

UNDERSTANDING POVERTY

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**Excerpts from the
2013
Community Needs
Evaluation**

Understanding Poverty

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This information is from the 2013 Community Needs Evaluation, which is available at the link below, along with the 2009, 2010, 2011 and 2012 Community Needs Evaluation. Extensive information is available in these needs evaluations about demographic, social and socioeconomic data, poverty, unmet needs and a variety of other topics (Food, Health & Human Development, Housing & Neighborhoods, Aging & Disability, Workforce & Economic Opportunity).

<http://www.nashville.gov/Social-Services/Planning-And-Coordination/Community-Needs.aspx>

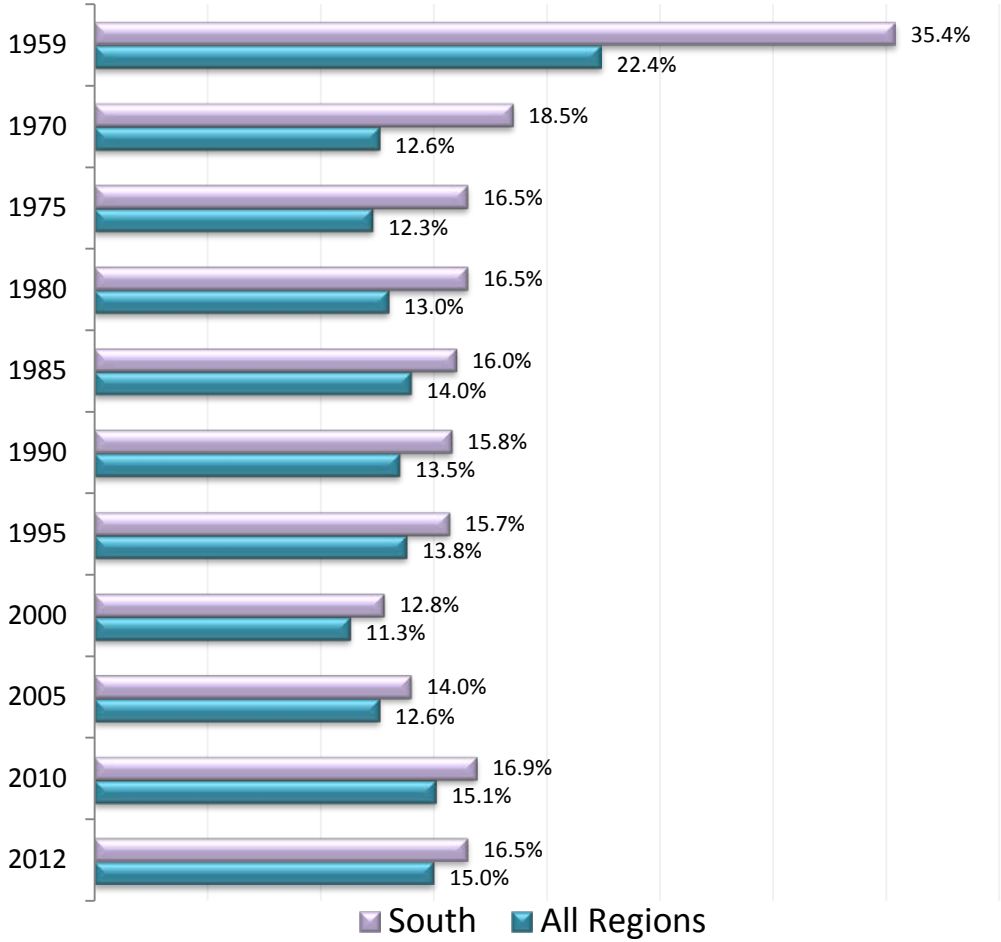
Understanding Poverty

Changes in the Rate of Poverty

Chart P-1 shows the historical poverty rates since 1959 to compare the poverty rate before and after the War on Poverty programs began in the mid-1960s. It reflects the dramatic decrease in poverty in the South for all years since the programs began, with the 2012 poverty rate less than half the 1959 rate.

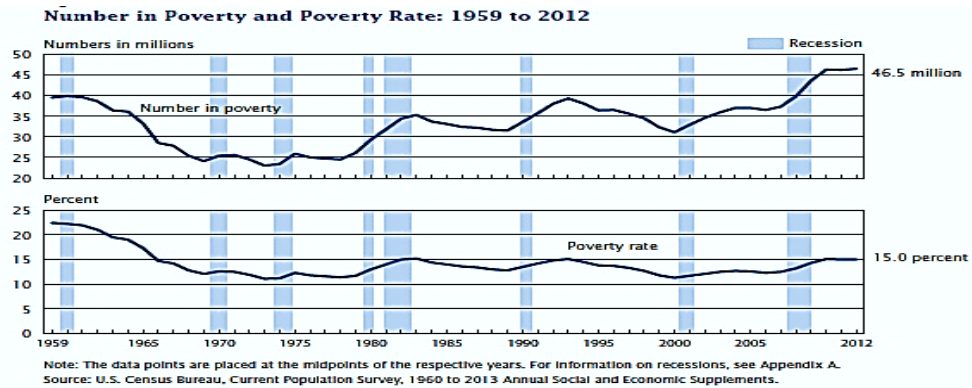
The poverty rate for the U.S. also decreased by about 1/3 since 1959, from 22.4% in 1959 to 15.0% in 2012. The poverty rate after the War on Poverty programs began has never again reached the pre-program rate, despite recessions. The overall population has increased, yet the number of people in poverty in the South in 1959 was higher than in 2012.

Chart P-1: Historical Poverty Rates
U. S., South, Selected Years 1959-2012



Source: U. S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements, Table 9

The graphic below is from the U. S. Census Bureau’s Current Population Survey data and shows the nationwide number of people and rate of poverty from 1959 through 2012, with periods of recession shaded in blue. Although the number of people living in poverty is greater in the U. S., the percentage of the population in poverty is lower than in 1959.



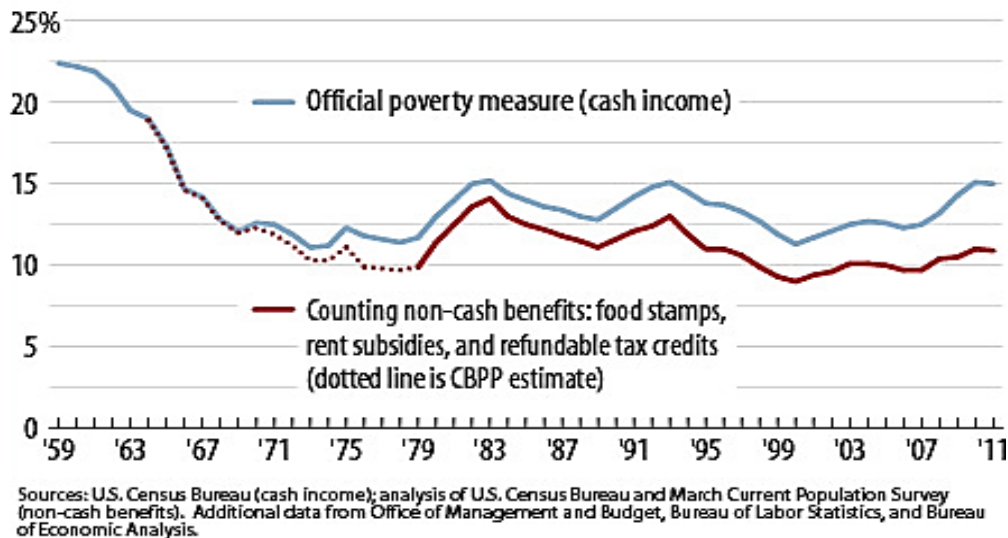
<http://www.census.gov/prod/2013pubs/p60-245.pdf>

Measuring Poverty

On September 13, 2013, the Center on Budget and Policy Priorities (CBPP) released *Official Poverty Measure Masks Gains Made Over Last 50 Years*, which described how 50 years of poverty alleviation efforts had a greater effect than is observed through the outdated official poverty measure used by the U. S. government. It explains how the official measure shows distorted results because it fails to capture the poverty relief in today’s safety net.

The benefits from most anti-poverty programs are not calculated in the official poverty measure, and some of the major programs (Earned Income Tax Credit-1975, Child Tax Credit-2001, etc.) were created long after the formula for the official measure was determined. Chart P-2 below from CBPP shows that the U. S. poverty rate would be lower, if non-cash benefits were included.

Chart P-2: Poverty Rate With and Without Non-Cash Benefits
U. S., 1959-2011



Center on Budget and Policy Priorities | cbpp.org

Official Poverty Measure Masks Gains explains that adjusting the official measure to include the non-cash benefits and credits would improve the measurement of poverty, but it would not be an ideal way to measure poverty because of societal changes. The CBPP report explains that additional factors have changed since the official poverty formula was developed. Some environmental factors have changed, while the meaning of “basic need” has evolved.

- Work may now necessitate access to telephone, computer/internet
- The growing number of unmarried couples, with various financial arrangements (some which share expenses and others that may not)
- The increase in dual-earners and single-parent families increased the use of child care

The Supplemental Poverty measure not only incorporates the non-cash benefits and credit, but it also subtracts necessary expenses (taxes, work expenses and out-of-pocket health care costs). Data from the Supplemental Poverty Measure suggests that poverty is “less widespread and severe than it was in the 1960’s” but that it is still quite substantial, higher than most other western industrial countries.

CBPP provided an analysis of the average incomes for those at the bottom of the income distribution, including the benefits not counted in the official measure. It explained that each program (SNAP, rent subsidies, EITC and other tax credits) would have shown that many people were lifted out of poverty, if these had been considered in the official formula.

<http://www.cbpp.org/cms/?fa=view&id=4015>

Winning the War: Poverty from the Great Society to the Great Recession in Brookings’ Papers on Economic Activity, Fall 2012, explains that there has been some improvement over time through anti-poverty efforts, when analyzed using an income-adjusted consumption based measure instead of the official poverty measure. It noted that by using the enhanced analysis instead of simply income-based measures, greater improvement was experienced for single-parent families and the elderly, although less for married-parent families. It attributes some improvement to changes in tax policies and Social Security, as well as changes in education and savings patterns.

It discusses the fluctuation in the poverty rate in context with the Gross Domestic Product and examines changes in poverty from the early 1960s through 2010, after adjusting for the deficiencies in the official measure. It explained how a consumption-based measure could more accurately determine and better reflect material circumstances of disadvantaged families. Consumption-based measures, “after adjusting for bias in price indexes, declined by 26.4 percentage points between 1960 and 2010, with 8.5 percentage points of that decline occurring since 1980.”



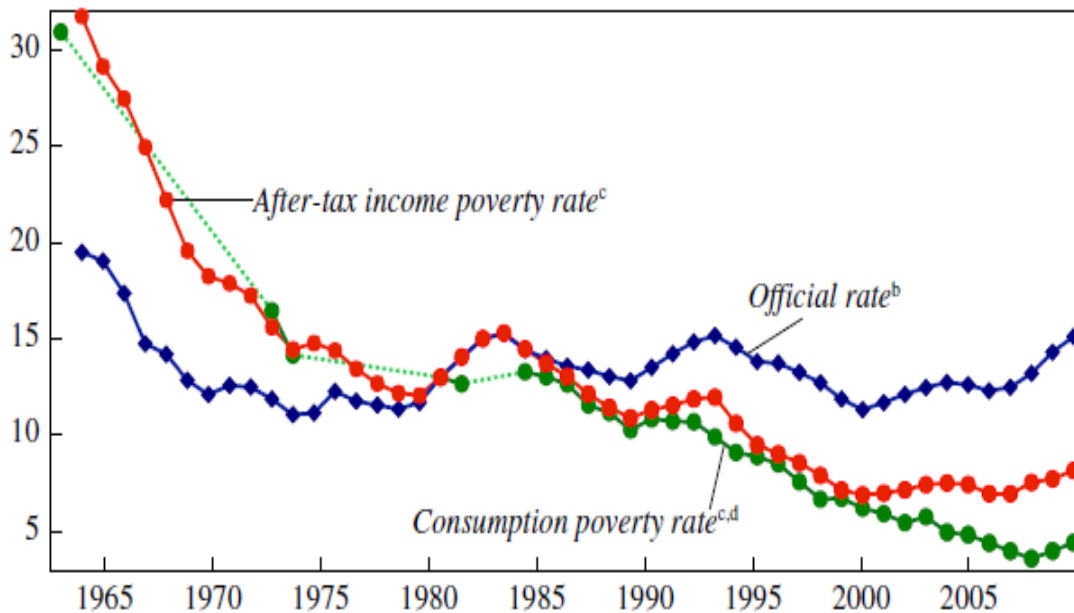
Income-based measures do not account for differences among families for the accumulation of assets or access to credit. Unlike income measures, consumption measures can also reflect ownership of homes or vehicles and debt burdens. *Winning the War* explains that another advantage of consumption measures is how the expenditures can be divided into specific categories and better reflect relative price changes. It describes research that suggests that consumption is a more effective predictor of well-being than income.

The report explains that income data used is from the Census Bureau’s Current Population Survey (although similar data is available from the American Community Survey), while the data for the consumption measure is

from the Consumer Expenditure Survey. Data from the Consumer Expenditure Survey can be converted to consumption by using specific techniques described in the report.

Winning the War describes how to use consumption-based measures and the advantages of those measures, compares official, alternative and consumption poverty rates. Chart P-3 reflects changes in poverty from 1963 through 2010 for different measures, which shows that the official poverty rate is higher than a measure after taxes, and that both were higher than the consumption-based poverty rate.

Chart P-3: Official and Alternative Income and Consumption Poverty Rates
U. S., 1960-2010



Source: *Winning the War*, Brookings

The difference in the rates strongly suggests that a better measure be used to compare poverty rates than the official U. S. poverty measure. While the calculation of poverty is complex, evidence indicates that there may be more effective measures to show that continuing improvements resulted from the War on Poverty.

http://www.brookings.edu/~media/Projects/BPEA/Fall%202012/2012b_Meyer.pdf

Issues of Poverty

Poverty is complicated, multifaceted and closely connected with many quality of life issues. Poverty could be described as the lack of money, access and power or in many other ways. There are different types of poverty, multiple ways to measure poverty, and an array of programs that purport to reduce, alleviate or prevent poverty, as described in previous editions of the Community Needs Evaluations.

Poverty can better be understood through a broad approach that incorporates relevant and meaningful information. Effective solutions require that poverty be viewed in a comprehensive way and addressed with meaningful, sustainable, long-term solutions.

Poverty Evolution and Measures

Poverty in America – A Handbook by John Iceland contrasts the affluence in the U. S. with its higher rate of poverty compared with other countries. It provides a brief historical overview of poverty to show how perceptions have changed. It indicated that views of poverty before 1900 often attributed it to individual misbehavior (people who were deserving or undeserving of public support), but did not acknowledge the influence of structural economic causes. Idleness was considered a vice in the 1600s and unemployed men became indentured servants, whipped, or were forced out of town or incarcerated.

“Paupers” were generally people receiving relief or assistance, usually from local governments and were held in low regard. In the 1800s, poorhouses or “indoor relief” were created, which differed from “outdoor relief” which was short-term assistance from local agencies or charities but did not involve residence in an institution. Urban slum districts were segregated by income/class for those who were not steadily employed and without resources.

Industrialization and accompanying economic growth increased dramatically, demonstrated by the increase in per capita income of one and a half times between 1900 and 1929. The Great Depression plunged most of the country into economic hardship. The economy was influenced in subsequent years by wars, industrialization and other factors, suggesting that solid information was needed to make informed decisions to address economic problems.

Poverty measurement began in the late 1800s, when the word poverty became less associated with receiving public relief or private charity (pauperism) and more about having insufficient income to live appropriately, which became accepted among social workers, social scientists and others who studied related issues systematically. People also began to accept that poverty was related to economic and social factors, rather than merely individual weaknesses. An early “poverty line” was created for 1896-1897, with no consensus until an official U. S. poverty measure was created in 1963.

<http://www.ucpress.edu/ebook.php?isbn=9780520956797>

In *Extended Measures of Well-Being: Living Conditions in the United States-2011* (September 2013), the U. S. Census Bureau reported that in 2011, 22% of U. S. households “experienced one or more possible hardships in fulfilling their basic needs during the previous 12 months.” The hardships included difficulty paying essential expenses, not paying rent/mortgage, being evicted, not paying utility bills, having utilities or telephone service disconnected, not seeing a doctor or dentist when needed and not always having enough food. It explained that while money can provide access to goods and services, the measure of money alone could not provide a complete picture of well-being. Data in this report is from the series of U. S. Census Bureau’s *Survey of Income and Program Participation* that has been conducted since 1992. It measures five broad domains:

1. Appliances and electronic goods, such as possession of refrigerators, landline and cellular telephones, and computers
2. Housing conditions, including level of satisfaction with overall home repair, adequate living space, and sufficient privacy
3. Neighborhood conditions and community services, such as road conditions and the presence of abandoned buildings; satisfactory police, fire, and medical services; and attitudes towards local schools
4. Meeting basic needs, including the ability to pay bills in full to avoid eviction, and to have sufficient food
5. The expectation of help, should the need arise, from friends, family, and the community.

The report indicated that between 2005 and 2011, several measures of financial difficulty appear to have worsened. For example, during that period, the number of households with unmet essential expenses increased from 16.4 million (14%) to 20 million (16%), and households experiencing food shortages increased from 2.7 million (2%) to 3.4 million (3%).

The number of households with unpaid rent or mortgage payments increased from 2.7 million (6%) to 9.6 million (8%). There were 78% of households that reported they did not experience any of these hardships during the previous 12 months, while 9% of the population experienced one of these hardships and 6% experienced three or more.

Extended Measures of Well-Being also reported that between 2005 and 2011, the number of American households that were unable to meet basic expenses increased by 16% (16.4 million to 19.1 million). It also indicated that there was an even greater increase (39%) in the number of people who could not pay their rent or mortgage. The report noted that the householder’s age was related to the level of material well-being in a household. Detailed information is provided, with these observed as general patterns in how characteristics are related to well-being:

Higher

- Males
- Non-Hispanic Whites
- More Education
- Without Disabilities
- Homeowners
- Older
- Married without children

Lower

- Females
- Minorities
- Less Education
- With Disabilities
- Renters
- Younger (15-29)
- Unmarried with children

One of the domains related to the level of expectations that people had for being helped by family, friends and the community. As shown in Chart P-4, the expectations of help far exceeded the help actually received for family, friends (friends, neighbors or other nonrelatives) and other (social service agency, church, nonprofit organization or other possible sources of help).

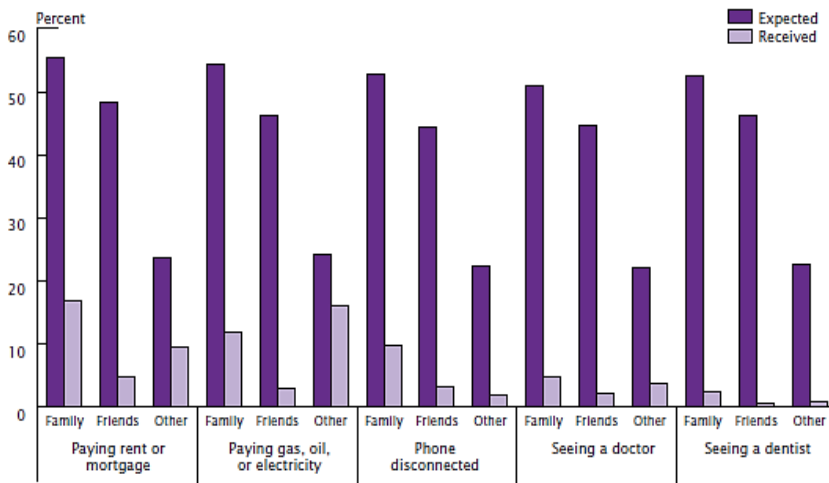


Chart P-4: Households Expecting and Actually Receiving Help by Source of Help
(of households experiencing hardship)
U. S., 2011)

Source: U.S. Census Bureau, Survey of Income and Program Participation, 2008 Panel, Wave 9.

<http://www.census.gov/prod/2013pubs/p70-136.pdf>

Household Wealth

Both household wealth and household debt are signs of the status of economic prosperity. Wealth is an indicator of financial security and prospects in the U.S that tends to increase during periods of economic prosperity, when households grow their assets. When there were times of economic hardships, these families could draw on their accumulated financial resources.



In 2000, median household net worth in the U.S. was \$81,821. In 2005, it was \$106,585, which decreased to \$68,828 in 2011. Between 2000 and 2011, median household net worth decreased by \$12,993 or 16%.

The decrease in home equity was a factor that was more variable than median net worth excluding home equity. Between 2000 and 2011, median net worth, excluding home equity, decreased 22%.

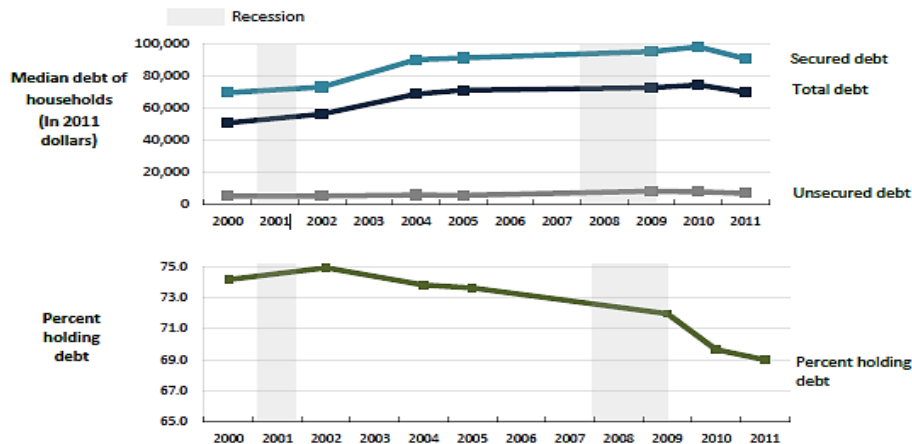
<http://www.census.gov/people/wealth/files/Wealth%20Highlights%202011.pdf>

Household Debt

Debt is often used by households, especially during times of economic prosperity, to finance large purchases (home, vehicle, household member’s education). During financially difficult times, households may accumulate debt to help them get through unemployment or to help pay for medical care if they are uninsured or underinsured. The U. S. Census Bureau released *Household Debt in the U.S. 2000 to 2011* on March 21, 2013. It reports that while the percentage of households with debt declined from 74% in 2000 to 69% in 2011, the median household debt increased from \$50,971 to \$70,000. It found that the largest increases in median debt were for householders ages 35-44 (to \$108,000). However, the largest percentage increase was those who were older. It was noted that householders 65 and older were more likely to have debt against their homes.

Household Debt also found that the composition of debt held by households changed. Credit card debt decreased from 51% in 2000 to 38% in 2011. However, the percentage with unsecured debt (educational loans, unreimbursable medical bills, etc.) increased from 11% to 19%. The top section of Chart P-5 below shows changes in unsecured, secured and total debt, while the bottom section of Chart P-5 shows the percentage of households holding debt.

Chart P-5: Median Household Debt and Percent Holding Debt
U. S., 2011



Source: Household Debt in the U. S. from 2000 to 2011, U. S. Census Bureau

The table below shows the median debt by type of debt from 2000 to 2011.

	2000	2002	2004	2005	2009	2010	2011
Total debt	50,971	56,395	68,955	71,333	72,862	74,619	70,000
Secured debt	69,749	73,276	90,355	91,489	95,402	98,455	91,000
Unsecured debt	5,365	5,314	5,944	5,718	8,387	7,980	7,000
Percent holding debt	74.2	74.9	73.8	73.6	72.0	69.6	69.0

Source: Household Debt in the U. S. from 2000 to 2011, U. S. Census Bureau
<http://www.census.gov/people/wealth/files/Debt%20Highlights%202011.pdf>

Social Mobility

On August 28, 2013, the Brookings Institution issued *The Other American Dream: Social Mobility, Race and Opportunity*. It noted that although it has been more than 50 years since the historic march on Washington, led by Martin Luther King, Jr., there remains a need to defend civil rights. It discussed the opportunity gap between a child born white and a child born black, but also indicated that economic class is significant as well.



It suggests that the racial gaps in education, employment and wealth remain, at least in part because “black rates of upward social mobility are lower.” It noted that black children are less likely to escape after being born in poverty, and that at least half of black adults who were raised at the bottom of the income scale are stuck there as adults, compared to about a third of whites.

The Other American Dream notes that race itself is not likely to be the causation, but that children with narrower life chances in predominantly black areas have lower rates of upward mobility. This applies to both black and white children, but the percentage of black children is larger.

It noted continued discrimination in the labor market, describing the effects of incarceration: “black men who have never been incarcerated fare no better in the job market than white men just out of prison.” In addition, it noted that intergenerational inequalities are affected by the tendency of affluent, educated people to marry affluent, educated people also has a racial gap, noting that 94% of highly-educated white women marry well-educated men compared to 49% of highly-educated black women.

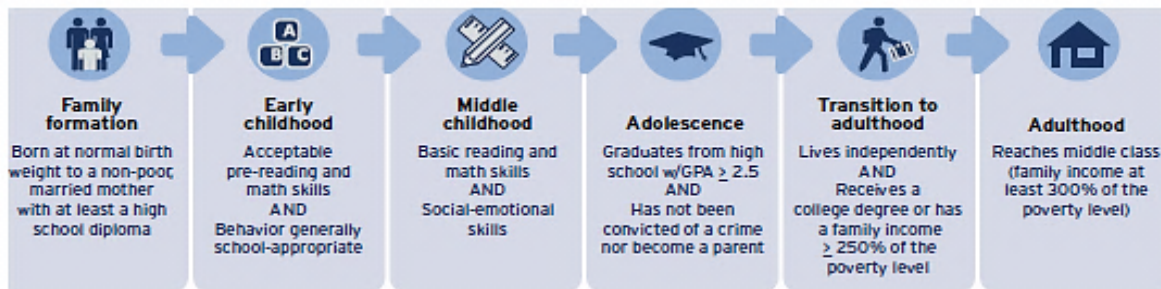
Pathways to the Middle Class: Balancing Personal and Public Responsibilities (Center on Children & Families at Brookings) noted on September 20, 2012 that the U.S. has less opportunity for upward mobility than some other developed countries. It indicated that children born into middle-income families have about an equal chance to move up or down once they become adults. However, it found that those born into rich or poor families are very likely to remain in that income category. Findings include:

- Most Americans (61%) achieve the American dream by reaching the middle class by middle age, but there are large gaps by race, gender, and children’s circumstances at birth.
- Success produces further success. Children who are successful at each life stage from early childhood to young adulthood are much more likely to achieve the American Dream.
- Children from less advantaged families tend to fall behind at every stage. They are less likely to be ready for school at age 5 (59% compared to 72%), to achieve core academic and social competencies at the end of elementary school (60% compared to 77%), to graduate from high school with decent grades and

no involvement with crime or teen pregnancy (41% compared to 70%), and to graduate from college or achieve the equivalent income in their twenties (48% compared to 70%).

- Racial gaps are large from the start and never narrow significantly, especially for African Americans, who trail by an average of 25% for the identified benchmarks.
- During childhood, girls often do better than boys but find their prospects diminished during the adult years.
- The proportion of children who successfully navigate through adolescence is only 57%.
- For the small proportion of disadvantaged children who succeed throughout school and early adulthood (17%), their chances of being middle class by middle age are closer to those of their more advantaged peers (75% compared to 83%).
- Keeping less advantaged children on track at each life stage is the most effective strategy for building a stronger middle class. Because success is a cumulative process, early interventions may prevent the need for later ones. However, one-time interventions may not be sufficient to keep less advantaged children on track.
- It is never too late to intervene—people who succeed in their twenties, despite earlier struggles, can still make it to the middle class.

The Center on Children & Families identified the kinds of academic and social skills needed for later success and divided it into six life stages. The graphic below shows the set of skills that are predictive of later outcomes and economic success. It notes that many people are able to make it to middle-class in adulthood despite inauspicious beginnings, although they may have benefitted from acquiring the skills earlier and navigating adolescence more wisely.



There are various patterns of inequality, including single parenthood, which is more likely to financially burden the mother than the father. Of children born into the bottom fifth of family income, 48% are school ready, compared with 78% of children in the top fifth. Only about 1/3 of children born in the bottom fifth graduate from high school with a 2.5 GPA who have also not been convicted or become a parent. Parental income is also a predictor of success, with 75% of those born into the top fifth achieving middle class by age 40, compared to 40% from the bottom fifth.

The report provides additional details and noted that those most likely to achieve the middle class are those who graduate from high school, work full time and wait until they are married and over 21 to become parents. Children from less advantaged backgrounds may see less reason to make responsible choices, considering their environments and the opportunities they have experienced. It further states, “By the time children can be

reasonably held accountable for their choices, many are already behind because of choices their parents made for them.”

Based on these findings, the report identifies the following specific recommendations to help more find their pathway to the middle class:

- A combination of evidence-based practices to combine greater personal responsibility with societal interventions to help people climb the ladder. “Government does not raise children, parents do, but government can lend a helping hand.”
- To be most effective programs should encourage both personal responsibility and behaviors that would enhance opportunity (a combination of good behavior and good policy).
- It is important that the increasing socioeconomic gaps be addressed, such as those in family structure, educational attainment and income level.
- If budget cuts are needed because of the U.S. fiscal situation, there is evidence that less effective programs that could be cut while keeping the more effective programs that sometimes save taxpayer money.
- Insufficient attention is given to ensuring that more children are born to parents who are ready to parent children. “Unplanned pregnancies, abortions, and unwed births are excessively high and childbearing within marriage is no longer the norm for women in their twenties, except among the college-educated. Government has a role to play here, but culture is at least as important.”
- There is significant value in a high-quality preschool experience for less advantaged children as well as improvements to K-12.
- An increase in college graduation rates (rather than just enrollment rates) is important because graduation rates have been negatively influenced because some were not prepared for higher educational attainment. “In addition, disparities in ability to afford the cost of college mean that even equally qualified students from low- and high-income families do not have the same college-going opportunities.”

“Children in complex families face a range of challenges, especially parents /caregivers who are under stress, changes in their living situations, and shifting family dynamics. Economic disadvantage, as discussed above, makes these difficult circumstances harder.”

<http://www.brookings.edu/~media/Research/Files/Papers/2012/9/20%20pathways%20middle%20class%20sawhill%20winship/0920%20pathways%20middle%20class%20sawhill%20winship.pdf>

In January 2014, the U. S. Census Bureau released *Dynamics of Economic Well-Being: Poverty, 2009-2011*, which presented data from the 2009-2011 Survey of Income and Program Participation (SIPP). It discusses the time and duration patterns as well as transitions in and out of poverty. The report notes, “The SIPP allows policy makers, academic researchers, and the general public to paint a more detailed portrait of poverty than the one provided by the official annual poverty estimate.”

Dynamics of Economic Well-Being reported:

- Between January 2009 and December 2011, 31.6% of the U. S. population was in poverty for at least two months, substantially higher than the 27.1% for 2005-2007.
- By 2011, 5.4% additional people entered poverty who were not in poverty in 2009.
- Of those who exited poverty, about half had low incomes less than 150% of poverty.
- For people who were in poverty for more than two months during the 2009-2011 period, 44% of poverty spells ended within 4 months, while 15.2% lasted more than 2 years.

In terms of chronic poverty, 3.5% of people were in poverty for the entire 36-month period in 2009-2011. There were variations by demographic characteristics for how likely people would remain in poverty for the entire 36 months. Of those who were poor in January-February 2009 and remained in poverty for the 36-month period:

- 23.8% were White, while 35.5% were Black
- 27.8% were Hispanic, while 25.9% were non-Hispanic
- 30.7% were under age 18; 22.7% were ages 18-64; 36.8% were age 65 and over
- 18.7% were in married couple families; 23.9% were in male-householder families; 32.2% were in female-householder families

There were also differences in the median duration of poverty spells:

- 6.2 months for White; 8.5% for Black
- 6.5 months for Hispanics; 6.6 months for non-Hispanics
- 7.0 months for under age 18; 6.3 months for ages 18-64; 8.3 months for age 65 and over;
- 5.6 months for married couple families; 6.8 months for male-householder families; 8.4 months for female-householder families

Dynamics of Economic Well-Being emphasizes the complexity of poverty and explains that for most people who entered poverty, it was a transitory rather than a permanent situation. While it is positive to recognize that 44.0% of poverty spells lasted less than 4 months, it is of concern that 15.2% lasted for more than 2 years.

http://www.census.gov/prod/2014pubs/p70-137.pdf?eml=gd&utm_medium=email&utm_source=govdelivery

Who is Poor?

Family Complexity and Poverty from the Institute for Research on Poverty and the Morgridge Center for Public Service at the University of Wisconsin-Madison explains how the American family structure has changed in the past 50 years. It explains that some changes in family structure are often related to poverty, including divorce, single parents, cohabitation, children born outside marriage, etc. It reported that, "These changes in couples' relationships and childbearing, which led to unprecedented family complexity, have been accompanied by a steep increase in U.S. economic inequality over the last quarter of the 20th century."

It noted that family change does not necessarily cause poverty, since many divorced and remarried families are well-off, while some married-couple families with children are poor. However, there is a correlation between family structure and poverty, with single mother families 5 times more likely to be poor than married-couple

families with children. In addition, 70% of children living with a single mother are poor or low-income, and were more likely to have parents with low educational attainment and frequently are minorities.

It indicates that growing up in poverty is linked to lower academic achievement, health problems and likelihood of continuing poverty when the child grows up. It also emphasizes the importance of designing public policies that consider characteristics of these complex families to create effective services.

<http://www.irp.wisc.edu/publications/factsheets/pdfs/FactSheet2.pdf>

The real cost for families to live modest and economically secure lives is much higher than just living above the poverty threshold. The U. S. Census Bureau's poverty threshold is designed to help evaluate what it takes for families to live without serious economic deprivation but it does not consider many relevant factors including location. In recent years, the U. S. Census Bureau developed a Supplemental Poverty measure that takes more factors into account, with primarily nationwide and regional data. As a result, neither the official poverty measure nor the Supplemental Poverty Measure provides an accurate picture of what households need.

The Supplemental Poverty Measure was created by the U. S. Census Bureau to consider factors in addition to the number in the household and cash income to determine poverty. Information for 2010 was in the 2011 Community Needs Evaluation (pages 25-28); 2011 data was reported in the 2012 Community Needs Evaluation (pages 39-44). The *2012 Supplemental Poverty Measure* was issued in November 2013, with findings similar to those for the previous year. The Supplemental measure data is not available for states and counties.

The Supplemental Poverty Measure considers additional income from benefits through the Supplemental Nutritional Assistance; National School Lunch Program; Supplementary Nutrition Program for Women, Infants, and Children (WIC); Housing Subsidies; and Low-Income Home Energy Assistance (LIHEAP). It also subtracts necessary expenses not considered in the official poverty measure, including Expenses Related to Work, Child Care Expenses, Medical Out-of-Pocket (MOOP) Expenses and Child Support Paid.

While there is not a great deal of difference between the percentage of all people who are in poverty by the official measure (15.1%) and those who are in poverty by the Supplemental Poverty Measure (16.0%), differences by age and nativity were more pronounced. The report indicates that in 28 states (including Tennessee), the SPM was lower than the official poverty measure. The map below shows which states had an SMP lower, higher or similar to the official measure. Tennessee's SPM is estimated to be 1.8% lower than the official measure.

Difference Between Official and Supplemental Poverty Measures, by State, 2010-2012

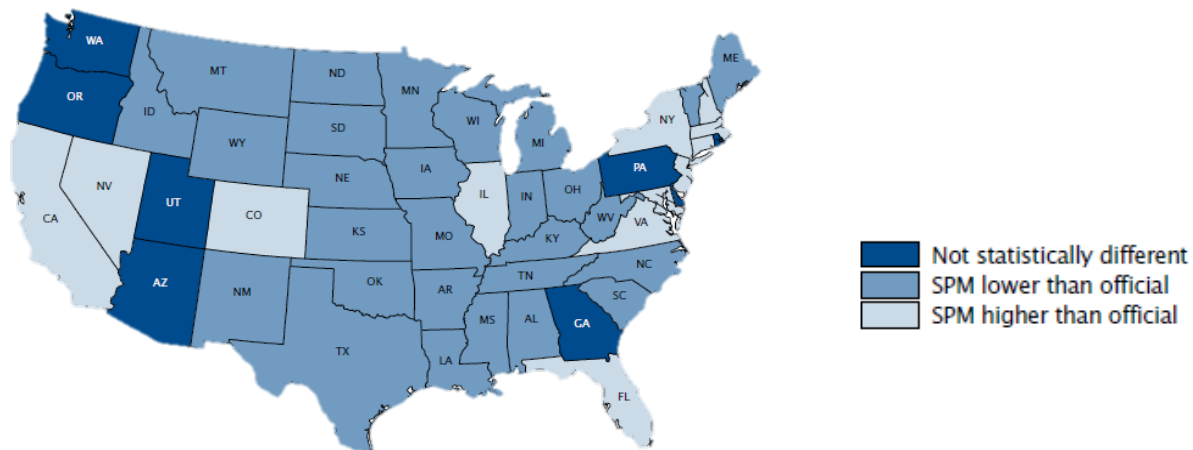
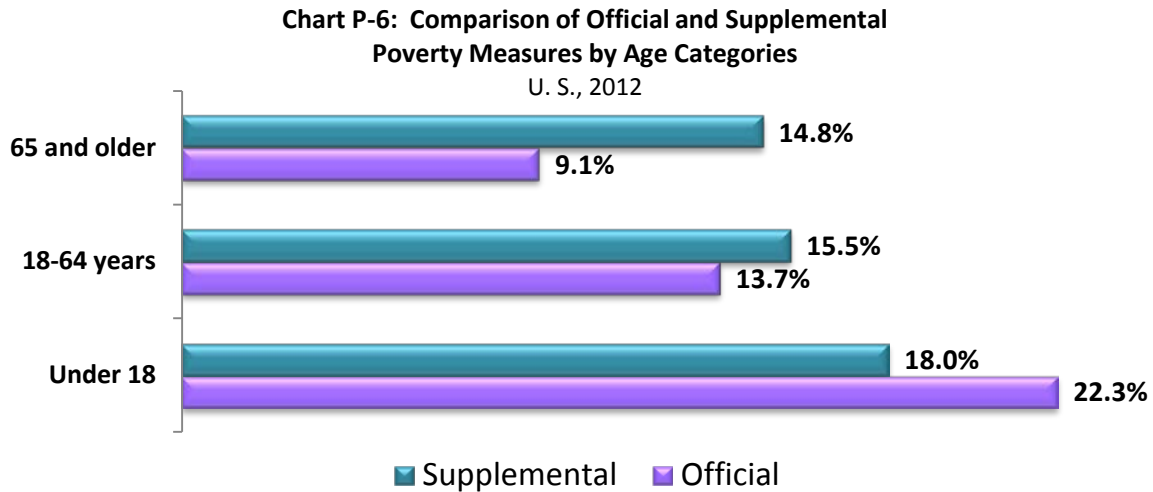


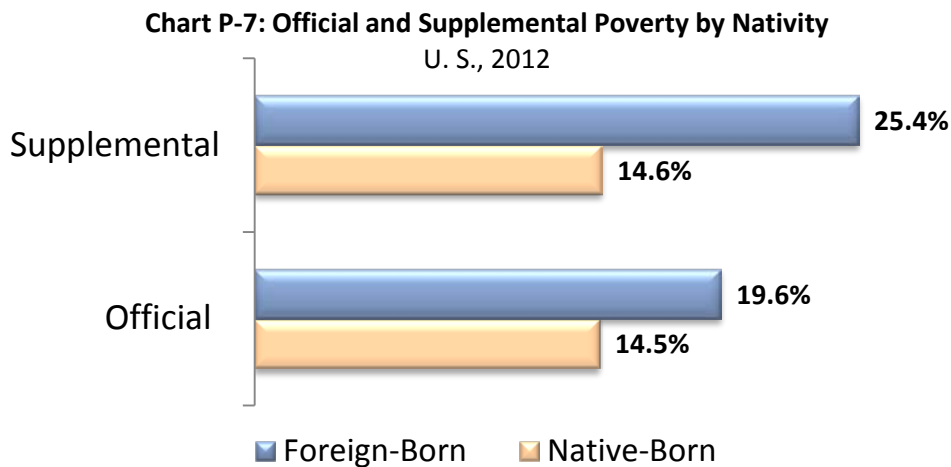
Chart P-6 shows that when the additional benefits and expenses are factored in by the Supplemental Poverty Measure, the poverty rate goes down for those under age 18 from 22.3% to 18.0%. The Supplemental measure is higher (15.5%) than the official measure (13.7%) for those ages 18-64.

For those 65 and older, the Supplemental Poverty Measure is higher (14.8%) than the official measure (9.1%). While the percentages change when comparing the two measures, it is important to note that under both measures, those under 18 experience the highest rate of poverty.



Source: Supplemental Poverty Measure: 2012

Another noticeable difference is found when comparing the differences in the two measures for native-born and foreign-born. As shown in Chart P-7, the poverty rate for native-born persons is almost identical using both the official and Supplemental measures (14.5% and 14.6%, respectively). However, for foreign-born persons, 19.6% are in poverty when using the official measure, compared to 25.4% with the Supplemental measure.



Source: Supplemental Poverty Measure: 2012

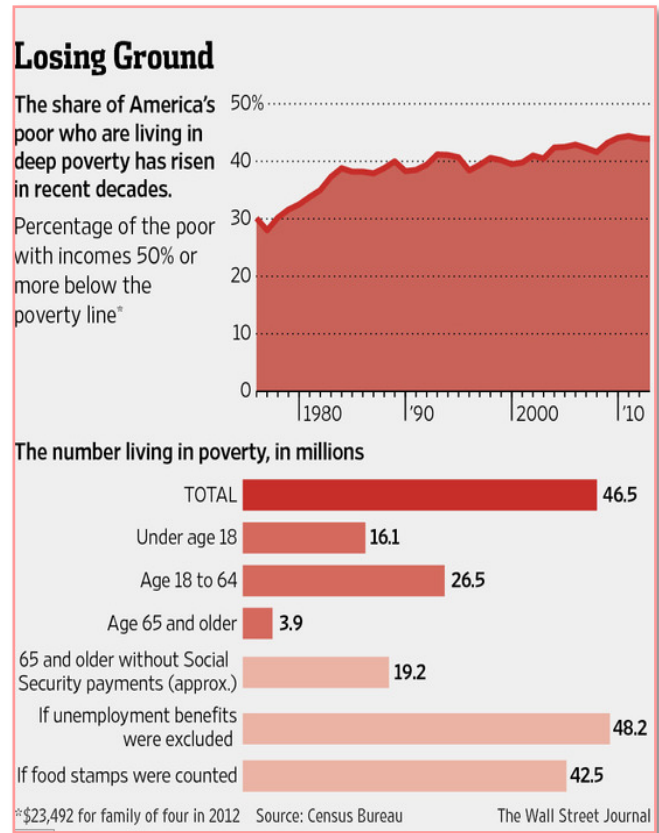
http://www.census.gov/prod/2013pubs/p60-247.pdf?eml=gd&utm_medium=email&utm_source=govdelivery

In the October 11, 2013 *Wall Street Journal* provided a graphic to show that, despite the poverty rate stabilizing, “a greater share of the poor are poorer than they have been in years.” *U.S. Poverty Rate Stabilizes for Some* reported that 54% of the poor in the U.S. are now in deep poverty (50% or more below the poverty threshold). This is a greater percentage of deep poverty than ever before, at 6.6% of the U. S. population in 2012, almost double the rate of 3.7% in 1975.

It describes several contributing factors to the increase, including the flaw in the official poverty measure formula, cutbacks in cash assistance for very low-income families and continuing high unemployment.

The percentage of those living in deep poverty increased in all 50 states and the District of Columbia between 2000 and 2012.

<http://online.wsj.com/news/articles/SB10001424052702304500404579127603306039292>



The Stanford Center on Poverty and Inequality and the Public Policy Institute of California produced a new way to measure poverty, after recognizing the difficulty in measuring poverty with the outdated official poverty measure of the U.S. The California Poverty Measure (CPM) was somewhat based on the federal Supplemental Poverty Measure that was created for research purposes in 2010.

The CPM shows a more effective measure of individuals and households, so that programs can respond in a more meaningful way. Under the official measure, 16.2% of Californians live in poverty, while the CPM finds that 22% of Californians are in poverty.

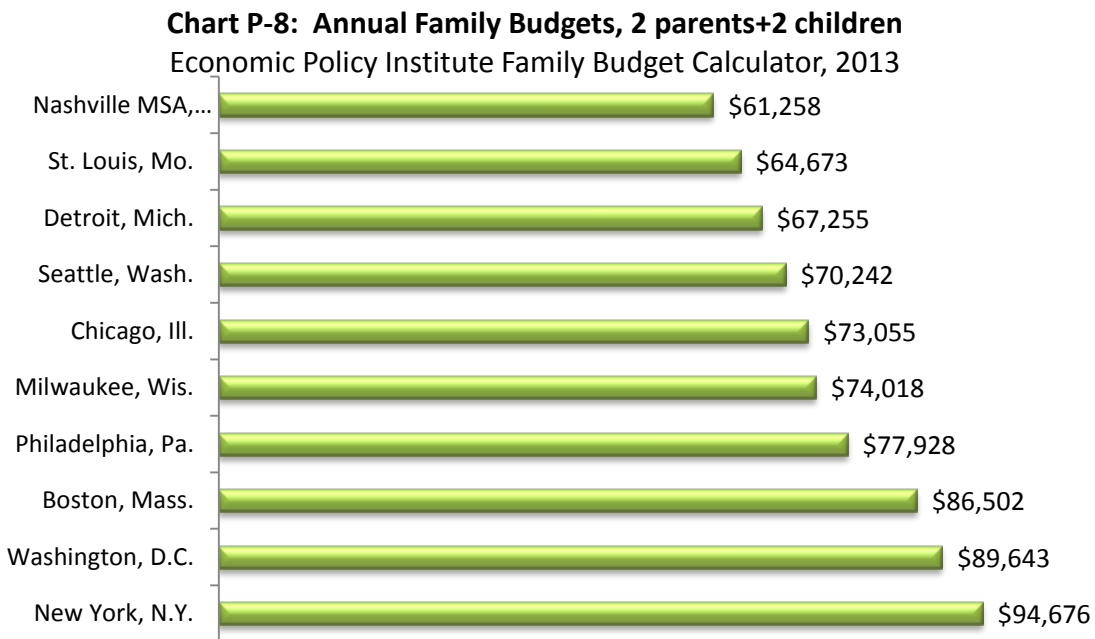
<http://thenextgeneration.org/blog/post/poverty-isnt-what-we-think>

What do families really need?

The Economic Policy Institute (EPI) recently updated its Family Budget Calculator for 2013 that provides a broader measure of economic welfare and provides more useful measures of economic security. The EPI’s calculator measures “the income families need in order to attain a secure yet modest living standard where they live by estimating community-specific costs of housing, food, child care, transportation, health care, other necessities and taxes.

Chart P-8 shows that the Nashville-Davidson-Franklin-Murfreesboro MSA annual family budget is lower than a number of other cities at \$61,258 for two parents with two children. The \$61,258 is broken down into the following categories for a monthly total of \$5,105:

- \$819 Housing
- \$754 Food
- \$881 Child Care
- \$607 Transportation
- \$1,462 Health Care
- \$403 Other Necessities
- \$179 Taxes



Source: Economic Policy Institute Family Budget Calculator, 2013

The EPI’s family budgets can identify how many Americans can obtain adequate standards of living and can supplement future research to understand the income sources that provide or fail to provide the resources to meet these budgets. EPI considers factors in addition to the income and number in the household to calculate these budgets, including costs for housing, food, transportation, child care, health care, other necessities (clothing, household supplies, etc.) and taxes.

The report notes that parents in low-wage jobs cannot earn enough through work to meet basic family needs. A full-time, year-round worker at minimum wage will be below the poverty threshold. For a two-parent household, child care costs may be up to 20% of family budgets, making it difficult for families with two employed parents who work at low-wage jobs to meet the needs of the family.

<http://www.epi.org/publication/ib368-basic-family-budgets/>

In September 2013, AARP created an online quiz and the graphic below for “How Much Bang for Your Buck?” It used data from the U. S. Bureau of Labor Statistics, the U. S. Census Bureau and the U. S. Energy Information Administration. It shows that to earn enough to buy a half gallon of milk, a minimum wage worker would need to work for 21 minutes. For an average wage worker, it would take 6.3 minutes to earn enough compared to only 1.9 seconds for a typical CEO.

The graphic also compares the length of time needed at minimum wage to earn enough to purchase a variety of items in both 1963 and 2013. Of the items compared, the only one that was identified as taking less time to earn in 2013 than in 1963 (when the minimum wage was \$1.25) was a half gallon of milk, which decreased from 25 to 21 minutes. However, there was a significant increase in the work time cost for the median price of a new home, from 6.7 years to 16 years.

The price of other items also increased:

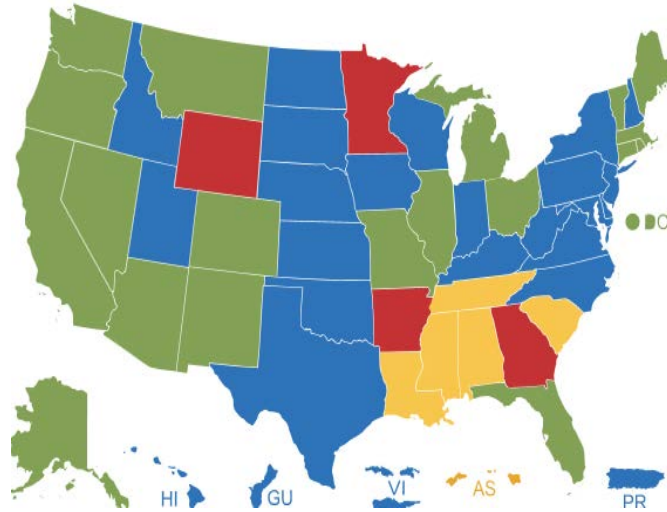
- Movie ticket – increased from \$0.86 to \$7.96
- Tide laundry detergent – increased from \$0.69 to \$7.54
- Bread – increased from \$0.20 to \$1.41



<http://www.aarp.org/money/budgeting-saving/info-09-2013/bang-for-your-buck-quiz.html>

Wages

There has been ongoing discussion about the U. S. minimum wage. The map below from the Wage and Hour Division of the U. S. Department of Labor shows that a number of states (shown in green) have higher minimum wage rates than the U. S. In 1980, the federal minimum wage was \$3.10, compared to \$5.15 in 2000, \$6.55 in 2009, and \$7.25 since 2010.



- States with minimum wage rates higher than the Federal
- States with minimum wage rates the same as the Federal
- States with no minimum wage law
- States with minimum wage rates lower than the Federal

<http://www.dol.gov/whd/minwage/america.htm>

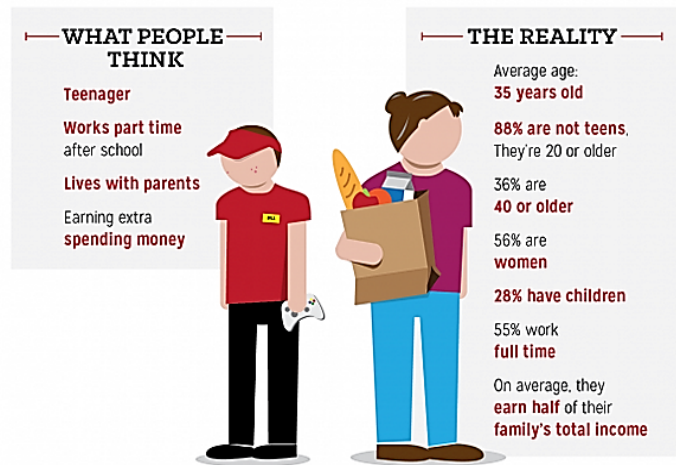
The Economic Policy Institute’s *How raising the federal minimum wage would help working families and give the economy a boost* was released in August 2012, and describes how raising the minimum wage would help workers still struggling from effects of the recession. Because the minimum wage workers would spend the increase they receive, it would boost the overall economy, likely both in the GDP and in modest employment growth.

The report noted that rather than the idea of losing jobs, raising the minimum jobs is more likely to create jobs because it increases the income for the working families that need it the most, because they are more likely to spend the increase. It explains that any increase in consumer spending is critical to economic recovery.

<http://www.epi.org/publication/ib341-raising-federal-minimum-wage/>

The graphic at right from EPI shows the people who would be helped by an increased minimum wage on the right, noting that they would be an average of 35 years old, primarily women (28% with children) who usually work full-time and earn about half their family’s total income.

WHO’S HELPED BY RAISING THE MINIMUM WAGE?



Note: Statistics describe civilian workers, ages 16+, that would be affected by an increase in the federal minimum wage to \$10.10 over three years, as explained in *Raising the federal minimum wage to \$10.10 would give working families, and the overall economy, a much-needed boost*. The median age of affected workers is 31 years old. Visit epi.org/issues/minimum-wage for more details.

In a July 2013 report, Brookings' *Raising the Minimum Wage: Will it Help?*, explained that while an increased minimum wage alone would have a less significant impact than a comprehensive approach and that "a higher minimum wage should be one part of a larger strategy to improve the economic prospects of low-income families." It noted that the effect of a higher minimum wage would be enhanced when combined with a more effective strategy and improved education and more families could move from poverty to the middle class. <http://www.brookings.edu/blogs/up-front/posts/2013/07/01-raising-minimum-wage-sawhill>

Even with an increase in the minimum wage, it would probably not be enough to help those working at minimum wage to provide for their families. The Massachusetts Institute of Technology (MIT) developed a Living Wage Calculator to estimate the cost of living in various communities, using a model similar to EPI. It lists typical expenses, typical wages and the living wage for locations. This tool is designed to estimate the minimum cost of living for low-wage families and does not reflect a middle class standard of living, and may underestimate housing and child care in some areas.

MIT's Living Wage Calculator shows the hourly rate a person would need to earn to support their family, based on a sole provider who works full time. For Davidson County, MIT's Living Wage Calculator estimated that for one adult to support himself/herself and two children would need to earn \$22.07 per hour.

Hourly Wages	1 Adult	1 Adult, 1 Child	1 Adult, 2 Children	1 Adult, 3 Children	2 Adults	2 Adults, 1 Child	2 Adults, 2 Children	2 Adults, 3 Children
Living Wage	\$9.51	\$18.36	\$22.07	\$27.27	\$15.04	\$18.05	\$19.51	\$22.86
Poverty Wage	\$5.21	\$7.00	\$8.80	\$10.60	\$7.00	\$8.80	\$10.60	\$12.40
Minimum Wage	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25

MIT also identified the typical hourly rate for specific professions. Below is a table with typical hourly wages by occupational area for Davidson County. The ones in bold red are those that are below the living wage for one adult supporting one child.

Occupational Area	Typical Hourly Wage
Management	\$34.44
Business and Financial Operations	\$25.72
Computer and Mathematical	\$29.44
Architecture and Engineering	\$32.11
Life, Physical and social Science	\$24.16
Community and Social Services	\$16.66
Legal	\$28.63
Education, Training and Library	\$19.52
Arts, Design, Entertainment, Sports and Media	\$16.92
Healthcare Practitioner and Technical	\$23.57
Healthcare Support	\$11.08
Protective Service	\$14.61

Occupational Area	Typical Hourly Wage
Food Preparation and Serving Related	\$8.63
Building and Grounds Cleaning and maintenance	\$9.61
Personal care and Services	\$8.93
Sales and Related	\$10.89
Office and Administrative Support	\$13.61
Farming, Fishing and Forestry	\$11.92
Construction and Extraction	\$15.59
Installation, Maintenance and Repair	\$17.98
Production	\$13.87
Transportation and Material Moving	\$12.81

<http://livingwage.mit.edu/>

Suburban Poverty

In 2013, the book *Confronting Suburban Poverty in America* described the rise of poverty in suburban areas that has increased since first being observed in the 1990's, increasing in magnitude and pace since 2000. In addition to statistical information and explanations about the dramatic increase of poverty in the suburbs, one section of the book describes "Fighting Today's Poverty with Yesterday's Policies." It identifies challenges to confronting suburban policies, which include lack of capacity; extensive fragmentation and persistent silos; inefficient, inflexible and unreliable funding.

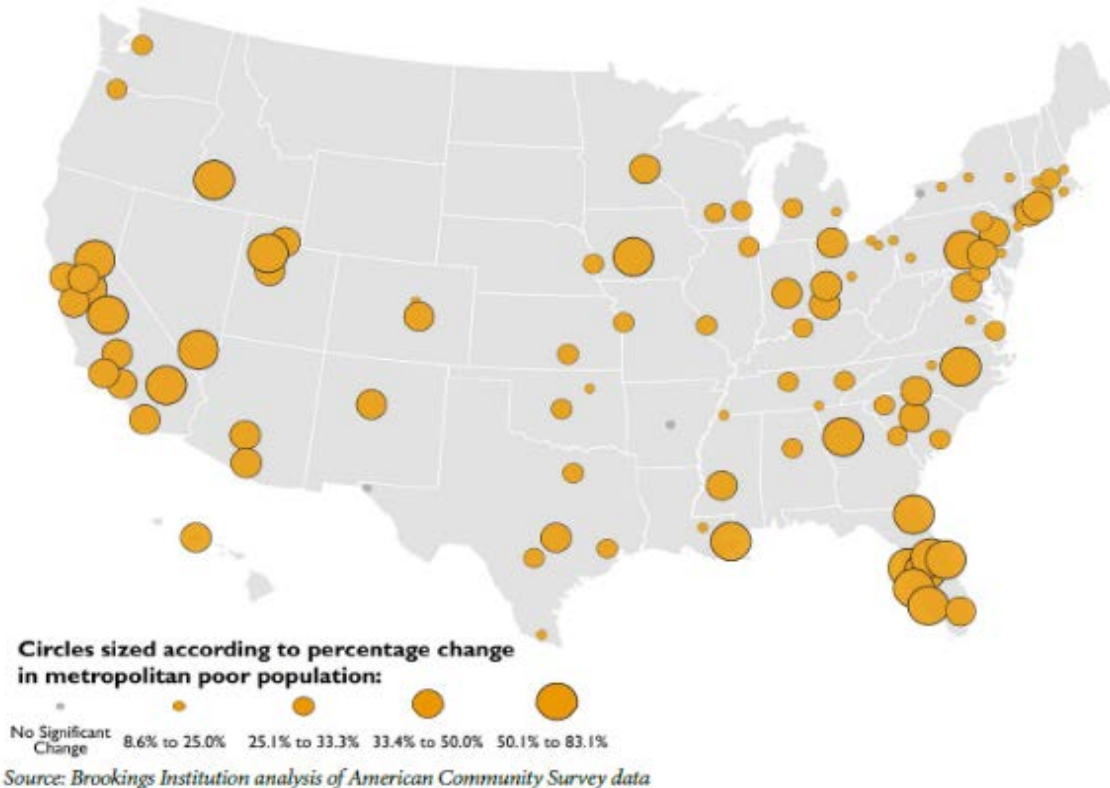
<http://www.brookings.edu/research/books/2013/confrontingsuburbanpovertyinamerica>

While the increase in suburban poverty will be explored in future reports from Metropolitan Social Services, it is important to note that it is an increasing trend across the U.S. In an analysis of data from the 2012 American Community Survey from the Metropolitan Policy Program at Brookings Institution, *New Census Data Show Metro Poverty's Persistence in 2012*:

- For the fifth consecutive year, the number of poor residents grew in the largest 100 metro areas in the U.S., an increase of 320,000 people, although the national overall trend remained flat.
- The national poverty rate stalled at 15.1%.
- In the largest metro areas, suburbs were home to 55% of poor residents.
- No major metro area experienced significant progress against suburban poverty.
- Urban poverty was highest in the Midwest and Northeast, while suburban poverty rates were higher in the West and South.

The map below shows metro areas where the poor population increased from 2007 to 2012. The report noted the "stubborn persistence of economic hardship in the wake of the Great Recession."

Among the 100 metro areas compared, the Nashville-Davidson-Murfreesboro-Franklin metro area was ranked 36th from the top for percentage of poverty and 61st from the top in the number of people who lived in poverty.



<http://www.brookings.edu/research/reports/2013/09/19-census-data-poverty-kneebone-williams>

Brookings Institution’s *Suburban Poverty Traverses the Red/Blue Divide* describes suburban as the “largest and fastest-growing poor population in America.” In an analysis comparing data from the American Community Survey, the year 2000 compared with the 5-year summary for 2007-2011, the growth in poverty was more related to broad regional economic struggles rather than partisan affiliation.

It notes that poverty is not high on the Congressional agenda, so there are economic, social and political challenges for the government to address problems. The report described the importance for both political parties to consider ways to use scarce federal resources for economic, housing, education and health services reach the areas of growing poverty.

<http://www.brookings.edu/~media/Research/Files/Reports/2013/08/06%20suburban%20poverty/Suburban%20Poverty%20by%20Congressional%20District.pdf>

Human Development and Opportunity

In previous editions of the Community Needs Evaluations issued by Metropolitan Social Services, there is information about the importance of opportunity in addressing poverty (2012, pages 45-46), related to the American Human Development Project (2011, pages 41-44) that measures quality of life on factors related to health, education and income.

The latest publication from the American Human Development Project is *The Measure of America 2013-2014*. It describes nationwide key findings and reported increases in the U.S. compared to 1960 (life expectancy increased by 9 years and people had 4 times the likelihood of obtaining a bachelor’s degree). However, it noted

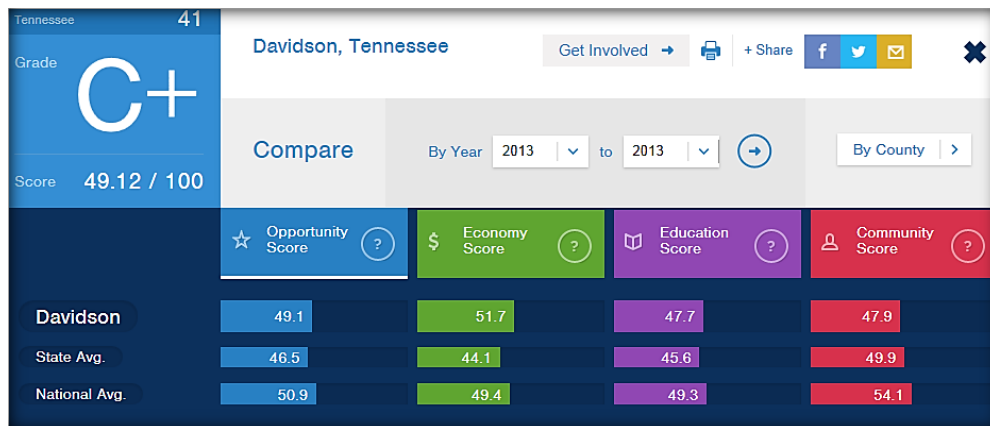
that the measure of earnings did not keep up with measures in the other areas, particularly after the recession began in 2007, with the average American earning about \$2,200 less in 2010 than in 2000. Analyzing data from the 2010 Decennial Census, Tennessee was found to have lower scores on all index measures than the U. S. (human development index, life expectancy, education, income and health).

The Measure of America Project and Opportunity Nation have jointly developed a web site to provide information to compare states and counties. The 2013 Opportunity Index uses data from three different dimensions: Jobs and the Local Economy, Education, and Community Health and Civic Life. For the overall Opportunity Score, Tennessee dropped from being ranked #39 in 2012 to #41 in 2013 (from the top) among 50 states and the District of Columbia.

<http://www.measureofamerica.org/>

The graphic below shows the rating of Davidson County as C+, based on the rankings as described (considered rankings out of a possible 100):

- 49.1 Opportunity Score; lower than the national average, higher than the state (overall index of the potential opportunity; combines all indicators)
- 51.7 Economy Score; higher than the state and nationwide (key indicators of the health of an economy - unemployment, median income, and number of people below the poverty line, availability of banking institutions, affordable housing, and internet access)
- 47.7 Education Score; higher than Tennessee, lower than nationwide (important aspects of educational success - children in preschool, on-time high school graduation rate, and post-secondary education rate)
- 47.9 Community Score, lower than the state and nationwide (factors affecting community health and civic life. Included are the percentage of teenagers working and not in school, the rates of violent crime and homicide, access to healthcare, and availability of healthy foods)



<http://opportunityindex.org/about/>

Funding Allocations

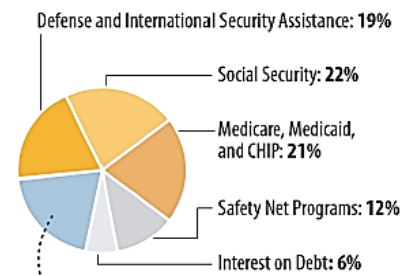
The 2012 fiscal year budget for the U.S. was for \$3.5 trillion or about 23% of the Gross Domestic Product, with about \$2.5 trillion paid by federal revenues and over \$1 trillion from borrowing and increasing the deficit.

As shown in the graphic from the Center on Budget and Policy Priorities, based on 2012 data from the Office of Management and Budget, about 12% of federal tax dollars went to safety net programs for families facing hardship. Analysis of 2010 federal expenditures determined that the safety net programs (EITC, SSI for elderly or disabled poor, SNAP/Food Stamps, low-income housing assistance, etc.) kept about 25 million people out of poverty in 2010.

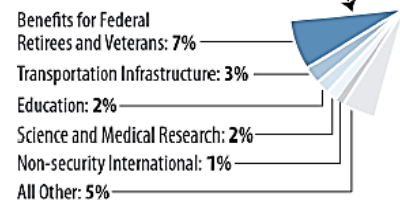
Other allocations are for Defense and international security (19%), Social Security retirement for workers and dependents (22%), Medicare/Medicaid/Children's Health Insurance (21%).

<http://www.cbpp.org/cms/?fa=view&id=1258>

Most of Budget Goes Toward Defense, Social Security, and Major Health Programs



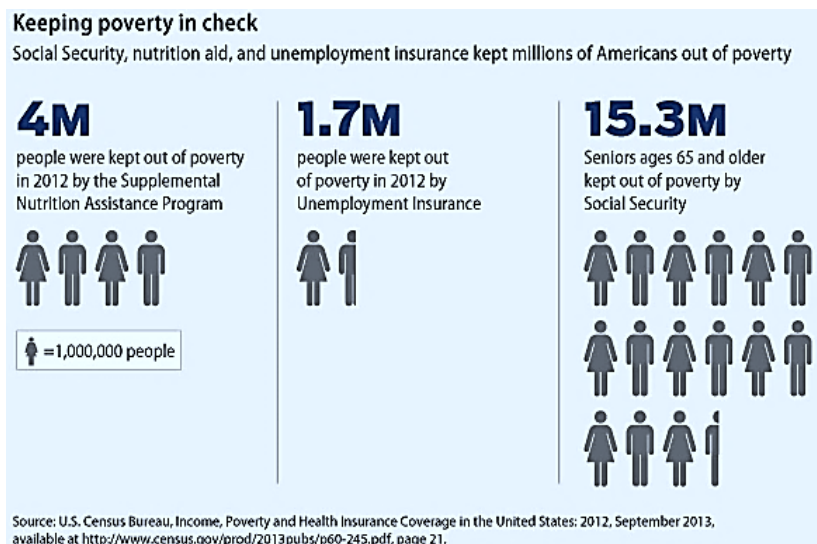
Remaining Program Areas



Source: 2012 figures from Office of Management and Budget, FY 2014 Historical Tables.

Center on Budget and Policy Priorities | cbpp.org

As explained in another section, the official poverty measure is outdated and does not effectively measure poverty because it is based only on income and excludes other benefits. The experimental Supplemental Poverty Measure created by the U. S. Census Bureau (also described in a previous section) takes non-cash benefits into account. It shows that people may be lifted out of poverty with benefits, but others may be in poverty with the supplemental measures who are not in the official measure because of necessary expenditures (unreimbursed medical costs, work related expenses, child support, etc.). The graphic below shows the millions of people who were lifted out of poverty by SNAP/Food Stamps, unemployment insurance and Social Security benefits.

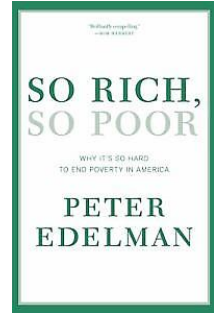


<http://www.census.gov/prod/2013pubs/p60-245.pdf>

<http://www.americanprogress.org/issues/poverty/news/2013/09/17/74429/the-top-3-things-you-need-to-know-about-the-new-poverty-and-income-data/>

BOOK OVERVIEW: *So Rich, So Poor*

So Rich, So Poor – Why it's so hard to end poverty in America (2012) by Peter Edelman discusses a range of issues related to poverty. (Peter Edelman is on the faculty of Georgetown Law School, serves as Faculty Director for the Center on Poverty, Inequality and Public Policy, and has specialized in the fields of poverty, welfare, justice and constitutional law.) In a recent interview about the book, he said the reason it is so difficult to end poverty is that:



“Because, fundamentally, our economy has been very unkind to the entire bottom half of our people over the last 40 years. We have terrific public policy in place, although it’s threatened now by Paul Ryan, as you just showed. But we’ve done a lot, from Social Security, Medicare and Medicaid, to food stamps and the earned income tax credit. We’re keeping more than 40 million people out of poverty now by the public policy that we have. But that’s fighting against the flood of low-wage jobs that we’ve had over the last 40 years and the fact that people in the bottom half have been absolutely stuck, that the wages for people at the bottom have not—have grown only 7 percent over that 40-year period. So we’re fighting uphill with the public policies that we have. It’s even harder for people who are—which is single moms in this economy, who are all by themselves in this low-wage economy trying to earn enough to support their children. It’s very, very hard to do that with the flood of low-wage jobs that we have.”

“Poverty looks different now from the way it looked four decades ago. The elderly are much less poor, and children have become the poorest age group . . . What we achieved with the elderly did not happen by accident.” (*So Rich, So Poor*, Peter Edelman)

So Rich, So Poor – Why it's so hard to end poverty in America (2012) by Peter Edelman explains the historical background of anti-poverty initiatives, such as the New Deal, the War on Poverty, Great Society, including how a patchwork of laws that began in 1935 continues to evolve. As shown in an earlier chart, the rate of poverty in the U.S. has never been as high as it was before the initiatives of the 1960's. *So Rich* describes the influences of the War on Poverty and the Great Society, which began in the 1960's.

- The War on Poverty developed an array of programs, some more successful than others. It identified Head Start, Job Corps, Community Health Centers and others as being of benefit to the communities they served, while other programs had difficulties from the beginning.
- It distinguishes The Great Society actions from the War on Poverty programs. The Great Society included Medicaid, Medicare, housing and civil rights laws, federal aid to education, training and community development programs and more. These programs, especially the Civil Rights Act of 1964, resulted in significant progress on civil rights and poverty by expanding opportunity to those who had been left behind.

- Although there has been progress, it describes the lack of attention to those who live far below poverty level and the need to ensure that low-wage workers receive an income that is adequate to provide for themselves and their families.

So Rich notes major gaps in the way initiatives have evolved, particularly in the national income support structure. It describes the significant gaps of the U.S.'s lack of response to needs of the more than 20 million people in the U.S. who have incomes below 50% of the poverty level, as well as millions more at 50-100% of poverty. It noted another major gap with the inadequate support offered to low-wage workers to ensure that they receive a living income. *So Rich* also pointed out the contributory systemic issues resulting in the high level of poverty, including deficiencies in the education system, a criminal justice system that "incarcerates too many in general and especially locks up people of color," and inattention to areas of concentrated poverty.

Although these needs have been identified and discussed for decades, *So Rich* notes the administrations that have attacked "big government" when more resources are devoted to helping those who are disadvantaged. After the federal government budget cuts in the 1980s and 1990s, the profound effects on those most in need has not been effectively addressed and it discusses why more progress was not made between 1973 and 2000, despite extensive efforts. It also discusses the inadequacies of the formula used by the U. S. government to calculate the poverty threshold (discussed in this and previous Community Needs Evaluations).

So Rich explained that minorities have a higher percentage of people in poverty, while there are more white people in poverty. However, poverty continues to be disproportional among minorities and single mothers, who have less likelihood of upward mobility. This is related to poor education for those who are already disadvantaged, as well as problems with mental-physical health (including substance abuse), length of time spent living in poverty, etc. In terms of the wealth gap, in 1983, the wealthiest 1% had more than 1,500 times as much wealth as the bottom 40%. This gap considerably increased to 4,400 as much for the 1% than for the bottom 40% by 2007 (a higher share of income than at any time since 1928).

While "deep poverty" is not specifically defined by the U.S. Census Bureau, it is often used for those who live below 50% (half) of the poverty threshold. Some of those are eligible for federal assistance programs. *So Rich* indicated that assistance programs often raise people up, but only to "regular" poverty (from about 50% to 100% of poverty). The significant changes in the laws about the assistance programs in 1996 reduced the amount and the effectiveness of programs to lift people out of poverty. The changes made in 1996 were especially detrimental for children in poverty, who may be traumatized by even brief periods of severe poverty. It observed that in many situations, families in deep poverty tend to break up, with children sent to live with relatives or taken into state custody. The author suggests that government inaction is because most Americans are not aware of the number of people in poverty, or because they are unaware of the long-term detrimental effects on those who experience it.

During much of recent decades (when wealth has significantly expanded for the most wealthy), for those with incomes below the median wage, wages remained stagnant. Even at twice the poverty level, households struggle to meet their needs. The income for 200% of poverty is about \$36,000 for three and \$44,000 for four, and comprises about 1/3 of the U. S. population, which suggests that the "middle-class society" may no longer be available to many Americans.

So Rich explains that it is even worse for those below the poverty level, particularly for those at 50% or below of poverty. The number of people at this extreme level of poverty has grown. If not for the public assistance programs, low-wage earners would experience even more deprivation. It explains how the massive number of low-wage jobs may endanger the stability of the U. S. economy in the context of the global economy. It explains

that the combination of tax cuts to the wealthiest and cuts to needed services and programs is detrimental to those in need and to the stabilization of the U.S. economy, noting that “The only way we will improve the lot of the poor, stabilize the middle class, and protect our democracy is by requiring the rich to pay more of the cost.”

The growth in the number of single-parent/female householder families is also related to the increase in child poverty. *So Rich* describes the dramatic increase in this type of household, which doubled between 1970 (12.7%) and 2009 (25.4%). It noted a similar increase in other developed countries, with even greater increases in United Kingdom, France and the Netherlands.

In the U.S., the rate of unmarried teen births in the U.S. has decreased since 1991, dropping to its lowest point by 2009. It notes that by 2007, 39.7% of births were to unmarried women, across lines of race and ethnicity. It also points out that the births to unmarried African American women increased from 24% in 1965 to 72.3% in 2009.

As noted in this and previous Community Needs Evaluations, the influence of poverty on the young is profound and can last a lifetime. *So Rich* indicates that it is extremely unlikely that children who grow up surrounded by poverty would beat the odds and achieve prosperity. However, despite the odds, a few rise out of poverty, despite the environment of poverty that includes poorly-performing schools, the danger of the streets and the pipeline to prison. It laments the lack of efforts to change the odds so that poor children have more of a chance to succeed.

So Rich describes an even wider pipeline than the one to prison, which is the “cradle to nowhere pipeline,” that includes both boys and girls. There is an increasing number of youth aged 16-24 who may be referred to as “disconnected,” many who are parents, homeless or who have spent long periods in foster care.



Without intervention, it projects that about 3 million nationwide will spend much of their lives unemployed or marginally employed, although not in prison. It describes some neighborhoods as “dropout factories” in which young people are on the street when they should be in school, sometimes because they do not see the benefit of an education or have been expelled from schools (including some due to zero tolerance policies).

Characterized as an “uninvestment in children,” *So Rich* explain how the problem begins with children who need extra attention from the beginning but often do not receive it. By failing to provide high quality education and childhood development for poor children, a likelihood of continuing poverty is created. It said, “Education and child development – investing in our future – are a major piece of an antipoverty strategy . . . Ending poverty in America requires action on many fronts, but providing every young person the opportunity to be a full participant in our society could not be more important.”

Theories of Poverty

In a November 2, 2013 commentary in the *New York Times*, Mark R. Rank (professor of social welfare at Washington University) discussed the myths, stereotypes and misconceptions about poverty. In *Poverty in America Is Mainstream*, it explains that such a lack of understanding “distort both our politics and our domestic policy making.”

The author described research that found:

- 40% of Americans between 25 and 60 years of age would experience at least one year below the official poverty threshold
- 54% of Americans will spend a year in poverty or near poverty (below 150% of poverty)
- Half of all American children will live in a household that uses Food Stamps/SNAP benefits

This suggests that poverty is experienced by most Americans, so that “the question is not whether we will experience poverty, but when.” Fortunately, the average time spent in poverty is relatively short. For many, the pattern is to experience poverty for a year or two, followed by an extended time above poverty, with poverty recurring due to events such as job loss, family split or serious medical problems. However, there are others who struggle with chronic or intergenerational poverty.

Poverty exists not only in urban settings, but also in the suburbs, small towns and rural areas. Despite misperceptions, Census data indicates that about 2/3 of those in poverty identified themselves as white.

The American social safety net is characterized as “extremely weak and filled with gaping holes,” by Rank who also noted that it has become even weaker in recent decades because of welfare reform and budget cuts. It indicates that the U.S. spends fewer resources among industrialized countries to restore families from poverty and prevent them from becoming poor. Most developed nations provide far more affordable child care, reasonably priced low-income housing and universal health care. The European average rate of poverty is half that of the U.S.

“Poverty is ultimately a result of failings at economic and political levels rather than individual shortcomings.” (Mark R. Rank)

Poverty is sometimes attributed to lack of motivation, failure to work hard enough and poor decision making, but for many it is a temporary status that may be caused by external circumstances. Most of the poor have worked and will work again. Those who are experiencing poverty are not particularly different because their behaviors and attitudes are closely aligned with mainstream America.

http://opinionator.blogs.nytimes.com/2013/11/02/poverty-in-america-is-mainstream/?_r=1

Community Development Approach

Theories of Poverty and Anti-Poverty Programs in Community Development (Ted Bradshaw, Human and Community Development Department, University of California-Davis, August 2005) described 5 categories of contemporary poverty theories. It notes that no one theory of poverty explains all instances of poverty, but

notes that a broad community development approach address the complex and overlapping sources of poverty more effectively than programs based on a single theory. The 5 categories of poverty theories are described as:

1. Individual deficiencies
2. Cultural Belief systems that support subcultures in poverty
3. Political-economic distortions
4. Geographical disparities
5. Cumulative and circumstantial origins

“In this sense, political agendas are the overriding factors in poverty that not only influence the choice of theory of poverty but the very definition of poverty to be explained by each theory. Powerful interests manage how poverty is discussed and what is being done about it; unfortunately this paper can only identify the politicization of theories of poverty rather than separate it out for analysis.” (Bradshaw)

According to the report, “community anti-poverty programs are designed, selected, and implemented in response to different theories about the cause of poverty that ‘justify’ the community development interventions.” Programs are often based on research (current at that time) and political values, reinforced by social, political and economic institutions that have a vested interest in the issue. As a result, it is difficult to ensure that objective information on poverty is used in program creation: “a purely objective explanation of poverty is displaced by a proliferation of socially defined issues and concerns from both liberal and conservative perspectives.”

It notes that even the typical “objective” definition, the official statistical measure used by the federal government, is not without controversy. The official measure uses the formula created in 1963 and is based only on cash income and the number in the household. (The experimental Supplemental Poverty Measure, described earlier, was created in 2010 to incorporate other benefits as income and necessary expenditures as subtractions.)

Theories of Poverty provides a comparison of the 5 categories of poverty and identifies the variables associated with each, mechanisms by which these variables are presumed to cause poverty, potential strategies to address and examples of anti-poverty programs based on each theory.

1. The theory that poverty is caused by individual deficiencies includes a set of multiple explanations as to why individuals are responsible for their poverty. Often a politically conservative approach, it blames the individuals for creating their problems and proposes that they could improve their circumstances with harder work and better choices. A variation on this theory is to identify the cause of poverty as lack of genetic qualities such as intelligence. Some of these theories may stem from the Protestant reformation that believed wealth was from the favor of God and that people with various problems were punished for their parents’ sins. Related components of this theory contend that the generosity of welfare creates incentives for the poor to remain poor; that anyone can succeed with focused goals and hard work, which overlooks the effect of social and economic inequality.

Some programs developed in conformity with this theory are designed with an approach of punishment and threat of punishment, rather than with compassion, such as the programs that have been characterized as “welfare to work” programs. However, each community has children, the elderly and those with disabilities who would not typically be blamed for their conditions.

2. The Culture of Poverty theory is similar to the individual theory of poverty and to other theories, but has been extensively discussed in recent years. It holds “that poverty is created by the transmission over generations of a set of beliefs, values, and skills that are socially generated but individually held. Individuals are not necessarily to blame because they are victims of their dysfunctional subculture or culture.”

The culture of poverty approach is connected to the subculture of “poor people in ghettos, poor regions, or social contexts where they develop a shared set of beliefs, values and norms for behavior that are separate from but embedded in the culture of the main society.” Some culture of poverty theorists contend that the culture of poverty is a “set of beliefs and values passed from generation to generation,” and that it perpetuates itself through multiple generations.

The culture of poverty approach has been controversial. While most agree that poor people may have different cultural values, there is lack of agreement about the causes and what constitutes a subculture of poverty. Programs based on this theory try to replace the culture with one that is more functional in supporting productive work, investment and responsibility.

There have been mixed results in some programs that relocate people with the hope that the new culture will result in emergence from poverty. Head Start and other educational programs have experienced some success with an alternative socialization for the next generation to reduce poverty. After school youth programs are established in which peer culture is monitored and positive values are established to keep youth away from gangs and detrimental influences. In the alternative, another approach could be to work within the culture “to redefine culturally appropriate strategies to improve” well-being. Examples of this would include local crafts cooperatives as well as small business and entrepreneurship that could benefit from micro-finance assistance.

3. Poverty caused by economic, political, and social distortions or discrimination theory is based in progressive social theory. It focuses on “the economic, political, and social system which causes people to have limited opportunities and resources with which to achieve income and well-being.” Beginning in the 19th century, this theory explored how social and economic systems created individual poverty situations. This theory acknowledges that poor people fall behind regardless of their competence because minimum wages do not allow workers to support themselves and their families. It notes that the system has been created to make it difficult for those who want to work and support themselves.

Many programs addressed structural barriers to better jobs with education and training, with some success. It notes that education is usually perceived as important, but funding per student is often lower for disadvantaged areas. However, by the late 1990s, some theorists suggest, “systemic failure of the schools is thus thought to be the reason poor people have low achievement, poor rates of graduation, and few who pursue higher education.”

The report describes a similar barrier in the political system” in which the interests and participation of the poor is either impossible or is deceptive.” Research has confirmed the connection between wealth and power and that poor people tend to be less involved in political discussions, resulting in greater vulnerability in the political process and that because poor people lack influence in the political system they are less able to mobilize economic benefits and justice. It further notes that it is necessary to identify poverty system flaws that result in groups of people being given a “social stigma because of race, gender, disability, religion, or other groupings, leading them to have limited opportunities regardless of personal capabilities.”

The community response to this theory would suggest that the system should be changed. However, this is very difficult to achieve, so many policies and programs revert to trying to change individual behavior (with limited success). Change could occur at different levels.

- Grassroots level change through social movements to force desired change to support better jobs for the poor continues to occur through civil rights movements.
 - Changing the system by developing alternative institutions that are accessible, open, innovative and willing to help the poor gain well-being, such as through alternative businesses, housing, schooling and other programs.
 - Policy process change could be accomplished through government and social policy adjustments with the practical result of “providing jobs, raising wages, expanding the safety net, assuring effective access to medical care, and coordinating social insurance programs.” An example was the Americans With Disabilities Act that resulted in gains for many who have various disabilities.
4. The theory that poverty is caused by geographical disparities frames poverty as a spatial characteristic that is separate from other theories (urban poverty, Southern poverty, third-world poverty, etc.). This type of theory builds on other types and acknowledges that “people, institutions, and cultures in certain areas lack the objective resources needed to generate well-being and income, and that they lack the power to claim redistribution.” Various perspectives focus either on conditions (either of wealth or poverty) that attract entities of similar conditions; that lack of infrastructure may limit development or advantaged areas grow more in periods of economic growth; or out-migration of those with higher education and/or greatest skills. Some also suggest that urban poverty may be displaced rural poverty.

The geographic focus suggests that efforts should be directed to depressed areas, rather than a focus on individuals, businesses, systems or cultures. The report notes that few communities around the world were successful at moving out of poverty using a location-based approach, but that it was very difficult. Using the geographic approach involves community visioning, planning and community investment in distressed areas and where poverty is rampant, and would leverage community assets to integrate economic development in an area with housing and other spatially allocated factors to promote change for residents.

Specific techniques could promote stronger geographical areas:

- Improve local industry competitiveness through cluster development or building creative communities
 - Enterprise zones, redevelopment and other tax based incentive programs for economic development and channeling private investments
 - Inclusionary zoning, affordable housing and similar programs that place conditions on development
 - Downtown revitalization and civic improvements that increase amenities and make disadvantaged areas more attractive to stimulate employment and tax revenues
 - Infrastructure investment, including interstate highways, parks, water, waste disposal, schools and other public facilities
 - Community organizing
 - National and regional reinvestment that shifts funds from one area to another
5. The theory that poverty is caused by cumulative and cyclical interdependencies is far more complex and is related to parts of other theories. It considers both the individual and community being caught in a spiral,

whether opportunities or problems, and that whatever is dominant tends to eliminate the other. It describes how the individual and community well-being are connected and are subject to a cascade of conditions, such as how a crisis (such as closing a major employer) creates a spiral of disinvestment and decline in that area. The cycle can continue on a long downward spiral, with results of lack of employment opportunities, outmigration, deterioration of schools, poorly trained workers, etc.

In addition, the cycle of poverty (created by the lack of jobs and decreased income) often leads to “deteriorating self-confidence, weak motivation, and depression,” which are reinforced by association with others who also experience the same things. The cyclical nature of this theory of poverty suggests that, while the linkages are difficult to break, the cycle could be broken by breaking the linkages.

Helping poor people become financially stable/self-sufficient requires a variety of elements that could be most effectively provided with increasing social capital among communities of the poor (helping groups of poor people build supportive communities with shared trust and mutuality):

- Income and economic assets
- Education and skills
- Housing and surroundings (safe, attractive)
- Access to healthcare and other needed social services
- Close personal ties, as well as networks to others
- Personal resourcefulness and leadership abilities

This theory of poverty suggests that strategies must be comprehensive, use collaboration and community organization. In general, there are few, if any, comprehensive state or federal programs, although there have been experiments funded by foundations which have had some success.

This report explains the limitations of using any of the first 4 theories in isolation because each leaves out important components. Using a more comprehensive approach is more likely to have effective results. It notes that those who design and implement anti-poverty programs should identify adequate theories of poverty to guide the programs, while also ensuring that community development approaches are as comprehensive as possible.

<http://www.rupri.org/Forms/WP06-05.pdf>

Multiple Perspectives

Understanding Poverty from Multiple Social Science Perspectives was created as a learning resource for staff at social service agencies by the School of Social Welfare at the University of California-Berkeley in 2006. This lengthy guide covers poverty theories from perspectives including economics, sociology, psychology, anthropology, political science and global poverty, while also examining theory integration. It notes that poverty is an important issue but has such complexity that it may be difficult to address.

Understanding Poverty noted that “Historically, it is interesting to note that poverty surfaces in the public consciousness every several decades; for example, urban poverty at the turn of the 20th century related to immigration and industrialization, urban and rural poverty in the 1930s related to the stock market crash and the depression, response of the civil rights to poverty and discrimination in the 1960s (including the War on Poverty), the economic boom of the 1990s and welfare reform, and the 21st century focus on global poverty.” It explained the importance of synthesizing and integrating knowledge from multiple perspectives to achieve a comprehensive understanding of poverty. It mentioned factors including:

- Research attention for several decades identified the importance to brain development in young children, along with the importance of adequate nutrition and nurturance on childhood development.
- The development of children and youth is significantly affected by poverty and substance abuse on the unborn child.
- Children/youth who grow up in poverty experience limited work and skill development, and are also seen as factors in the prevalence for youth violence and drug dealing.
- Poverty and its effects are pronounced in high poverty neighborhoods.

“Steps taken to break the cycle of poverty are necessarily complex, but they are a better solution to poverty than most single factor efforts . . . the emphasis is on providing both ‘deep and wide’ supports and services for people.”

<http://cssr.berkeley.edu/bassc/public/CompletePovertyReport082306.pdf>

Older poverty theories often suggest that either the behaviors of poor people contribute to their disadvantaged circumstances or that such behaviors result from a culture of poverty based on deviant values. A prominent example of a culture of poverty theory is that of Dr. Ruby Payne (*A Framework for Understanding Poverty*-1995, *Bridges Out of Poverty*-1999/Rev. 2006, etc.).

Dr. Payne provided a foundation for some important components:

- Role of language and story (impaired capacity in speech and grammar for those in poverty)
- Rules among classes (different income levels require different types of skills and abilities)
- Generational poverty patterns in attitudes and behavior
- Role models and emotional resources (development from dependence; requires emotional resources and stamina to trade some relationships for achievement)
- Discipline (structure and choice); advanced communication skills and learning the language of negotiation,
- Internal assets (resources, resiliency)

Dr. Payne’s work described the difference in the mind and the brain, as well as cognitive impairments that may be experienced by those who are poor. It also discussed the detrimental effect on school performance of children who were stressed because of their poverty. Newer theories emphasize more of the causal relationship, in which the stress of poverty depletes attention and cognitive processes that could otherwise be used to make better decisions.

<http://www.ahaprocess.com/who-we-are/dr-ruby-payne/>

Poverty, Stress and Cognitive Function

Stress Impairs Cognitive Function

For decades, research demonstrated the connection between stress and cognitive function. *Stress and cognitive function* (Rockefeller University's Laboratory of Neuroendocrinology, 1995) identified how brain chemistry is affected by stress to impair cognitive function. It explains how stress affects memory, noting that more severe or prolonged stress can reduce the neurons, especially in the hippocampus. While there are individual differences and variations in mechanisms that affect the brain, the prolonged stress can impair declarative memory.

<http://www.ncbi.nlm.nih.gov/pubmed/7620309>

Chronic stress alters synaptic terminal structure in hippocampus (National Academy of Sciences of the United States, December 9, 1997) is one several neurobiology reports that suggested that chronic stress could cause structural changes in the hippocampus. Using animal testing, evidence suggested a reorganization of the distribution of the synaptic vesicles could occur after repeated stress, affecting brain function.

<http://www.ncbi.nlm.nih.gov/pmc/articles/PMC28422/>



Stress

Some years later, studies looked at how the stress specifically related to poverty can impair cognition, making a connection between psychology and eventually neuroscience and additional disciplines. In August 2000, the American Psychological Association's (APA) *Resolution on Poverty and Socioeconomic Status* discussed the prevalence of poverty and its detrimental effect on psychological well-being. It described the growing research that demonstrated the connection between income level and diagnosable mental disorders, decreased life expectancy and other negative quality of life factors.

The *Resolution* highlighted the importance for researching and understanding causes and impact of poverty, economic disparity and related issues; the importance of public policy to promote early childhood education, access to post-secondary schools and training; adequate income, access to sufficient food and affordable and safe housing for poor people and all working families; family friendly jobs with good health insurance and benefits; early interventions and prevention for vulnerable children and families and focused on the functions of family members.

<http://www.apa.org/about/policy/poverty-resolution.aspx>

Earlier studies also identified a connection, including *Mental Health and Substance Abuse Problems Among Women on Welfare* from APA (December 1998). It discussed the high prevalence of mental health problems among poor women, and referenced a National Household Survey of Drug Abuse in 1994-1995 that said 20% of welfare recipients and experienced one of four psychiatric disorders (major depression, generalized anxiety disorder, panic attack and agoraphobia), compared to 15% of nonrecipients.

<http://www.apa.org/pi/women/programs/poverty/welfare-mental-health-doc.pdf>

The impact of poverty on the development of brain networks (Frontiers in Human Neuroscience, August 17, 2012) includes an overview of early research to show the influence of material and social deprivation on the central nervous system, first in animals and later in humans. It indicated, "Advances in neuroimaging have made it possible to incorporate neural network analysis in studies of the influence of poverty."

The impact of poverty described how research can now use imaging to identify the areas of the brain that may be most influenced by poverty, which may then affect behavior. It noted that findings from behavioral studies indicate, “poverty can adversely affect cognitive processes, such as language, executive function, attention, and memory.” Studies also found that stress could create a defect in a gene in the prefrontal cortex of the brain. <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3421156/#B42>

In October 2011, the APA’s *Psychology responds to poverty* noted that poverty is an outcome of inequalities to which some demographic groups are more vulnerable, which suggested that poverty be considered as a structural problem. It explained the need to study attitudes toward the poor, which tend to attribute poverty to personal failures rather than larger socioeconomic barriers. It acknowledged the complexity of the causes of poverty and the importance of better understanding the causes. <http://www.apa.org/monitor/oct01/psychresponds.aspx>

Stress and Attention Capacity

Can the Focus of Attention Accommodate Multiple, Separate Items? (Journal of Experimental Psychology, July 18, 2011) discusses the issue of how much information can be maintained in a person’s attention (in the central part of a person’s mind at any given point). It includes a review of research findings that differ in terms of whether the brain switches among items of focus or whether there can be simultaneous processing of more than one item, explaining the importance in how working memory processes information. While it does not definitively establish the number of competing items that can be the focus of attention, there is general acceptance that “there are obvious limitations in terms of how many different stimuli a person can maintain and process for short period.” Since the focus of attention can be no more than a few items at a time, attention capacity is limited. <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3197943/>

The Spring/Summer 2011 edition of *Focus*, from the University of Wisconsin-Madison’s Institute for Research on Poverty, *The psychology of poverty* describes newer research that strengthens the connection between psychology and poverty, including how deprivation can affect both attention and self-control. Research suggests that the scarcity experienced in poverty is distracting because managing tight resources requires more attention and self-control. With more of a person’s attention directed toward the problems of poverty, less attention can be directed toward other choices and decisions. As a result, the attention diverted to the poverty, lack and scarcity may impair other decisions by those who are poor.

It suggests that programs to assist those in poverty may actually create additional cognitive burdens that add even more challenges for those who need assistance. It further explains how this has important implications for public policy, particularly in programs designed to help the poor. It provided examples of failures and successes, “Simplification works because instability makes dealing with complexity particularly challenging; forms are tough for all of us, but toughest when attention is most depleted. Forward-looking actions require attention and self-control. Instability taxes both of these, and thus makes economic mobility harder.”

“Poverty and economic instability reduce cognitive resources such as attention and self-control. These conditions make it much harder for the poor to behave in a way that will improve their economic fortunes, and much easier for them to make decisions that impede their mobility. Public policies should be designed to offset this scarcity phenomenon.”

Policy responses could be designed to either create stability (such as by providing supplements of unemployment insurance to maintain a consistent salary for people whose hours or wages are involuntarily decreased) or to enhance upward mobility not susceptible to instability (a safety net card available for crises such as a sudden drop in income). It provides examples of ways that programs could take into account the newer evidence of cognitive impairment related to poverty.

<http://www.irp.wisc.edu/publications/focus/pdfs/foc281e.pdf>

Poverty, Scarcity and Cognitive Consequences

Some Consequences of Having Too Little (SCIENCE Magazine, Vol. 338, November 2, 2012) explains that those who are poor often behave in ways that reinforce poverty (buy lottery tickets, fail to enroll in assistance programs, save too little and borrow too much). It proposes an alternative to the theories that focus only on circumstances of poverty (education, health, living conditions, demographics, etc.) or only on personality traits.

Some Consequences presents the hypothesis that “resource scarcity creates its own mindset, changing how people look at problems and make decisions.” It points out that when money is abundant, paying for basic expenses is easy and requires little attention. In contrast, when money is scarce, expenses are not easily met and they feel urgent. The financial problems seem bigger and they require more of our attention. As a result, having less takes greater focus. This theory is not related only to those in poverty but has a broader application to scarcity in general. It may be very relatable to daily living to note that people who are hungry or thirsty focus more on food and drink related cues; those who are busy (time scarcity) have greater focus on deadlines for the tasks at hand. People focus on where the scarcity is most prominent.

Poor individuals often engage in behaviors, such as excessive borrowing, that reinforce the conditions of poverty. Some explanations for these behaviors focus on personality traits of the poor. Others emphasize environmental factors such as housing or financial access.

We instead consider how certain behaviors stem simply from having less. We suggest that scarcity changes how people allocate attention: It leads them to engage more deeply in some problems while neglecting others. Across several experiments, we show that scarcity leads to attentional shifts that can help to explain behaviors such as overborrowing. We discuss how this mechanism might also explain other puzzles of poverty. *(Some Consequences of Having Too Little)*

Some Consequences suggests reasons that those in poverty (with scarcity of financial resources) make poor choices: because there is greater engagement with the problems involving the most pronounced scarcity, attentional neglect may result, so other problems are neglected. This process may also explain why low-income individuals take out short-term, high-interest loans that are contrary to their best economic interest. Scarcity creates a focus on the benefits of a loan with excessive interest, without a focus on the longer-term costs.

Not only do those with scarce financial resources borrow indiscriminately, so do those who have time scarcity. Those who are busy may face tight budgets and take extensions, focusing on urgent tasks while neglecting more important tasks that seem less pressing. Both types of borrowing are likely the result of how scarcity shifts attention.

It suggests that experiencing scarcity creates a cognitive burden, which would diminish performance. Another example is how those who are poor save differently for the future. Rather than putting their savings in a separate account, savings are accumulated for specific expenses, suggesting that the poor save in the same way they borrow. It notes “interventions that draw people’s attention to specific future needs should be particularly effective at increasing savings.”

The research suggests that additional study on general scarcity could be applicable to many contexts and could promote understanding about the psychology that results from having too little.

<https://www.sciencemag.org/content/338/6107/682>

Poverty Impedes Cognitive Function (SCIENCE Magazine, Vol. 341, August 30, 2013) echoes many of the findings from *Some Consequences of Having Too Little*, with an approach specifically on poverty and how it may be self-perpetuating. It explains why “the poor often behave in less capable ways, which can further perpetuate poverty.”

It explains that there is limited cognitive capacity for humans, so that preoccupation with one situation (such as financial), diminishes the cognitive processes for individuals. The research article indicates that because of the mental processes needed to manage life in poverty (inadequate or sporadic income, expenses they cannot pay and the difficult trade-offs that result), there is preoccupation with the conditions of poverty that is distracting. The distraction would not be just at the moment when the poor make specific financial decisions but would be more persistent and pervasive, thus interfering with other decisions being made.

Poverty Impedes Cognitive Function describes existing data that shows that poverty may have a cumulative long-term effect on cognitive ability, and that childhood poverty may impair brain development to the extent that it reduces adult cognitive capacity. It further characterizes the connection between poverty and mental function as one that may go beyond correlation and be related to causation. Attentional capture (the attention devoted to scarcity) may result in intrusive thoughts that would disturb cognitive ability. It notes that the findings “are not about poor people, but about any people who find themselves poor.”

There are significant policy implications of poverty’s impairment on cognitive function, since being poor would not only mean a shortfall of financial resources but would also mean a shortfall of cognitive resources. Policymakers should be aware of the cognitive costs of programs that are created (deciphering rules, completing lengthy forms or responding to complex incentives). In addition, policymakers should consider the cognitive capacity variation an individual would experience, depending on the relative level of scarcity. It notes that “poverty may leave less room for error so that the ‘same’ mistake can lead to worse outcomes” than for those who are not in poverty. Fewer cognitive resources are available to guide choices/actions because of preoccupation with financial worries.

Poverty Impedes Cognitive Function discusses previous studies that found a correlation between “poverty and counterproductive behavior,” noting that the poor may be less likely to use preventive health care, not maintain prescribed medication regimens, be tardier and less likely to keep appointments, be less productive workers, less attentive parents and ineffective managers of their financial situation.

<https://www.sciencemag.org/content/341/6149/976.abstract>

Stress can result in cognitive dysfunction, as described in *Role of Leaky Neuronal Ryanodine Receptors in Stress-Induced Cognitive Dysfunction* (Cell, August 31, 2012). It discusses the ways the brain chemistry is affected by stress and suggests that long-term, chronic stress can contribute to the development of neuropsychiatric, cardiovascular and autoimmune diseases. It suggests future treatment that could be developed to treat such stress-induced cognitive dysfunction.

[http://www.cell.com/abstract/S0092-8674\(12\)00944-0](http://www.cell.com/abstract/S0092-8674(12)00944-0)

While stress does not necessarily predict that people cannot perform well, everyone has limitations on cognitive capacity. Characterizing cognitive ability as bandwidth, it notes that most bandwidth is taken up on the poverty related issues, without enough left over for other tasks. Even if the poor perform well on decisions related to living in poverty, on other tasks they may be less effective because their cognitive capacity was used elsewhere. It is significant that the cognitive ability of people who were not poor decreased when they were placed in conditions of scarcity, demonstrating the additional burden of scarcity on whoever experiences it.

<http://www.sciencedaily.com/releases/2013/08/130829145125.htm>

The Poor's Poor Mental Power (SCIENCE Magazine, Vol. 341, August 30, 2013) said, "Few people wish to be poor." It explains that there are reasons that poor people may be more likely to behave in ways that are detrimental to their own long-term success, perpetuating the condition of poverty and disadvantage. It submits that the unfortunate choices poor people make can be attributed to the drain that poverty has on their cognitive ability.

In describing the limited-resource model of self-control, it notes that self-control is a limited and depletable resource for people. As people work to achieve a goal, they use self-control to exhibit behaviors that help move them closer to their desired condition. Because self-control cannot extend to all of an individual's behavior, needs and issues compete for the finite capacity for self-control. In other words, a person can have self-control over some behavior but not for every behavior.

The Poor's Poor Mental Power explains that self-control is particularly important because of its role in decision making. It noted that studies found that after a person uses self-control, the person is less able to use self-control and choices are more likely to be made using intuition rather than objective reasoning. Those who had already exercised self-control depleted some of their capacity for self-control and gravitated toward options with fewer trade-offs. In poverty, decisions involving trade-offs are common, resulting in successive decisions based more on intuition and less on reasoning.

It notes that regulating such urges and desires may have a depleting cumulative effect. The continuing lack and scarcity of poverty can then result in a downward spiral of diminishing self-control capacity, detrimental choices and few chances of recovery. It identifies the importance of public and private organizations recognizing that the lives of the poor "are filled with land mines of desire, trade-offs, and self-control dilemmas. Paring down the sheer volume of decisions that the poor must make – perhaps through defaults – and allowing others to share in the decision-making process could help," such as simple adjustments including:

- Scheduling interviews and appointments earlier in the day when most people have greater cognitive capacity.
- Public settings that involve the poor handling forms, rules and decisions could have day care available for children to minimize the competing demands for attention and cognitive processes.

<https://www.sciencemag.org/content/341/6149/969>

BOOK OVERVIEW: *Scarcity – Why Having Too Little Means So Much*

Scarcity – Why Having Too Little Means So Much by Sendhil Mullainathan and Eldar Sharif (2013) includes and expands upon the findings reported in *Poverty Impedes Cognitive Function* (referenced above). *Scarcity* uses a powerful approach based on a combination economics and psychology (one coauthor is a professor of economics at Harvard University and the other is a professor of psychology and public affairs at Princeton University). This book shows that scarcity creates a similar psychology for people who struggle to get by with less than they need. While it clearly includes the issue of financial scarcity (poverty), it has broader application and shows “how individuals and organizations can better manage scarcity for greater satisfaction and success.”



“Scarcity captures the mind. . .Scarcity is more than just the displeasure of having very little. It changes how we think. It imposes itself on our minds.”

The poor may receive helpful advice (stop borrowing, cut spending, pay off debts as quickly as possible, etc.), which sounds reasonable. However, implementing this advice is far more difficult and requires constant vigilance about what to buy. Financial scarcity could begin with the loss of employment, so that there is too little income to pay the mortgage/rent, car payments and daily expenses of living. The focus of the mind and attention automatically become absorbed by the scarcity and unmet needs.

The way scarcity consumes our attention can alter how life events are experienced. It affects what people see, the speed at which it is perceived, and how the world is viewed. While economics is the study of how limited resources are managed and used, it does not consider the feeling of scarcity or how it changes the mind. Economics addresses the physical constraints of resources, while scarcity is a mindset that can impair functioning.

The cognitive impairment of scarcity diminishes insight, future conceptualization and control. The impairment is equivalent to going without a full night’s sleep and has consequences ranging from difficulty in following a plan, impulsive behavior and mistakes. Studying the link between scarcity with psychological, societal and behavioral occurrences is described as “a science in the making,” that can expand understanding how people are affected by living with less than they need. It notes that under some circumstances, scarcity can make people be more effective by focusing attention to make use resources more carefully. However, focusing on one thing means that the focus on other things is ignored, creating a tunnel vision that can result in neglect of other important things. This single focus (goal inhibition) makes it difficult to focus on other things that also matter.

Multitasking (checking email while listening to a conference call or emailing during dinner) may save time, but can also decrease the quality of each of the tasks involved. When time is limited, tunnel vision may promote multitasking because it saves time, despite the risk that things that need attention will be disregarded. Things outside the tunnel can be undervalued or left out. The focus on scarcity is involuntary with tunnel vision that diminishes attention to other concerns, even when we try to do something else. “Scarcity in one walk of life means we have less attention, less mind, in the rest of life.”

Scarcity explains that while other concerns and needs can take up the focus of the mind, scarcity makes special demands. Experiencing scarcity can be stressful (as measured in the biochemistry of generalized stress response – glucocorticoids, norepinephrine and serotonin) and chronic stress diminishes cognitive processes even more. For those who have more than needed, the extra time, money, space or whatever, “slack” gives a feeling of being well off rather than having to identify trade-offs.

Instead of spending the resource in an either-or scenario, slack provides a feeling that extra resources are available. Slack often results in an array accumulated goods (castaway items) in cabinets and closets, often items that are not needed or used. Slack also provides room to fail, since a foolish purchase does not result in forfeiture of something else the way it does with people who live in scarcity. Because of their continuing experience in scarcity, the poor develop the skill to make ends meet each day by making a dollar go further. Unfortunately, such expertise becomes detrimental as their tunnel vision on scarcity has numerous negative consequences.

When the poor need quick cash, this immediate focus often results in their use of nonstandard banking products (payday loans, rollovers, using one loan to pay for another, etc.). They may skip utility payments, resulting in high reconnection fees if their utilities are cut off. This immediate need places their focus on getting the money at that point, so that budgeting for the future is postponed or disregarded. (The works of Steven Covey distinguish between urgent and important.) Putting off an important (but not urgent) task is like borrowing time, since a cost is incurred that will have to be paid in the future.



Planning is challenging for many, but even more difficult for those who live in scarcity. Thinking ahead requires a broader perspective and additional cognitive resources, which may be limited by scarcity and tunnel vision. It becomes cyclical: scarcity causes behaviors that make people more shortsighted, so negative implications are ignored. In other words, scarcity ties attention to the present, making it difficult to benefit from looking farther toward the future.

Scarcity points out that many problems (why lonely people stay lonely, why diets fail, etc.) can be understood in terms of the fundamental changes that occur with the mindset of experiencing deficit. For example, research found that dieting is not only difficult, it is mentally taxing. It was found that people who were dieting had concerns related to dieting at the top of their minds, to the extent that it interfered with performance on other tasks. For people who were lonely, brain lateralization tests measured how people listened to different sounds with different ears (most people are right-ear dominant for language). Both lonely and nonlonely people did equally well when asked to track what was said in the dominant right ear. However, the lonely did significantly less well when attending to what was heard in the nondominant left ear, because they were less effective at overriding their natural urge.

“Poverty is surely the most widespread and important example of scarcity,” in the U.S. and throughout the world. Poverty does not allow one to take a vacation from the condition and is an unintentional lack of what is needed. While singular events can propel people into poverty (loss of job, birth of child, etc.), there are many nondiscretionary activities that must be juggled more in a life of scarcity that further deplete resources, time and attention.

Scarcity discusses ways in which the lives of those in poverty could be improved. It begins with an analysis of how analysts may not understand the behavior of the poor and may have designed programs that do not

account for the cognitive and behavioral differences caused by poverty. It noted that low-income training programs often experience absenteeism, dropouts and low participation. While participants in training programs may be told how to get and keep jobs, they may not follow through with assignments or take advantage of ways to enhance their likelihood of success, possibly due to how they have been affected by scarcity and lack.

Incorporating the new findings about scarcity into previous theories can inform more about the cause, effect, functioning and persistence of poverty. *Scarcity* suggests that social scientists can measure material dimensions of scarcity (unemployment, quarterly production, etc.), but there is little understanding about the cognitive side of economy. It encourages continued studies to learn more about individual and societal scarcity.

Childhood Poverty

There is an abundance of research about how poverty is related to childhood development. While addressing adult poverty is important to prevent worsening societal ills (homelessness, crime, poverty), the effect of poverty on children is so profound that concurrent attention is essential. Without attention to both adult/family poverty and childhood poverty, it is likely that the cycle of intergenerational poverty will continue unchecked.

Enduring influences of childhood poverty (Focus, Vol. 26, No. 2, Fall 2009) points out that childhood poverty should be of significant concern to both researchers and policymakers because it is linked to so many undesirable outcomes (lower academic attainment, health problems, etc.). Children who grow up in poverty, especially deep and persistent poverty, are more likely to be poor as adults, perpetuating the intergenerational transmission of poverty.

The article notes that there is substantial “turnover” in the people who are poor, since events can increase (unemployment, divorce) or decrease (career gains, marriage) poverty. About 15% of children are poor for at least 5-15 years, while about 65% never experience poverty. The likelihood of chronic poverty is greater for children who are African American, born to unmarried mothers and mothers without a high school diploma.



Enduring influences discusses three different theoretical perspectives to explain why child poverty may affect development:

1. Family and environmental stress (high levels of stress in the everyday environment of the poor may affect development, including high levels of psychological distress, low-quality parenting with harsh, detached and unresponsive to children’s needs)
2. Resource and investment (parents have fewer resources to invest in their children, so poor children fall behind)
3. Cultural (norms and behaviors of poor children are different)

Poor children begin school with gaps in achievement, which increase each year. Without effective intervention, the gap will widen to the equivalent of one full year of school. In addition, poor children are 1/3 less likely to complete high school and far less likely to attend college. The result is that poor children have fewer employment opportunities and lower earnings throughout their lives.

Enduring influences points that the exact degree to which academic achievement is affected has not been determined, but that there are clear links between early childhood poverty and later achievement and attainment. This suggests that parental economic resources play a causal role to some extent. Poor children are also more likely to be identified by parents and teachers with behavior problems. Further, the behavioral problems associated with poor children are more often externalizing problem behavior (aggression) but not internalizing behavior (depression). It reiterates the negative health problems that occur in children that extend into adulthood because of economic disadvantage.

Because “poverty experienced during early childhood, deep poverty, and persistent poverty appear to be especially harmful to children’s achievement” as well as related negative influences on health and social functioning, these should be of elevated concern to policymakers. *Enduring influences* submits that meaningful improvements can be achieved in the achievement of poor children with modest financial investments.



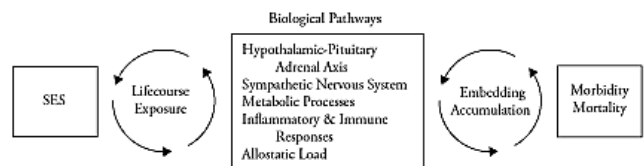
Increasingly, assistance programs are connected to workforce participation, which may increase workforce participation. On the other hand, that approach could fail to help the children who are most in need. When choosing among strategies, it is important to consider whether the funds spent on a particular program could be better directed to an alternative program or policy that would have a more significant benefit. *Enduring Influences* points out that the correlation between early poverty and impaired childhood development highlights the importance of addressing the need for additional income of families with young children (such as through an expansion of the child care tax credit).



It provides examples of programs that have already proven to be effective through enhancing educational experiences of young children, such as high-quality early childhood education programs for 3-4 year olds. To improve the quality of parenting by economically disadvantaged parents, strategically designed programs can be effective in improving cognitive development. For example, parenting programs may be of benefit, but the programs that improve cognitive development are either parent management programs for parents of young children with behavioral problems or intensive in-home nurse visitation. *Enduring Influences* concludes that “alleviating childhood poverty would almost certainly improve children’s life chances.”

<http://www.irp.wisc.edu/publications/focus/pdfs/foc262f.pdf>

As described in *The Oxford Handbook of Poverty and Child Development* (2012), research suggests that economic hardship (intergenerational poverty) is transmitted “by dynamic interplay between conditions of the family and the development of individual human and societal capital in terms of education, personality, work ethic, social networks, and the like.” Living in deprivation, particularly for the young, has links to biological disease mechanisms on a long-term basis. The graphics show how poverty can biologically affect life and death. (SES = socioeconomic status)



Since low-income families may be financially unable to provide for extracurricular activities (youth sports, Scouts, music groups, field trips, etc.), poor children often miss out on enriching activities. The lack of these

experiences may impair the level of academic achievement that these children would achieve in adulthood. The book describes many biological processes related to poverty and deprivation.

<http://global.oup.com/academic/product/the-oxford-handbook-of-poverty-and-child-development-9780199769100?cc=us&lang=en&>



The Children’s Defense Fund’s *The State of America’s Children Handbook 2012* points out that Tennessee is one of the states with the highest child poverty rates (among the top 10 states and the District of Columbia, each with a child poverty rate over 25%). At the extreme end of poverty are those who are homeless, including one out of every 45 children in the U.S. Of the 1.6 million children who were homeless, 40% were age 5 or younger.

<http://www.childrensdefense.org/child-research-data-publications/data/soac-2012-handbook.pdf>

The Children’s Defense Fund also noted that in the U. S.:

- Every 1.5 seconds during the school year, a public school student receives an out-of-school suspension
- Every 8 second during the school year, a public high school student drops out
- Every 19 seconds, a child is arrested
- Every 19 seconds, a child is born to an unmarried mother
- Every 32 seconds, a child is born into poverty
- Every 47 seconds, a child is abused or neglected
- Every 3 minutes, a child is arrested for a drug offense
- Every 20 minutes, a baby dies before his or her first birthday
- Every hour, a child dies from an accident
- Every 3 ¼ hours, a child or teen is killed by a firearm
- Every 6 hours, a child commits suicide

Children, Families and Poverty (from New York University’s Steinhardt School of Culture, Education and Human Development; Social Policy Report, Vol. 26, No. 3, 2012) provides an inclusive overview of trends, emerging science and policy implications related to childhood poverty, identifying poverty as a major risk factor to optimal child development. It noted that poverty, as a broad range of physical-biological, cognitive-academic and social-emotional problems, can create problems that last into adulthood.

It describes how income has a clear causal effect on health and development, with a substantial difference between outcomes for poor and for those with higher incomes. Deep poverty in early childhood is especially serious, since it is associated with physical-biological, cognitive-academic and social-emotional development. During the past several years, a confluence of other circumstances have further eroded the economic stability of families: declining work rates for men, stagnant and low wages for those without advanced skills, increase in single female-headed households and pronounced gaps in educational attainment.

Children, Families and Poverty concluded that poverty is not a “natural state” dictated by the exigencies of labor policy and recession” and that there is room for improvement for the U. S. to address poverty. Emerging science is providing a wealth of information about how poverty affects children. While the precise pathways have not

yet been identified to show how economic investment interacts with family stress, it has been demonstrated that additional income results in “modest positive effects of income on multiple domains of children’s development.”

The report discusses theories about how income may affect outcomes for children, focusing on the family unit:

1. Economics and family sociology suggests that outcomes are affected by the investments parents make in their developmental outcome (not only material goods but also time).
2. Developmental and family sociology highlighted parental stress and how it impairs parenting practices.

In recent years, advances in neuroscience and sociology/ecological science have expanded attention to include factors beyond the family unit (internal biological processes and external environment). As previous and new information is integrated, a comprehensive interdisciplinary approach can enhance the understanding of income and poverty on children.

One of the key factors identified was in the Biological Processes in the Effects of Poverty, resulting in advances in neuroscience, pointing out:

- The stress system is considered allostasis [changing] rather than homeostasis [stability] that involves responding physiologically by adjusting from baseline in response to a stressful event
- Chronic or repeated exposure to stress will likely have long lasting consequences as the body learns to anticipate stress and setting a new baseline, affecting the cardiovascular, immune, neuroendocrine and cortical systems
- Both children and parents can be experience physiological changes as a result of poverty, with diseases possibly resulting from “higher levels of allostatic load, with concomitant disruptions in both sympathetic and parasympathetic nervous system response”
- Enhanced attention is needed for the health consequences of poverty and the coping capacity of the stress-response system
- Volatile income may disrupt the development of children by reducing the regularity of their routines
- Short recertification period policies and income limits on benefits may worsen this for families, and the availability of short-term, low-cost loans could help them across times when resources are scarce

The other key factor was Environmental Factors in Poverty Effects: Advances in Sociological/Ecological Science, related to inferior and/or toxic housing conditions and negative environments:

- Housing for low-income families with higher exposure to substandard physical characteristics (heating, sanitary conditions, environmental pollutants), higher density/crowded conditions, etc., since safety, noise and crowding are associated with greater cognitive and neuroendocrine indicators of stress and impaired child adjustment



- Disadvantaged neighborhoods provide fewer enriching amenities (parks, libraries, children’s programs) but may have greater physical and societal hazards (proximity to violence and social disorganization)
- Peer and parenting environments may have negative influences (lack of role models, less sigma for delinquency)

In discussing poverty reduction models, *Children, Families and Poverty* discussed the extremely effective Earned Income Tax Credit and Child Tax Credit programs, which are estimated to raise 7.2 million people out of poverty. It notes that because these programs encourage work, they are considered more politically acceptable benefit programs than others. It noted, however, that the programs could be increased for an even greater effect. It indicated that programs designed to advance the human capital of low-income children show promise, including improving interaction within the family and child care and educational services outside the home. It acknowledged that programs could not adequately compensate for growing up in poverty, but that specific initiatives can reduce the achievement gap. Improvements would likely be more effective if approached in a systemic and comprehensive way, rather than a patchwork system of care.



Because the youngest children spend most of their time with parents, fewer promising interventions have been identified. In-home visitation and Early Head Start have been studied, with “small positive effects on quality of parenting and school readiness for children in the infant and toddler years.” Some research efforts in recent years has “shown more modest, but still positive, short-term effects on outcomes for children” and that gains made by Head Start participation may diminish with time, without additional intervention or school reform across subsequent grades. It also noted a number of comprehensive school reform models that address the professional development of teachers and offering curriculum aligned across grade levels.

Examples of promising programs are Success for All (improving early reading skills) and programs that focus on children’s social and emotional learning (that improves academic performance, with efforts that should be sustained over multiple years for a lasting effect). It identified a few successful programs for older children that may help to reduce the cycle of intergenerational poverty (particularly schools that focus on academics, personalized attention and community relationships or the Career Academies that connect to work).

Children, Families and Poverty described the Conditional Cash Transfer (CCT) programs designed to reduce poverty and promote human capital development. The CCT programs have been used in Latin America, Africa and Asia, and are described as a variation of using financial incentives to change behavior. It noted a trial study of CCTs in New York City’s Social Innovation Fund and in Memphis, Tennessee.

It explained that a combination of cost-effective and publicly supportable strategies could reduce child poverty. However, additional U. S. public expenditures are needed along with a creative redesign of poverty reduction and human capital development initiatives. The alternative to moving forward with resources and creativity designed for maximum effectiveness is to do nothing more or different, resulting in continuing impairment of the nation’s economy.

Children, Families and Poverty explains that a cost-benefit analysis of most antipoverty programs finds they more than pay for themselves. The report supports further investigation of new scientific research and combining prevention science and developmental science can help policymakers and service providers find new

ways to enhance outcomes. It emphasized an integrated service delivery system that both targets poverty reduction and health and human capital promotion.

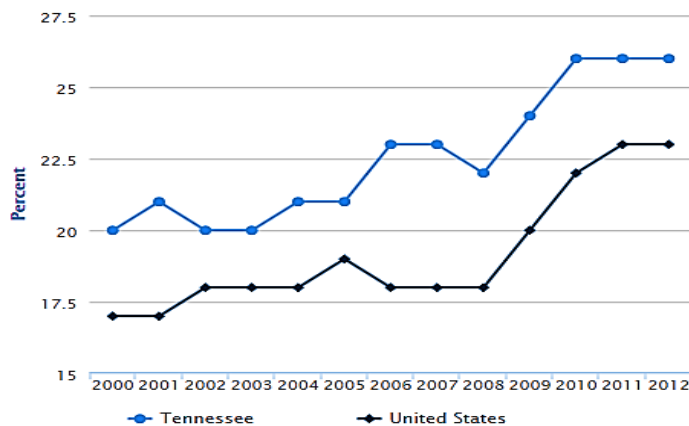
http://steinhardt.nyu.edu/scmsAdmin/uploads/007/297/SPR_26%233_FINAL.pdf

The Center for the Study of Social Policy focuses on various issues related to Poverty and Economic Stability (child poverty, affordable housing, workforce strategies for ex-offenders). They also study and report on the related issues of early childhood, youth, health, education, child welfare/family supports and community change.

The Center reports that poor children are more likely to have chronic health concerns, mental health problems and educational challenges, after being exposed to a disproportionate level of risk factors (inadequate nutrition, substandard housing, untreated illness). The Center promoted the creation of economic opportunity for families so they can earn adequate income and build assets so they can avoid poverty and its risk factors.

Chart P-9 shows that Tennessee’s child poverty rate was higher than for the U.S. each year from 2000 through 2012.

Chart P-9: Percent of Children in Poverty
U. S., Tennessee, 2000-2012



Source: Center for the Study of Social Policy

The Center has recommended strategies for policy makers to improve financial stability for low-wage families, which can be achieved by influencing the key factors shown to contribute to family economic success:

- Increase household financial resources by encouraging employment opportunities for all who can and want to work and ensure income supports for part-time or low-wage workers and families.
- Control household costs by helping to reduce expenses associated with work (child care and transportation) and for basic necessities (such as health care and housing), and could address predatory lending practices that take advantage of families in crisis (particularly at the state level).
- Build household assets by encouraging families to increase savings and make investments in homeownership, higher education, and retirement.
- Curb household debt by addressing negative wealth-stripping practices that prey on the most vulnerable.

Some states have created bipartisan commissions to develop and implement strategies to reduce poverty, including some with specific reduction targets for indicators (Connecticut, Delaware, Illinois, Minnesota, Oregon and Vermont). These initiatives are considering and/or pursuing ways to promote higher wages, tax relief, asset building, adult education, training, and work supports (such as assistance with child care, transportation and housing).

<http://www.policyforresults.org/>

In August 2008, Mary Jo Bane of the Harvard Kennedy School of Public Policy and Management prepared *Poverty Reduction Strategies for the U.S.* for the Charles Stewart Mott Foundation's project on defining poverty reduction strategies. *Poverty Reduction Strategies* provides details about how poverty can be addressed by specific strategies and how each strategy would work. Briefly, the strategies described were:

1. Construct the infrastructure for practical, well-managed poverty alleviation initiatives, including appropriate measures for assessing success and learning from experience.
2. Address food insecurity and nutrition-related health problems more effectively through the Food Stamp Program.
3. Tackle the tangle of issues connected with incarceration and its effects on communities.

Strategies emphasizes the complexity of poverty and the importance of a comprehensive and coordinated approach. It also incorporates the concept of evaluation of initiatives, the development of a problem-solving infrastructure and the use of evidence-based practices. Like other research, it discusses the weaknesses in the current poverty measure.

http://www.brookings.edu/~media/events/2008/9/29%20poverty/bane_paper.pdf

In Fall 2009, *Focus*, Professor Bane's *Poverty politics and policies* discussed the evolution in poverty-related policies, including the increased connection of benefit assistance programs with work and the significant effects of the recession that began at the end of 2007. It described the high level of conflict that has periodically occurred in public discussions of poverty and pointed out that in recent years there has been little discussion in major political races regarding poverty.

Poverty politics suggested possible strategies for addressing the continuing problems related to poverty:

- Changing language because of the inaccurate public perception that the word "poor" is related to unwillingness to work and dependence on government, while they are more sympathetic toward "people who can't take care of themselves." However, the mere change in language would not constitute any real change in programs or policies.
- Recognizing the importance of state, local and nongovernmental actions, because federal operations are limited because of the deficit. As a result, state and local initiatives may have the resources and flexibility to create innovative and sustainable projects to reduce poverty.
- Changing specifications of the problem and measurement by identifying specific goals and time frames, with accountability for realistic measures of progress (and evaluating and making adjustments based on what does and does not work or evidence-based practices).

- The importance of operational improvements are often overlooked by policy makers because little consideration is given to the choices that affect whether programs are seen as useful and whether interaction of participants is experienced as positive or negative. There are clear opportunities to streamline application and service delivery processes to improve the lives of the poor.

<http://www.irp.wisc.edu/publications/focus/pdfs/foc262m.pdf>

Poor children who live in areas of concentrated poverty vary by race and ethnicity. The table below shows the percent by race/ethnicity for 2006-2010. As discussed in the Economic Policy Institute’s June 2013 *The unfinished march*, living in areas of concentrated poverty is correlated with social and economic challenges, including social and behavioral problems, lower test scores, higher dropout rates, etc.

<u>Race/Ethnicity</u>	<u>% of poor children in areas of concentrated poverty</u>
White	12%
Hispanic	35%
Black	45%
Asian and Pacific Islander	21%
American Indian	39%

The report also explains that in 2009-2010, 74.1% of black children attended segregated (50-100% nonwhite) schools, compared to 76.6% in 1968-1969. Despite the continuing racial segregation, there has been a decrease in intense segregation (90-100% nonwhite) from 64.3% to 38.1% during that period.
<http://www.epi.org/publication/unfinished-march-overview/>

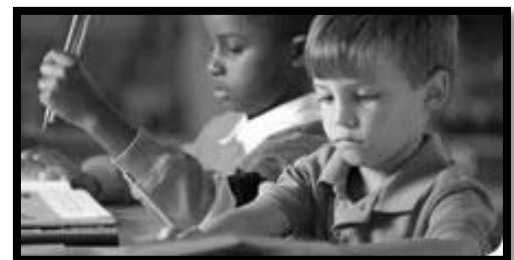
As noted by the Children’s Defense Fund, “Children's ability to survive, thrive and develop must not depend on the lottery of geography of birth. A child is a child and should be protected by a national floor of decency. We can and must end child poverty. It's about values. It's about priorities. It's about who we are as Americans. The greatest threat to America's national security comes from no foreign enemy but from our failure to invest in healthy and educated children.”

Based on the U. S. Census Bureau’s 2012 American Community Survey, it was noted that the poorest Americans are children, and that the poorest children are black, Hispanic and under age six.

The Fact Sheet for Children in Tennessee ranked Tennessee (with 1 being the best):

- 41st among states in percent of babies born at low birth weight.
- 49th among states in its infant mortality rate.
- 46th among states in per pupil expenditures.

<http://www.childrensdefense.org/newsroom/cdf-in-the-news/press-releases/2013/the-poorest-americans-are.html>



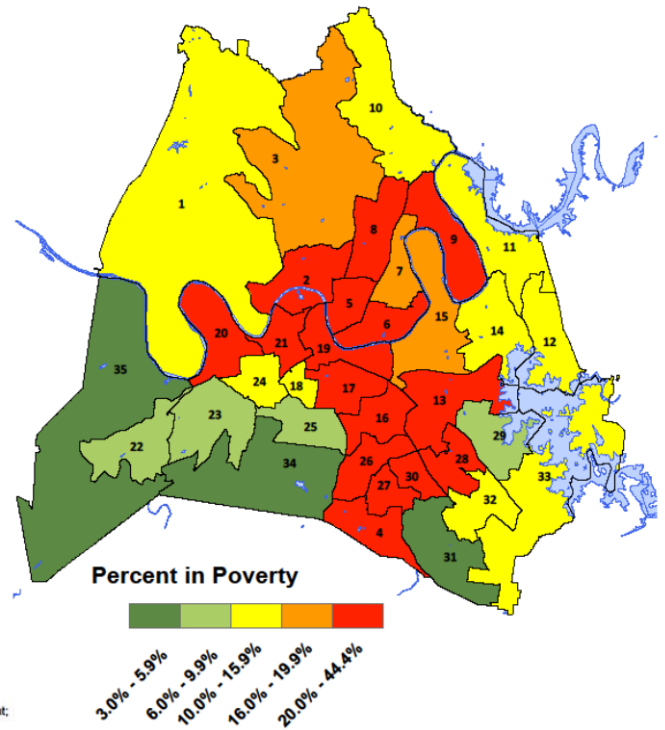
Brief Overview of Davidson County's Poverty

Poverty is not distributed evenly across our community. The adjacent map shows the percent of poverty for all people by Metropolitan Council District for 2008-2012. The areas in red have a higher rate of poverty than the U. S., Tennessee or Davidson County as a whole and the orange areas have poverty higher than the U.S. Davidson County has 17 Council Districts with a poverty rate higher than the county as a whole.

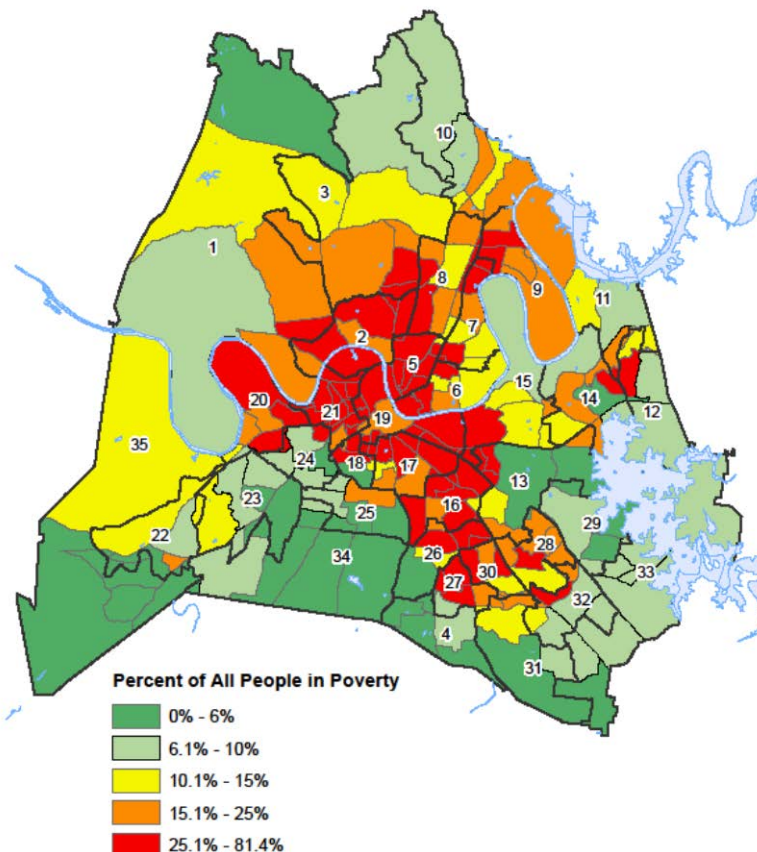
Districts 19, 21, 17, 5, 2 and 6 have poverty rates above 30%, almost twice the U. S. rate of poverty. All Metro Council Districts have people who live in poverty, with the lowest District 34 at 3.0%. Districts 34, 35, 31, 23, 22, 29 and 25 have poverty rates below 10%.

Source: U. S. Census Bureau, American Community Survey 2008-2012

Percent of All People in Poverty by Metro Council District
Davidson County, Tennessee, 2008-2012
Data from U. S. Census Bureau, American Community Survey 2008-2012; Shapefiles by Metropolitan Planning Department
Map by Metropolitan Social Services-Planning & Coordination/Social Data Analysis



Percent of All People in Poverty by Census Tract, with Metro Council Districts
Davidson County, Tennessee, 2008-2012
Data from U. S. Census Bureau, American Community Survey 2008, 2012; Shapefiles by Metropolitan Planning Department;
Map by Metropolitan Social Services-Planning & Coordination/Social Data Analysis



This map provides a more detailed breakdown, using the 161 census tracts in Davidson County. It also shows the outline of the 35 Metro Council Districts.

Source: U. S. Census Bureau, American Community Survey 2008-2012

Chart S-10 shows a slight decrease in the percentage of all people in poverty in Davidson County from 2010 to 2011 and another slight decrease in 2010. However, the poverty rate continues to be higher than before the recession.

Chart S-10: Percentage of People in Poverty by Age Category
Davidson County, 2007-2011

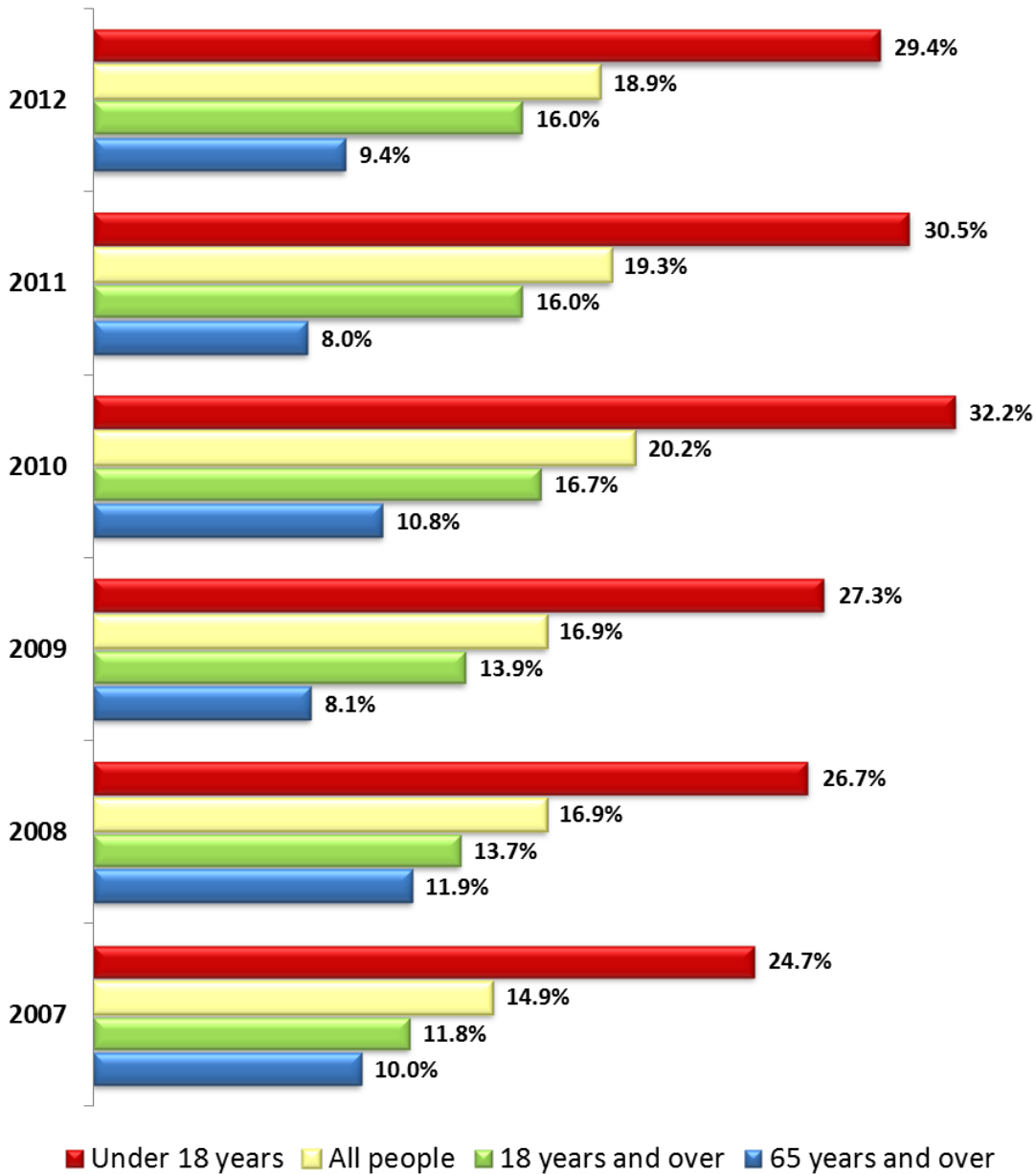
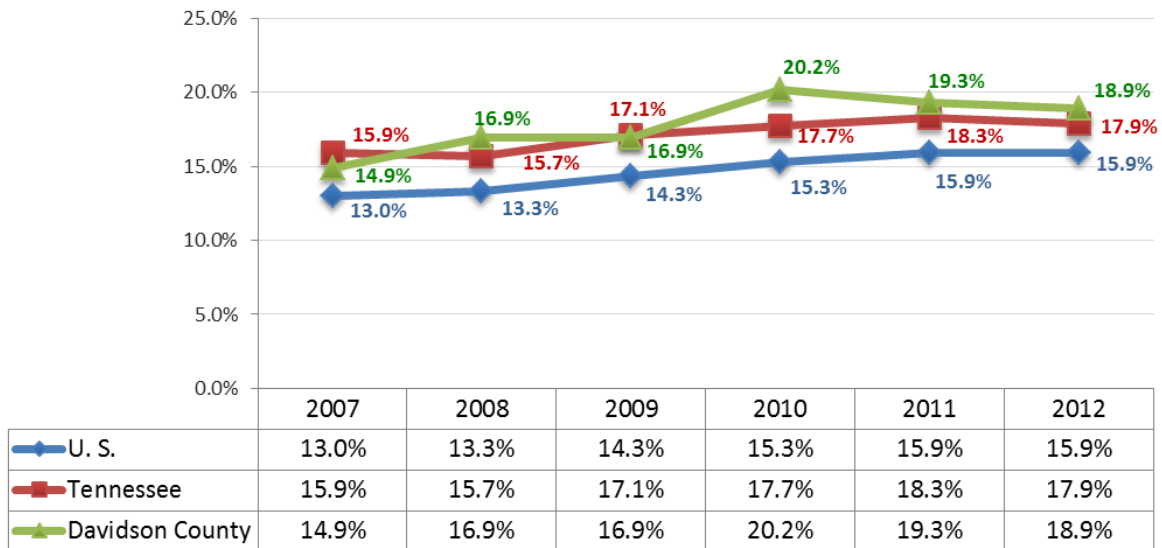


Chart S-15 shows the percentage of people in Davidson County, Tennessee and the U.S. from 2007 through 2012, reflecting higher rates of poverty since the Great Recession.

Chart S-15: Percentage of People in Poverty
U. S. Tennessee Davidson County, 2007-2012



Source: U. S. Census Bureau, 2007-2012 American Community Surveys

The U. S. poverty thresholds are based on the number of people in a household or family and their pre-tax income. Additional information about alternate measures of poverty is in the Characteristics of Poverty section. The 2013 poverty guidelines, based on family/household size are in the table below. These guidelines are used to determine eligibility for various federally funded programs. The eligibility requirement for some programs is often for applicants to be at or below (100%) poverty, while other programs may be for those at or below 125%, 150%, 200% of poverty, etc.

Persons in family/household	Poverty guideline
1	\$ 11,490
2	\$ 15,510
3	\$ 19,530
4	\$ 23,550
5	\$ 27,570
6	\$ 31,590
7	\$ 35,610
8	\$ 39,630

For families/households with more than 8 persons, add \$4,020 for each additional person.

Additional information is available in the 2013 Community Needs Evaluation:

<http://www.nashville.gov/Portals/0/SiteContent/SocialServices/docs/cne/Community%20Needs2013final.pdf>