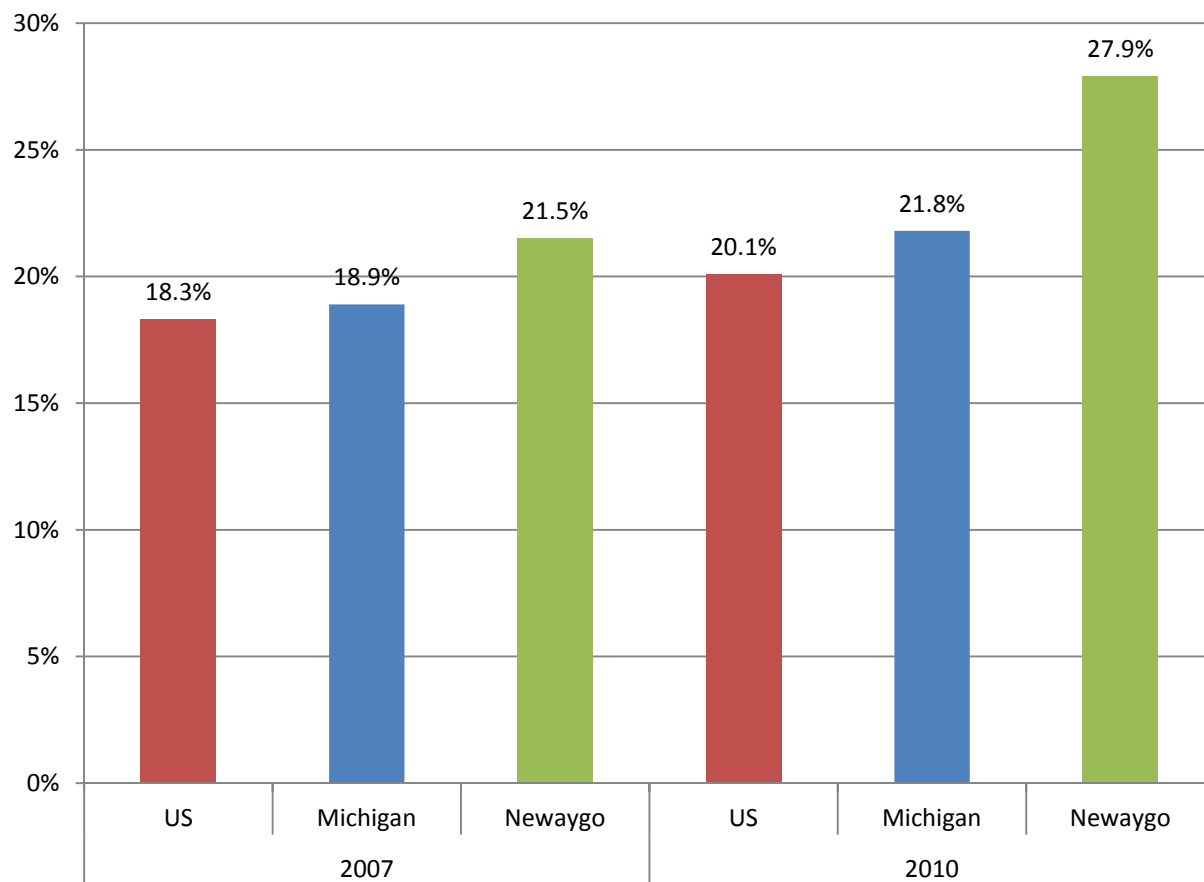


No Difference - there is no statistically significant difference between Newaygo County and benchmark



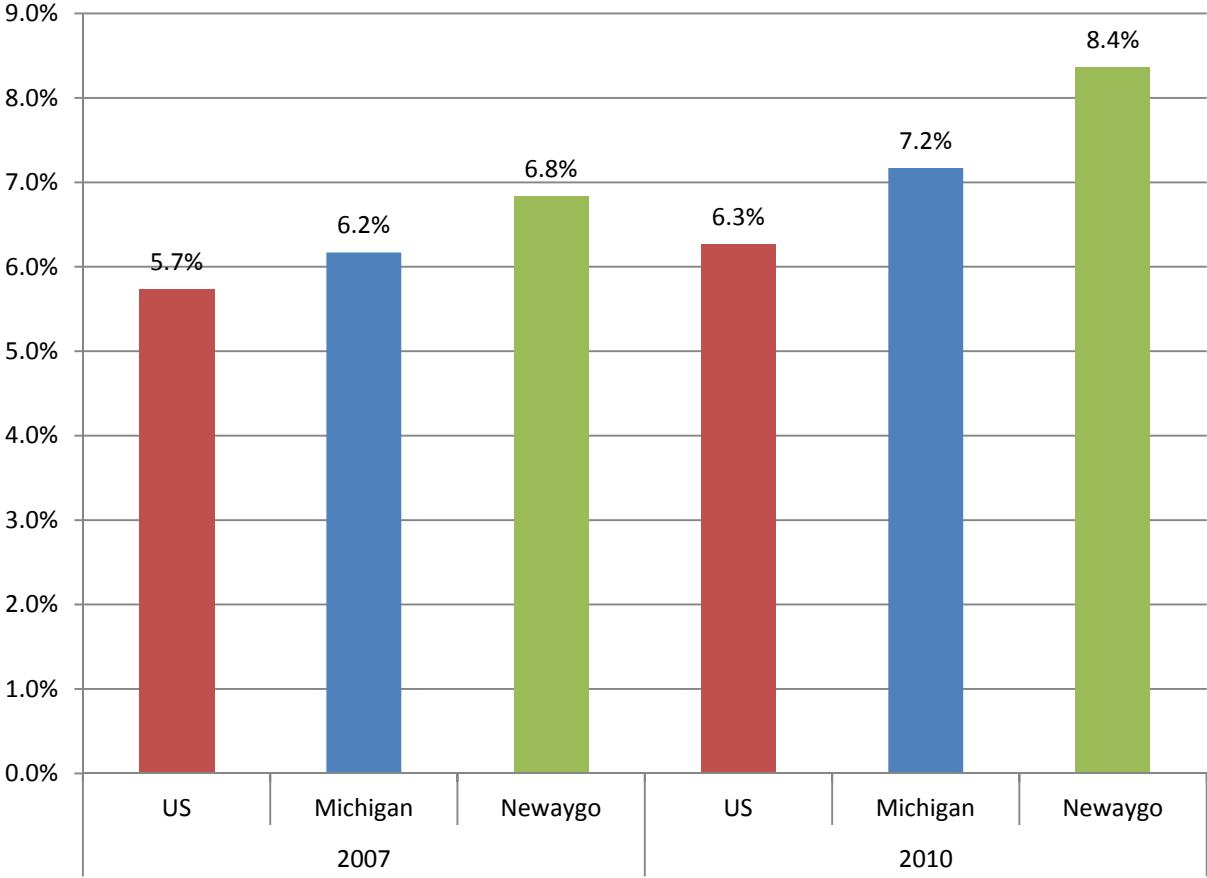
Worse – Newaygo County is performing statistically worse when compared to benchmark

Figure 1: Child Poverty (18 and Under): United States, Michigan, and Newaygo County – 2007 & 2010 Estimates



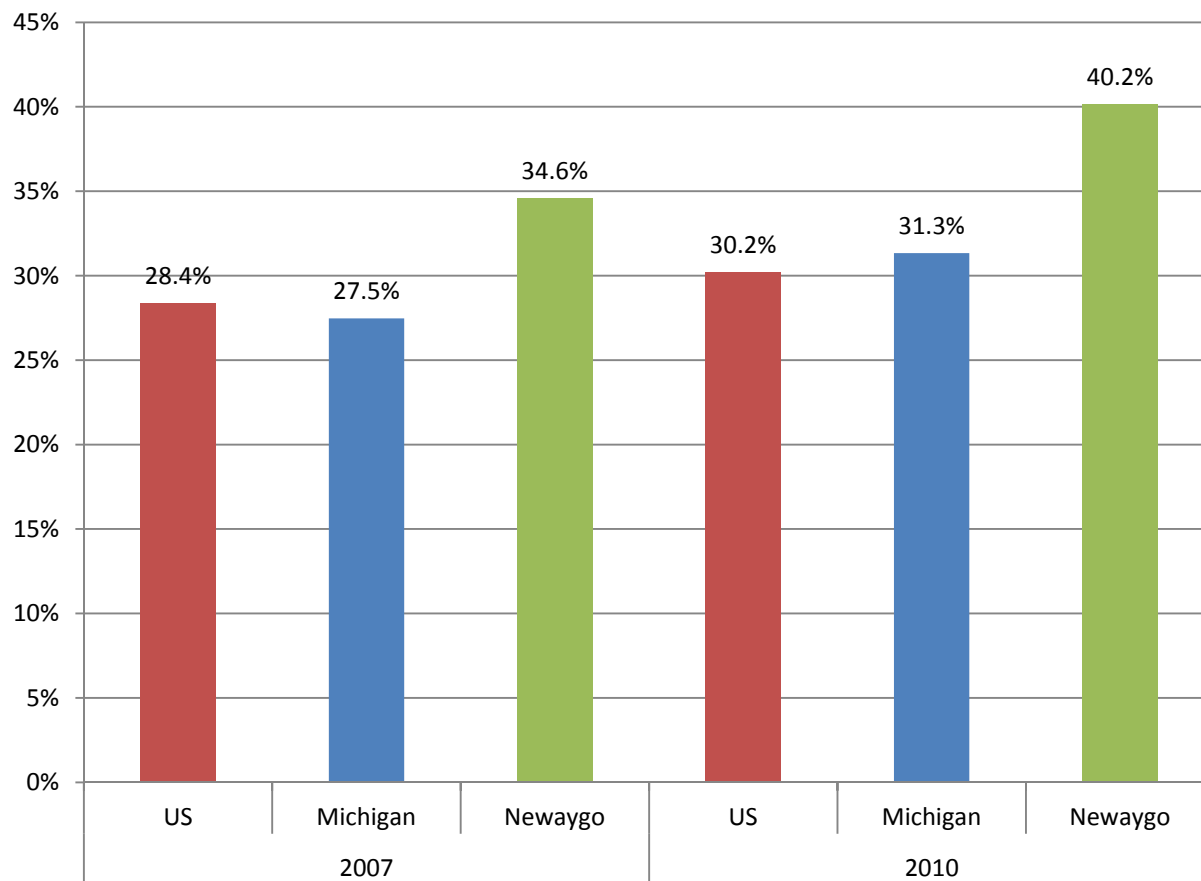
Source: American Community Survey

Figure 2: Extreme Poverty – 50% of FPL: United States, Michigan, and Newaygo County – 2007 & 2010 Estimates



Source: American Community Survey

Figure 3: Poor and Near Poor – 185% of FPL: United States, Michigan, and Newaygo County – 2007 & 2010 Estimates



References

- Assistant Secretary for Planning and Evaluation. (2011a). 2011 HHS Poverty Guidelines. Retrieved April 23, 2011, from <http://aspe.hhs.gov/poverty/11poverty.shtml>
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- Bradley, R. H., & Corwyn, R. F. (2002). Socioeconomic status and child development. [Article]. *Annual Review of Psychology*, 53(1), 371.