Poverty in the 1980's: are the poor getting poorer?

Based on several different measures, poor persons were no closer to their respective poverty thresholds in 1986 than at the beginning of the decade

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Many recent discussions of socioeconomic change have focused on whether or not America's middle class is disappearing. By implication, these discussions raise questions about the level of deprivation of the poor as well. For example, Robert Greenstein, director of the Center on Budget and Policy Priorities, testified before a Senate committee that "The average poor family now falls further below the poverty line than at anytime since 1963, with the exception of the recession and high unemployment years of 1982 and 1983. . . .the 'poorest of the poor' category. . .reached its highest level in more than a decade."[1] And in a similar vein, Tom Wicker, in a recent article citing figures by the sponsors of Justice for All Day, wrote, "As always the poor are getting poorer. Adjusted for inflation the amount by which the incomes of the poor fell below the poverty line rose to $49.2 billion in 1986, from $39.5 billion in 1980."[2]

This article addresses the issue of whether or not it is demonstrable that the poor are worse off now, in the aggregate, than they were at the beginning of the 1980's (and, where possible, since 1959). Money income is the only measure used, although the effects of various noncash benefits are discussed. Several indicators of relative well-being, based on the Federal Government's official definition of poverty, are defined, and the data are official poverty figures derived from the Current Population Survey and published by the Census Bureau in its *Current Population Reports*.[3] The Government's definition of poverty consists of a set of money income thresholds that vary by family size and number of children and are adjusted annually for inflation by multiplying by the change in the Consumer Price Index. In 1986, the average poverty threshold for a four-person family was $11,200, but thresholds ranged from about $5,600 for a person living alone to $22,500 for a family of nine or more.[4]

Aggregate income deficit

The aggregate income deficit is the amount of money needed to raise the money incomes of all poor families and unrelated persons[5] just above the poverty level applicable to their family size in any given year. In other words, it is the aggregate difference between the income received by poor

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families and unrelated persons and their particular poverty thresholds. Since this deficit is based on income in a particular year, it needs to be put into constant dollars for interyear comparisons. Table 1 shows the combined aggregate income deficit for all poor families and unrelated persons, in current dollars as well as constant 1986 dollars. In constant dollars, the aggregate income deficit in 1986 was $49.2 billion, an amount higher than in any year but two: the $51 billion deficit in 1983, the most recent peak of the poverty population in size and rate, and the $51.4 billion deficit in 1959, the first year for which poverty statistics were published using the official definition.

The aggregate income deficit is not without shortcomings. For one, its size is obviously influenced by the size of the aggregate population living in poverty, making it difficult to judge whether or not the poor, on average, need a greater or lesser amount of cash income each year to reach their poverty threshold. Also, it is influenced by demographic shifts within the population living in poverty which affect which thresholds are applied. Finally, it is impossible to compare the relative deprivation of different segments of the poverty population using the aggregate income deficit.

Average income deficit

The average (mean) income deficit overcomes some of these deficiencies in the aggregate deficit regarding interyear comparisons. The income deficit is the amount of money separating the income of a given family or unrelated person from the appropriate poverty threshold. In 1986, the average income deficit for families was $4,394, a figure that has remained statistically unchanged since 1982 (in 1986 dollars), but has increased since the mid- to late 1970's. (See table 2.) In 1959, the average deficit for families was about the same ($4,435), but it decreased to $3,837 by 1969 and then varied little from that amount during the 1970's.

Table 1. Combined aggregate income deficit, in current and constant 1986 dollars, families and unrelated persons, 1959–86

Year	Aggregate income deficit, current dollars (thousands)	Aggregate income deficit, 1986 dollars (thousands)
1959	$13,667,904	$51,418,654
1965	11,607,850	40,337,278
1969	10,120,077	31,728,079
1970	11,447,204	32,326,904
1971	12,033,576	32,574,890
1972	12,031,807	31,535,366
1973	11,979,272	29,552,864
1974	14,250,925	31,679,806
1975	16,085,838	32,766,852
1976	16,730,456	32,222,858
1977	17,758,655	32,125,406
1978	19,513,880	32,802,832
1979	22,741,320	34,362,134
1980	29,715,299	39,551,062
1981	37,014,391	44,639,355
1982	42,912,506	48,748,606
1983	45,965,844	51,026,683
1984	46,339,390	48,934,395
1985	47,811,780	48,720,203
1986	49,211,130	49,211,130

Table 2. Mean income deficit, in constant 1986 dollars, for all poor families and unrelated persons, 1959–86

Year	Mean deficit, poor families	Deficit per family member, all families	Mean deficit, unrelated persons
1959	$4,435	$1,068	$2,945
1965	4,204	996	2,502
1969	3,837	978	2,324
1970	4,007	1,019	2,276
1971	3,914	1,018	2,292
1972	3,934	1,019	2,369
1973	3,890	1,026	2,304
1974	4,101	1,078	2,225
1975	3,966	1,038	2,191
1976	3,836	1,038	2,216
1977	3,938	1,072	2,149
1978	3,983	1,102	2,165
1979	4,081	1,119	2,259
1980	4,136	1,138	2,221
1981	4,234	1,167	2,408
1982	4,425	1,215	2,400
1983	4,426	1,216	2,457
1984	4,389	1,220	2,401
1985	4,359	1,235	2,408
1986	4,394	1,260	2,492

Like the aggregate income deficit, the average income deficit for families has its own shortcomings, chief among them being that it masks changes in family size over time and varying mixes of family type. As an extreme example, if the average family size was two persons in one year and five persons in another, the potential deficit for the former is restricted to a poverty threshold that is only about half that of the latter.

Since the percentage of families headed by a woman has increased over time among the poor (as well as in the total population), and since average family size has varied by sex of the householder, average deficit figures are presented separately by sex in tables 3 and 4.[6] In 1986, 51 percent of poor families were maintained by women with no husband present, a proportion that has not changed much in the 1980's, but is more than double the 1959 figure of 23 percent. By contrast, only 12 percent of nonpoor families were headed by women in 1986, although even this figure is up from 7 percent in 1959. In any case, the shift to a majority of female heads of poor households is not the explanation for increases in the average income deficit of these households during the 1980's, since both male- (either with or without spouse present) and female-headed families have experienced such increases (although proportionally larger increases have occurred for female-headed families). Also, the proportion of female-headed families among all poor families leveled off in the early 1980's and was actually slightly lower in 1985 (48 percent) than in 1978 (50 percent).

The trends in average income deficit for families are similar by sex of householder. (See chart 1.) Both male- and female-headed poor families saw relatively large decreases in the average deficit during the 1960's, but the average deficit for poor households headed by a woman began the decade $1,000 higher than the deficit for poor families maintained by a man ($5,200 versus $4,200 in 1959) and

remained higher through the 1970's and 1980's, despite the fact that average family size is smaller for poor families headed by a woman (3.31 for poor female-headed families in 1986, 3.76 for other family types). During the 1970's the deficit for poor families headed by a woman varied between $4,530 (in 1970) and $3,908 (in 1976), ending the decade at $4,296 in 1979. Since 1982, the deficit for these families has not changed significantly, averaging $4,688 in 1986. Nonetheless, it was still $400 higher than at the beginning of the decade.

For poor families with a male householder (again, with or without a spouse), the income deficit varied between $3,625 in 1971 and $3,959 in 1974, ending the decade at $3,880. The deficit then climbed to $4,254 in 1982, before leveling off at around $4,100 in 1985 and 1986.

The mean income deficit for poor unrelated persons decreased from $2,945 in 1959 to $2,324 in 1969, stabilized during the 1970's (reaching a low of $2,149 in 1977), but increased during the 1980's, averaging about $2,400 through 1986. (See table 2.) In 1986, the average deficit for unrelated persons was $2,492, about 44 percent short of the average poverty threshold for such a person. It is important to note that the apparent increase in the homeless is probably not a factor in this increase in deficit for unrelated persons during the 1980's. The homeless are in large measure excluded from the Current Population Survey, the source of the Government's official statistics on poverty, because the CPS is primarily a household survey, and although some components of the shelter population are included in it, homeless persons not living in shelters would be excluded from these numbers.

The average deficit for poor male unrelated persons has been almost as high throughout the 1980's as in 1959 and was $2,887 in 1986. The deficit for poor male unrelated persons has been higher than that for poor female unrelated persons since the mid-1960's. The average deficit for poor female unrelated persons has been high in the 1980's relative to the latter half of the 1970's, averaging $2,260 in 1986, but this was still considerably below the 1959 level of $2,968.

Table 3. Mean income deficit, in constant 1986 dollars, for poor families with a female householder and no spouse present and for female unrelated persons, 1959–86

Year	Mean deficit, poor families with female householder and no spouse present	Deficit per family member, families with female householder and no spouse present	Mean deficit, female unrelated persons
1959	$5,214	$1,425	$2,968
1965	4,782	1,217	2,474
1969	4,406	1,137	2,246
1970	4,530	1,149	2,152
1971	4,356	1,172	2,136
1972	4,236	1,127	2,249
1973	4,157	1,115	2,188
1974	4,270	1,172	2,016
1975	4,180	1,149	2,041
1976	3,908	1,100	2,084
1977	4,050	1,149	1,916
1978	4,174	1,195	1,975
1979	4,296	1,210	2,043
1980	4,280	1,256	1,982
1981	4,455	1,311	2,190
1982	4,630	1,359	2,187
1983	4,700	1,391	2,243
1984	4,591	1,379	2,173
1985	4,616	1,400	2,161
1986	4,688	1,439	2,260

Table 4. Mean income deficit, in constant 1986 dollars, for poor families with a male householder and for male unrelated persons, 1959–86

Year	Poor families with male householder[1]	Deficit per family member, all families with male householder	Mean deficit, male unrelated persons
1959	$4,202	$977	$2,897
1965	3,972	915	2,582
1969	3,511	888	2,521
1970	3,697	940	2,590
1971	3,625	920	2,656
1972	3,711	944	2,671
1973	3,668	955	2,551
1974	3,959	1,003	2,643
1975	3,791	959	2,497
1976	3,771	984	2,485
1977	3,830	1,004	2,596
1978	3,791	1,017	2,540
1979	3,880	1,040	2,668
1980	4,005	1,041	2,688
1981	4,034	1,052	2,823
1982	4,254	1,109	2,774
1983	4,188	1,083	2,802
1984	4,192	1,087	2,757
1985	4,108	1,093	2,828
1986	4,064	1,085	2,887

[1] Includes all married-couple families and families with a male householder and no spouse present.

Deficit per family member

The deficit per family member controls for changes in family size over time, as well as differences in family size among different types of family. The overall deficit per family member, in constant 1986 dollars, has remained at a higher level in the 1980's than during any prior decade and shows no evidence of decreasing, having reached $1,260 in 1986. (See table 2.) The overall deficit per family member varied only slightly (between $1,102 and $1,018) during the 1970's and was $1,068 in 1959. The increase in the 1980's appears to be chiefly the result of an increase in the deficit per family member for persons in female-headed families;[7] the figure for other types of families has remained fairly constant. (See tables 3 and 4.) The deficit per family member increased from $1,210 in 1979 to $1,439 in 1986 for families headed by a female, while the comparable figure for married-couple families or families with a male as head with no spouse present varied only between $1,040 and $1,109 during the 1980's. While not increasing, the latter deficit has shown no sign of lessening in this decade.

Persons below half their poverty threshold

Since about 1970, some fractions and increments of the amount officially stated as the poverty threshold have been published by the Census Bureau. One such increment, between 100 and 125 percent of the poverty threshold, has

come to define the "near poor," although neither the Census Bureau nor the Government as a whole has officially adopted such a definition. Another such fraction which has gained recent popularity is the proportion of the poor below 50 percent of their respective poverty threshold,[8] the source of which is perhaps a proposal by Victor Fuchs[9] in the mid-1960's that any income below one-half the U.S. median family income be considered poverty. This particular fraction has been published by the Census Bureau since 1975. (See table 5.) It has the advantage that the poverty level of poor persons can be characterized, rather than families and unrelated persons separately. In 1975, the percentage of poor persons whose income was less than half their poverty threshold was 30 percent. This figure increased to about 33 percent of the poor in 1979 and reached 39 percent in 1986. By contrast, from 1975 to 1978, the fraction below 50 percent of the poverty threshold varied between 28 percent and 32 percent.

The proportions of both male- and female-headed families with income of less than half the poverty threshold increased since 1975, the former from 25 percent to 30 percent, and the latter from 35 percent to 48 percent. Most of this increase for male-headed families occurred prior to 1979, while for female-headed families, most of the increase has occurred in the 1980's.

Noncash benefits as a complicating factor

It would be plausible that the apparent growth (or stability in the case of male-headed families) in the average income deficit of poor families and unrelated persons in the 1980's could be explained away by growth in the receipt of noncash benefits if, on average, poor households were receiving more noncash benefits per household during that decade.[10] But in fact, growth in noncash benefits does not explain much of the increase in the income deficit: although noncash benefits have increased in the aggregate from $96.6 billion to $135.7 billion between 1979 and 1986 (in 1986 dollars), the average market value of noncash benefits for poor families was actually less in 1986 than in 1979 in real terms. (See table 6.) The average market value of noncash benefits received by poor families decreased from $4,221 in 1979 to $3,662 in 1981, before recovering to $4,088 in 1986. Although the comparable figure for unrelated persons increased from $2,661 in 1979 to $3,334 in 1986, the increase was entirely in medical benefits (see table 7), since the average market value, in real terms, of the food benefits and housing benefits of these individuals decreased or remained unchanged between 1979 and 1986.[11] Moreover, medical benefits increased from 79 percent of all noncash benefits in 1979 to 85 percent in 1986, and there is considerable controversy anyway over whether medical benefits should be included in evaluating poverty, since their inclusion overestimates the resources available for regular daily consumption if one defines poverty as "a shortage of disposable, fungible resources (measured as a money flow) that prevents

Table 5. Number and percent of poor persons below a specified fraction of poverty level, 1975–86
[Number in thousands]

Year	Below 50 percent		Between 50 and 74 percent		Between 75 and 99 percent		Total poor	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1975	7,733	29.9	7,595	29.4	10,550	40.8	25,877	100.0
1976	7,016	28.1	7,760	31.1	10,200	40.1	24,975	100.0
1977	7,474	30.2	7,420	30.0	9,826	39.7	24,720	100.0
1978	7,708	31.5	7,200	29.4	9,588	39.1	24,497	100.0
1979	8,340	32.9	7,534	29.7	9,471	37.4	25,345	100.0
1980	9,804	33.5	8,935	30.5	10,533	36.0	29,272	100.0
1981	11,189	35.2	9,436	29.7	11,197	35.2	31,822	100.0
1982	12,806	37.2	10,430	30.3	11,162	32.4	34,398	100.0
1983	13,583	38.5	10,027	28.4	11,656	33.1	35,266	100.0
1984	12,770	37.9	9,803	29.1	11,127	33.0	33,700	100.0
1985	12,380	37.4	9,843	29.8	10,841	32.8	33,064	100.0
1986	12,677	39.2	9,030	27.9	10,663	32.9	32,370	100.0

NOTE: Both numbers and percentages for a given level do not always sum to 100, because of rounding.

Table 6. Average market value of noncash benefits received by poor families and unrelated persons who received benefits, 1979–86

Year	Current dollars		Constant 1986 dollars	
	Poor families	Poor unrelated persons	Poor families	Poor unrelated persons
1979	$2,794	$1,761	$4,221	$2,661
1980	2,977	2,109	3,962	2,807
1981	3,037	2,329	3,662	2,809
1982	3,330	2,626	3,783	2,983
1983	3,503	2,749	3,857	3,027
1984	3,637	3,064	3,839	3,236
1985	3,941	3,293	4,017	3,356
1986	4,088	3,334	4,088	3,334

SOURCE: U.S. Bureau of the Census, Technical Papers 51, 52, 55, and 56, *Estimates of Poverty Including the Value of Noncash Benefits*, and unpublished data for 1986 from U.S. Bureau of the Census.

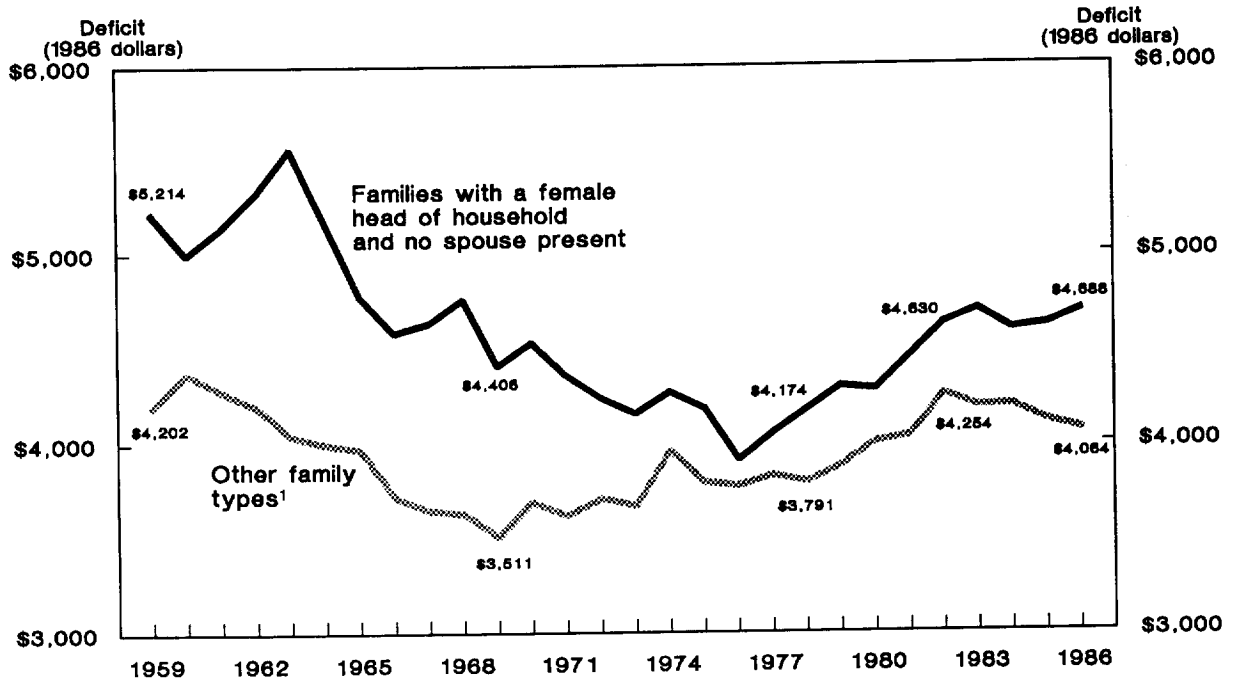
Table 7. Average market value of noncash benefits by type of benefit received by poor families and unrelated persons who received benefits, 1979–86

Year	Current dollars			Constant 1986 dollars[1]		
	Food	Housing	Medical	Food	Housing	Medical
Families:						
1979	$1,108	$1,878	$2,251	$1,674	$2,837	$3,400
1980	1,182	1,802	2,469	1,573	2,398	3,285
1981	1,184	1,765	2,565	1,427	2,128	3,092
1982	1,299	1,757	2,847	1,476	1,996	3,234
1983	1,358	1,774	3,014	1,494	1,952	3,317
1984	1,387	1,726	3,037	1,464	1,822	3,206
1985	1,435	1,790	3,334	1,463	1,824	3,398
1986	1,479	1,777	3,463	1,479	1,777	3,463
Unrelated persons:						
1979	340	1,207	1,630	514	1,823	2,462
1980	376	1,361	1,941	500	1,811	2,582
1981	392	1,452	2,193	473	1,751	2,644
1982	437	1,491	2,539	496	1,694	2,884
1983	401	1,528	2,698	441	1,682	2,969
1984	457	1,653	2,911	482	1,745	3,073
1985	452	1,600	3,141	461	1,631	3,201
1986	485	1,567	3,218	485	1,567	3,218

[1] Using the CPI for all items combined.

SOURCE: U.S. Bureau of the Census, Technical Papers 51 through 56, *Estimates of Poverty Including the Value of Noncash Benefits*.

Chart 1. Average income deficit for poor families by sex of householder, 1959–86



[1] The "other family types" category consists of all poor married-couple families and families with a male householder and no spouse present.

regular and continuous access to the minimal necessities of everyday life for all members of an economic household."[12]

Thus, while the growth of noncash benefits was a factor in keeping down the growth in the average deficit of poor persons in the 1960's and 1970's, it is not a factor that can be used to explain away the growth in the deficit of poor persons in the 1980's.

Conclusion

Regardless of the income measure used, it would appear that the poor are no better off in the 1980's than they were in the 1960's and 1970's. The average deficit per family member, the average deficit per family, and the percent of the poor below 50 percent of their poverty threshold have all remained at about the same level or even increased during the 1980's. While the lot of the poor, in the aggregate, was certainly bettered during the late 1960's and 1970's by the growth of noncash assistance, the average market value of noncash benefits received has generally decreased during the 1980's. Although improving economic conditions have reduced the number of poor in the last few years, those that fell below the poverty level in any given year in the 1980's have, on average, not come any closer to their poverty threshold. □

—FOOTNOTES—

[1] Robert Greenstein, testimony before the Senate Committee on Labor and Human Resources, Oct. 7, 1987, pp. 2–3.

[2] Tom Wicker, "Always with Us: The Plight of America's Poor Worsens," *The New York Times*, Nov. 19, 1987, p. A31.

[3] The latest such report is "Poverty in the United States: 1986," in *Current Population Reports*, Series P–60, No. 160.

[4] These data are not longitudinal and thus do not illustrate the relative well-being of the same persons over time. Rather, they indicate the mix of persons classified as poor in March of each year. Many of these individuals are poor for only a year or two, and few are poor for a decade or more. For a discussion of the dynamics of poverty, see Greg Duncan, *Years of Poverty, Years of Plenty* (Ann Arbor, University of Michigan Press, 1984).

[5] An unrelated person is defined as a person who is living alone or only with nonrelatives. The term is synonymous with "unrelated individual" as used in Census Bureau publications.

[6] Several technical changes in the Government's official definition of poverty, including the elimination of separate poverty thresholds for families headed by women, were made in 1981 as a result of recommendations of a Federal Interagency Committee. (See "Characteristics of the Population below the Poverty Level: 1981," *Current Population Reports*, Series P–60, No. 138, pp. 2–3.) All data shown for male householder families are for all married couples plus male householder families in which no spouse was present. In the Census Bureau's Current Population Survey, between 5 and 10 percent of householders in poor married-couple families are women. Prior to 1979, the husband was always designated the head of

the family in married-couple families.

[7] The deficit per family member has been higher for families with a woman head of household throughout the period 1959–86.

[8] See annual press releases of the Center on Budget and Policy Priorities and the Children's Defense Fund.

[9] Mentioned in Herman P. Miller, *Rich Man, Poor Man* (New York, Thomas Crowell, 1971), pp. 120–21.

[10] Alternative procedures for valuing noncash benefits received by the low-income population, which are not taken into account in the Government's official poverty statistics, have been published for 1979 through 1986 by the Census Bureau in Technical Papers 50 through 57. Such benefits include food stamps, free and reduced-price school lunches, public or subsidized housing, Medicaid, and Medicare. It should be noted that (1) regardless of income level, the Census Bureau's concept of income generally includes money income only and does not include the value of employer-provided benefits such as health and life insurance, the use of company cars, stock options, and so forth, received by families with income above the poverty level; (2) about 40 percent of poor households reported receiving neither cash nor noncash benefits throughout the 1980's; and (3) the number of poor persons was 24 percent greater in 1986 than in 1979, accounting for some of the increase in the aggregate noncash benefits during the 1980's.

[11] For families, food and housing benefits decreased between 1979 and 1986, and medical benefits were about the same in 1986 as in 1979. If, instead of the CPI for all items combined, the separate indexes for medical and housing benefits were utilized, the declines in real terms in these items would have been greater. See *Economic Report of the President*, February 1988, Table B–58, p. 313.

[12] Harold W. Watts, "Have Our Measures of Poverty Become Poorer?" *Focus*, Summer 1986, p. 21.

Is the 40-hour week immutable?

Most workers—women as well as men—have a strong work commitment, typically asserting that they would continue to work even if it were financially unnecessary to do so. But this psychological commitment to work is not always reflected in the work histories of women, who move in and out of the labor force and between full-time and part-time jobs as a consequence of their changing family responsibilities. Permitting workers to tailor their working hours to their family circumstances would both reinforce their work commitment and contribute to the development of a more productive and satisfied labor force.

Much of the stress experienced by parents—mothers and fathers—is a consequence of the existing structure of work. But the 5-day, 40-hour workweek need not be considered immutable. Indeed, this "normal" work schedule is itself a fairly recent phenomenon, dating back only to the 1930's. Employment policies offering greater flexibility in working hours through both temporary leaves and a reduction in work hours could substantially alleviate the conflicts and strains working parents now face.

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"New Patterns of Work," *Work & Family: A Changing Dynamic* (Washington, The Bureau of National Affairs, Inc., 1986), p. 219.