APPENDIX H-DATA ON POVERTY

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MEASURING POVERTY

When the Federal Government began measuring poverty in the early 1960s, the continued existence of poor people in a time of the "Affluent Society" seemed anomalous. Official concern soon translated into efforts to measure the size of the poverty population, and the search began for programmatic ways to alleviate poverty. The first rough estimates of the incidence of poverty were based on survey data indicating that families generally spent about one-third of their income on food. A poverty level income was then calculated by using as a yardstick the amount of money necessary to purchase the lowest cost "nutritionally adequate" diet calculated by the Department of Agriculture (roughly equivalent to the current Thrifty Food Plan). This price tag was multiplied by three to produce a poverty threshold. The assumption underlying this procedure is that if a family did not have enough income to buy the lowest cost nutritionally adequate diet, and twice that amount to buy other goods and services, it was "poor." Adjustments were made for the size of the family, the sex of the family head, and for whether the family lived on a farm. Farm families were assumed to need less cash income because their needs could be met partially by farm products, particularly food. The adjustments for sex of the family head and for farm-nonfarm residence were abolished in 1981. Policy officials made a major change to the basic approach for calculating the poverty threshold in 1969. Rather than multiplying the cost of the Thrifty Food Plan by three to establish the poverty threshold, officials

decided to simply increase the previous year's threshold by the change in the Consumer Price Index (CPI).

In addition to this major change, the Census Bureau made minor revisions in its method of estimating the poverty threshold four times—in 1966, 1974, 1979, and 1981. These revisions changed the estimate of the poverty rate. The first two revisions slightly reduced the estimated number of poor, while the more recent revisions slightly increased the number. In 1984, the Census Bureau also revised its method of imputing missing values for interest income, which slightly lowered the estimated poverty rate.

Data on income and poverty after 1987 may not be comparable to data in earlier years because of changes in the methods used by the Census Bureau to process survey results. This new processing system was applied to 1987 data so that 1988 and 1987 data are comparable. Revised 1987 data are denoted as 1987R. The new processing system increased aggregate income by 0.9 percent and lowered the poverty rate for 1987 by 0.1 percent.

The tables in this subsection provide poverty data calculated using the official Census definition of poverty. The Census definition of poverty has remained fairly standard over time and is useful for measuring progress against poverty. Under this definition, poverty is determined by comparing pretax cash income with the poverty threshold.

Table H-1 shows the population, number of persons in poverty, and the poverty rate in 2002 by age, race, region and family type. In 2002, 12.1 percent (34.6 million persons) of the total U.S. population lived in poverty. Of all demographic groups shown, poverty was second highest among female-headed families with children (33.1 percent). Among children under age 18, 16.7 percent, or 12.1 million children, lived in poverty in 2002.

The weighted average poverty thresholds for families of various sizes for selected years between 1959 and 2002 are presented in Table H-2.

TRENDS IN THE OVERALL POVERTY RATE[1]

In 1959, the overall poverty rate for individuals in the United States was 22 percent, representing 39.5 million poor persons (Tables H-3 and H-4). Between 1959 and 1969, the poverty rate declined dramatically and steadily to 12.1 percent. As a result of a sluggish economy, the rate increased slightly to 12.5 percent by 1971. In 1972 and 1973, however, it began to decrease again. The lowest rate over the entire 24-year period occurred in 1973, when the poverty rate was 11.1 percent. At that time roughly 23 million people were poor, 42 percent less than were poor in 1959.

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[1] All poverty trend information is based upon published Census Bureau data contained in Current Population Reports, Series P-60, Nos. 124, 140, 145, 149, 154, 157, 161, 166, 168, 174, 180, and 185. These figures may differ with other parts of this report which provide a more refined breakdown of this age category. Data for blacks, the aged, and nonaged population were not available for the years 1961-65.

TABLE H-1 -- POVERTY STATUS OF PERSONS BY AGE, ETHNICITY, REGION, AND FAMILY TYPE, 2002

Category	Poverty rate (percent)	Population (thousands)	Percent total of population	Number of poor (thousands)	Percent of poverty population	Poverty difference 2001-2002	Percent of difference
Age:							
Under 18	16.7	72,696	25.5	12,133	35.1	400	0.4
18-64	10.6	178,388	62.5	18,861	54.6	1,101	0.5
65 and older	10.4	34,234	12.0	3,576	10.3	163	0.3
Race/Ethnicity:[1]							
White[2]	10.2	230,376	80.7	23,466	67.9	727	0.3
Black[3]	24.1	35,678	12.5	8,602	24.9	466	1.4
Hispanic[4]	21.8	39,216	13.7	8,555	24.7	558	0.4
Region:							
Northeast	10.9	51,472	19.1	5,871	17.0	184	0.2
Midwest	10.3	63,155	23.3	6,616	19.1	650	0.9
South	13.8	94,640	34.9	14,019	40.6	505	0.3
West	12.4	61,522	22.7	8,064	23.3	325	0.3
Family Type: [5]							
Unrelated individuals	19.9	42,539	15.7	8,478	24.6	-209	-0.9
Female-headed families	33.1	39,000	14.4	12,907	37.4	-164	-1.6
Married-couple families	6.2	177,042	65.3	10,982	31.9	58	0.1
Unrelated subfamilies	48.8	1,288	4.8	628	1.8	-152	2.3
Total	12.1	285,317	100	34,570	100	1,663	0.4

[1] Numbers in this category sum to more than national totals, and percentages to more than 100 due to responses regarding race.
[2] Refers to people who reported white and did not report any other race category.
[3] Refers to people who reported black and did not report any other race category.
[4] Persons of Hispanic origin may be of any race.
[5] About 1.5 million families are in categories other than the ones listed here.
Source: U.S. Census Bureau (2003).

TABLE H-2 -- WEIGHTED AVERAGE POVERTY THRESHOLD FOR NONFARM FAMILIES OF SPECIFIED SIZE, SELECTED YEARS 1960-2002

Calendar Year	Unrelated Individuals			Two Persons			Families of More Than Two Persons				
	All ages	Under 65	65 or older	All ages	Head under 65	Head 65 or older	Three persons	Four persons	Five persons	Six persons	Seven persons
1960	1,490	1,503	1,418	1,924	1,982	1,788	2,359	3,022	3,560	4,002	4,921
1965	1,582	1,526	1,512	2,048	2,114	1,906	2,514	3,223	3,797	4,264	5,248
1970	1,954	1,626	1,861	2,525	2,604	2,348	3,099	3,968	4,680	5,260	6,468
1975	2,724	2,010	2,581	3,505	3,617	3,257	4,293	5,500	6,499	7,316	9,022
1980	4,190	2,797	3,949	5,363	5,537	4,983	6,565	8,414	9,966	11,269	12,761[1]
1985	5,469	5,400	5,156	6,998	7,231	6,503	8,573	10,989	13,007	14,695	16,656[1]
1990	6,652	6,800	6,258	8,509	8,794	7,905	10,419	13,359	15,792	17,839	20,241[1]
1991	6,932	7,086	6,532	8,865	9,165	8,241	10,850	13,924	16,456	18,587	21,058[1]
1992	7,143	7,299	6,729	9,137	9,443	8,487	11,196	14,335	16,952	19,137	21,594[1]
1993	7,363	7,518	6,930	9,414	9,728	8,740	11,522	14,763	17,449	19,718	22,838[1]
1994	7,547	7,710	7,108	9,661	9,976	8,967	11,821	15,141	17,900	20,235	22,923[1]
1995	7,763	7,929	7,309	9,933	10,259	9,219	12,158	15,569	18,408	20,804	23,552[1]
1996	7,995	8,163	7,525	10,145	10,507	9,484	12,273	16,183	22,447	22,447	25,828[1]
1997	8,183	8,350	7,698	10,473	10,805	9,712	12,802	16,400	19,516	21,885	24,802[1]
1998	8,316	8,480	7,818	10,634	10,972	9,862	13,003	16,660	19,380	22,228	25,257[1]
1999	8,501	8,667	7,990	10,869	11,214	10,075	13,290	17,290	19,680	22,727	25,912
2000[2]	8,794	8,959	8,259	11,239	11,590	10,419	13,738	17,603	20,127	23,528	26,754
2001	9,039	9,214	8,494	11,569	11,920	10,715	14,128	18,104	20,819	24,195	27,517
2002	9,183	9,183	8,628	11,756	12,110	10,885	14,348	18,392	21,405	24,576	28,001

[1] Poverty threshold for seven persons, not seven persons or more.

[2] Based on a November 2001 weighting correction.

Source: U.S. Census Bureau, technical papers.

TABLE H-3 -- NUMBER OF PERSONS IN POVERTY BY DEMOGRAPHIC GROUPS, SELECTED YEARS 1959-2002

[Numbers in Thousands]

Year	Overall	Aged	Children[1]	Individuals in Female-Headed Families[2]	Black	Hispanic Origin[3]	White
1959	39,490	5,481	17,552	7,014	9,927	NA	28,484
1960	39,851	NA	17,634	7,247	NA	NA	28,309
1965	33,185	NA	14,676	7,524	NA	NA	22,496
1970	25,420	4,793	10,440	7,503	7,548	NA	17,848
1975	25,877	3,317	11,104	8,846	7,545	2,991	17,770
1980	29,272	3,871	11,543	10,120	8,579	3,491	19,699
1985	33,064	3,456	13,010	11,600	8,926	5,236	22,860
1990	33,585	3,658	13,431	12,578	9,837	6,006	22,326
1991	35,708	3,781	14,341	13,824	10,242	6,339	23,747
1992[4]	38,014	3,928	15,294	14,205	10,827	7,592	25,259
1993	39,265	3,755	15,727	14,636	10,877	8,126	26,226
1994	38,059	3,663	15,289	14,380	10,196	8,416	25,379
1995	36,425	3,318	14,665	14,205	9,872	8,574	24,243
1996	36,529	3,428	14,463	13,796	9,694	8,697	24,650
1997	35,574	3,376	14,113	13,494	9,116	8,308	24,396
1998	34,476	3,386	13,467	12,907	9,091	8,070	23,454
1999	32,258	3,167	12,109	11,764	8,441	7,876	22,169
2000[5]	31,581	3,323	11,587	10,926	7,982	7,747	21,645
2001	32,907	3,414	11,733	11,223	8,136	7,997	22,739
2002[6]	34,570	3,576	12,133	11,657	8,602	8,555	23,466

[1] All children including unrelated children.

[2] Does not include females living alone.

[3] Hispanic origin may be of any race; it is an overlapping category.

[4] For 1992, figures are based on 1990 Census population controls

[5] Data for 2000 are consistent with 2001 data through implementation of Census 2000-based population controls and a 28,000 sample expansion to the March Current Population Survey.

[6] Starting in 2002, "Black" refers to people who reported only black as their racial category, and "White" refers to people who reported only white as their racial category.

NA-Not available.

Source: U.S. Census Bureau (2003 and various years).

The poverty rate increased by 1975 to 12.3 percent, and after 1978 the poverty rate rose steadily, reaching 15.2 percent in 1983. Between 1983 and 1993, the poverty rate moved up and down within a narrow range of about 2.5 percentage points, declining somewhat during economic recoveries and rising somewhat during economic downturns. However, poverty declined every year between 1993 and 2000, reaching a low of 11.3 percent, the lowest rate since 1974. The rate rebounded slightly in 2001 and 2002, rising to 12.1 percent, which absent recent years would have been lower than any year since the 1970s. The poverty rate for children followed a similar path, falling prior to 1969, fluctuating between about 15 and 17 percent in the 1970s, and then remaining between about 20 and 23 percent during the 1981 to 1996 period. Since 1996, the children's poverty rate fell from 20.5 percent in 1996 to 16.2 percent in

2000 – a 21 percent decline. The rate rose slightly in 2001 and 2002, but remained in the 16 percent range last seen in 1979.

TABLE H-4-- POVERTY RATES FOR DEMOGRAPHIC GROUPS, SELECTED YEARS 1959-2002

Year	Overall	Aged	Children[1]	Individuals in Female-Headed Families[2]	Black	Hispanic Origin[3]	White
1959	22.4	35.2	27.3	49.4	55.1	NA	18.1
1960	22.2	NA	26.9	48.9	NA	NA	17.8
1965	17.3	NA	21.0	46.0	NA	NA	13.3
1970	12.6	24.6	15.1	38.1	33.5	NA	9.9
1975	12.3	15.3	17.1	37.5	31.3	26.9	9.7
1980	13.0	15.7	18.3	36.7	32.5	25.7	10.2
1985	14.0	12.6	20.7	37.6	31.3	29.0	11.4
1990	13.5	12.2	20.6	37.2	31.9	28.1	10.7
1991	14.2	12.4	21.8	39.7	32.7	28.7	11.3
1992[4]	14.8	12.9	22.3	39.0	33.4	29.6	11.9
1993	15.1	12.2	22.7	38.7	33.1	30.6	12.2
1994	14.5	11.7	21.8	38.6	30.6	30.7	11.7
1995	13.8	10.5	20.8	36.5	29.3	30.3	11.2
1996	13.7	10.8	20.5	35.8	28.4	29.4	11.2
1997	13.3	10.5	19.9	35.1	26.5	27.1	11.0
1998	12.7	10.5	18.9	33.1	26.1	25.6	10.5
1999	11.9	9.7	17.1	30.5	23.6	22.7	9.8
2000[5]	11.3	9.9	16.2	28.5	22.5	21.5	9.5
2001	11.7	10.1	16.3	28.6	22.7	21.4	9.9
2002[6]	12.1	10.4	16.7	28.8	24.1	21.8	10.2

[1] All children including unrelated children.
[2] Does not include females living alone.
[3] Hispanic origin may be of any race; it is an overlapping category
[4] For 1992, figures are based on 1990 Census population controls.
[5] Data for 2000 are consistent with 2001 data through implementation of Census 2000-based population controls and a 28,000 sample expansion to the March Current Population Survey.
[6] Starting in 2002, "Black" refers to people who reported only Black as their racial category, and "White" refers to people who reported only White as their racial category.
Source: U.S. Census Bureau (various years).

POVERTY RATES FOR INDIVIDUALS IN SELECTED SUBGROUPS OF THE POPULATION

As Table H-4 illustrates, there are substantial differences between the overall poverty rate and the poverty rates of individuals in certain demographic subgroups. Most notably, blacks, individuals in female-headed households, and Hispanics have poverty rates that greatly exceed the average. The poverty rates for individuals in female-headed households remained above 35 percent over the 1959-97 period. However, it declined every year after 1991 and in 2000 reached its lowest level ever at 28.5. The poverty rate for blacks and Hispanics has remained near 30 percent during the 1980s and mid 1990s. However, both rates

declined every year after the early 1990s and for blacks it reached its lowest level ever in 2000 at 22.5 percent, and for Hispanics reached a record low of 21.4 percent in 2001. The poverty rate for the aged, which exceeded the overall poverty rate in 1959, fell quickly beginning in the 1960s. By 1999 it had reached the remarkably low level of 9.7, a decline of over 70 percent since 1959. The poverty rate for whites was below the overall poverty rate throughout the entire 1959-2002 period. It was 10.4 percent in 2002. The poverty rate for children exceeded the overall poverty rate every year between 1959 and 2002.

POVERTY RATES FOR FAMILIES[2]

Table H-5 shows the composition of the poverty population for various demographic groups for selected years between 1959 and 2002. Table H-6 presents poverty data for families and unrelated individuals (individuals living alone). Female-headed families with children and unrelated individuals are more likely to be poor than other families with children or families with aged members. In 2002, 33.6 percent of female-headed families with children were poor, compared with 7.6 percent of male-present families. Although only 6.7 percent of all families with an aged member were poor, 19.5 percent of all aged unrelated individuals were poor. About 20.7 percent of nonaged unrelated individuals were poor.

POVERTY UNDER ALTERNATIVE MEASURES OF INCOME AND PRICE INFLATION

The Census Bureau publishes data that reflect two adjustments in the official definition of poverty. The first of these is an alternative inflation adjustment. The official poverty line is based on a procedure developed in 1965 with yearly adjustments for inflation using the CPI. The CPI, in turn, is based on the yearly change in prices of goods used by most Americans. Prior to 1983, the CPI measured housing prices using a procedure that included changes in the asset value of owned homes. Because the asset value of houses was growing so much faster than the consumption value, the inflation rate that included asset values was excessive.

In 1983 the Bureau of Labor Statistics began using a rental equivalence approach to measure the value of housing. The official CPI-U inflation rate is based on the asset value of housing prior to 1983 and rental equivalence in 1983

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[2] Income figures reported in this subsection are from the March Current Population Survey (CPS) computer data files. There is a tendency in surveys, such as the CPS, for respondents to underreport their incomes by both source and amount. Reporting of income from earnings is usually more accurate than reporting of income from other sources. In general, CPS estimates of amounts or numbers of recipients of various cash and noncash transfer programs tend to be lower than administrative program totals. As a result, the data are a better reflection of general trends and patterns than of absolute numbers with income from a particular source, or the amount received. Unrelated subfamilies are included as families in this analysis. The Census Bureau excludes such families from its poverty counts.

and later. To provide a consistent time series, the Bureau constructed an experimental series, the CPI-U-X1, for 1967-82 based on rental equivalence.

The general effect of using the CPI-U-X1 is to lower inflation in past years which in turn has the effect of lowering poverty thresholds for those years. A lower threshold means that fewer people are poor. As can be seen by comparing the first two columns in Table H-7, adjusting the poverty threshold using the CPI-U-X1 reduced the official poverty rate by between 1.3 and 1.5 percentage points in most years between 1979 and 2002. In 2002, the CPI-U-X1 reduced the poverty rate by 1.3 percentage points (11 percent or 3.8 million persons).

The second adjustment in the official poverty rate made by the Census Bureau is to expand the definition of income to take into account some noncash income, including government benefits. Under the procedures by which the official poverty rate is calculated, only cash is counted in determining whether a family is poor; income from cash welfare programs counts, but benefits from food programs, medical care, social services, education and training, and housing are not included in the calculation. Moreover, because government spending on means-tested noncash benefits has increased more rapidly than spending on means-tested cash benefits over the years, ignoring noncash benefits may be an increasingly serious omission if we want a broad picture of the impact of government programs on poverty.

The question of how to value noncash benefits raises a variety of substantive and technical issues. The Census Bureau has been working on these issues, consulting with academic experts, sponsoring conferences, and issuing technical reports for many years. In 1997, the Bureau published a consistent historical data series, covering the years 1979-91, to trace the impact of a variety of taxes and noncash benefits on poverty and income. The measurement of noncash benefits extended beyond government spending for the poor to include government spending programs such as Medicare that are not means tested as well as to employer contributions to employee health plans.

To examine the impact on income and poverty of various State and Federal taxes, government noncash programs, employer-provided benefits, and so forth, the Bureau has adopted a framework that includes 15 definitions of income. By comparing income under these multiple definitions, it is possible to estimate the impact of the various income sources on the average income and the poverty rates of individuals and families.

Income definition 14 is of interest to those concerned with the impact of government means-tested, noncash benefits on poverty rates. Unlike the official poverty rate, which includes only cash government benefits, definition 14 includes the effects of State and Federal taxes, employer-provided benefits, non-means-tested government benefits, and means-tested noncash benefits including food stamps, housing, school lunch, and the fungible value of Medicaid.

TABLE H-5--COMPOSITION OF POVERTY POPULATION FOR SELECTED DEMOGRAPHIC GROUPS[1], SELECTED YEARS 1959-2002

	1959	1966	1975	1985	1990	1993	1996	1999	2000	2001	2002[5]
Aged	13.9	17.9	12.8	10.5	10.9	9.6	9.4	9.8	10.5	10.4	10.3
Children	43.6	42.6	42.1	38.8	39.5	39.5	38.8	36.7	36.0	34.8	34.4
Nonaged Adults	42.5	39.5	45.1	50.7	49.7	50.9	51.8	53.5	53.5	54.8	55.3
Individuals in Female-Headed Familes[2]	26.3	36.0	47.4	49.5	53.4	52.4	53.5	52.8	52.7	51.8	50.8
Individuals in All Other Families[2]	73.7	64.0	52.6	50.5	46.6	47.6	46.5	47.2	47.3	48.2	49.2
Blacks	25.1	31.1	29.2	27.0	29.3	27.7	26.5	25.9	25.3	24.7	24.9
Whites	72.1	67.7	68.7	69.1	66.5	66.8	67.5	68.0	68.5	69.1	67.9
Other Races	2.8	1.2	2.1	3.9	4.2	5.5	6.0	6.1	6.2	6.2	7.2
Hispanic Origin [3]	NA	NA	11.6	15.8	17.9	20.7	23.8	23.1	24.5	24.3	24.7
Individuals in Families:[4]											
With Children	NA	NA	NA	NA	68.0	68.7	66.7	63.3	61.5	60.4	60.2
Male Present	NA	NA	NA	NA	30.7	32.0	30.1	28.8	28.3	27.9	28.6
Female-Headed	NA	NA	NA	NA	37.2	36.7	36.5	34.5	33.3	32.5	31.5
Individuals in All Other Families	NA	NA	NA	NA	32.0	31.3	33.3	36.7	38.5	39.6	39.8

[1] Demographic data are for March of the following year.

[2] Includes unrelated or single individuals.

[3] Hispanic Origin may be of any race, therefore numbers add to more than 100 percent.

[4] Family includes related children under the age of 18.

[5] 2002 data are not directly comparable to earlier years. Beginning in 2002, CPS respondents could for the first time on the CPS Report belonging to more than one racial group. The 2002 categories for black and whites represent respondents who reported a single race. In earlier years, persons of mixed race may have reported themselves as being black, white, or some other race.

NA- Not available.

Source: 1959-1985 estimates based on data from 'Money Income and Poverty Status of Families and Persons in the United States 1985,' p. 60 No. 157. 1986-2002 data from March; Current Population Survey; table prepared by CRS.

TABLE H-6--POVERTY RATES BY FAMILY TYPE, SELECTED YEARS 1987-2002, AND PERCENTAGE OF FAMILIES AND UNRELATED INDIVIDUALS BY RATIO OF TOTAL INCOME TO POVERTY THRESHOLD, 2002 [1, 2]

Family Type	Poverty Rate						Ratio of Total Income to Poverty Threshold, 2002							
	1987	1990	1993	1996	1999	2002	Under 0.50	0.50 to 0.99	1.00 to 1.24	1.25 to 1.49	1.50 to 1.99	2.00 to 2.99	3.00 and Over	2002 Total (Thousands)
Total:														
Families	11.0	11.1	12.7	11.3	9.5	9.7	3.9	5.8	3.7	4.2	8.5	17.0	56.9	76,142
Unrelated individuals	20.4	20.7	22.1	20.8	19.1	20.4	9.2	11.2	6.3	7.3	10.4	17.9	37.7	47,156
No members age 65 or older:														
Families	11.9	12.2	14.0	12.4	10.1	10.4	4.4	6.0	3.6	4.0	7.7	15.7	58.5	61,528
Unrelated individuals	19.1	19.1	21.3	20.7	18.9	20.7	11.1	9.6	4.6	5.6	8.4	17.9	42.9	35,820
Any member age 65 or older:														
Families	7.2	6.4	7.0	6.4	5.4	6.7	1.8	4.8	4.0	5.1	11.7	22.3	50.2	14,614
Unrelated individuals	23.9	24.7	24.1	20.9	19.7	19.5	3.2	16.3	11.8	12.6	16.8	18.0	21.3	11,336
Families with children:														
Female headed, no husband present	46.3	45.3	46.7	42.3	36.0	33.6	16.2	17.4	8.9	7.7	12.9	18.6	18.3	9,821
Male-present	8.1	8.5	9.9	8.5	7.1	7.6	2.4	5.2	3.7	4.4	8.9	18.2	57.2	29,529

[1] Based on Census "Orshansky" Poverty Levels.

[2] Unrelated subfamilies are treated as separate families. Related subfamilies are not treated as separate, but as members of the primary family with which they reside..

Source: Current Population Survey, table prepared by Congressional Research Service.

TABLE H-7 -- POVERTY UNDER ALTERNATIVE MEASURES OF PRICE INCOME AND INFLATION, SELECTED YEARS 1980-2002

Year	Poverty Rate			Percentage Reduction in Official Poverty Associated With:	
	Official (CPI-U)	Using CPI-U-X1	CPI-U-X1 With Noncash Benefits[1]	CPI-U-X1	CPI-U-X1 With Noncash Benefits[1]
1980	13.0	11.5	8.6	11.5	33.8
1985	14.0	12.5	10.1	10.7	27.9
1990	13.5	12.1	9.5	10.4	29.6
1991	14.2	12.7	9.9	10.6	30.3
1992	14.8	13.4	10.5	9.5	29.1
1993	15.1	13.7	10.7	9.3	29.1
1994	14.5	13.2	9.8	9.0	29.7
1995	13.8	12.3	9.0	10.9	34.8
1996	13.7	12.2	8.9	10.9	35.0
1997	13.3	11.8	8.8	11.3	33.8
1998	12.7	11.3	8.2	11.0	35.4
1999[2]	11.9	10.6	7.7	10.9	35.3
2000[3]	11.3	10.3	7.6	8.8	32.7
2001	11.7	10.4	7.8	11.1	33.3
2002	12.1	10.8	8.2	10.7	32.2
Percent change, 1980-2002	-6.9	-6.1	-4.7	NA	NA

[1] Including income from capital gains, health insurance supplements to wage or salary income, non-means-tested and means-tested government noncash transfers, the value of Medicare, the value of regular-price school lunches, the value of Medicaid, the earned income tax credit (EIC), less Social Security payroll taxes, less Federal income taxes (excluding the EIC), less State income taxes.

[2] Reflecting Census 2000-Based population controls.

[3] Reflecting Census 2000-Based population controls and a 28,000 household expansion.

NA- Not available.

Source: U.S. Census Bureau (2003 and various years).

The question of whether to include medical benefits when measuring poverty has great implications on poverty rates. The valuation of medical benefits is particularly difficult. Most poverty experts believe that medical coverage should not by itself raise poor individuals above the poverty line or constitute a major portion of the poverty threshold. The development of the poverty thresholds did not take into account medical costs. Although poor persons are clearly better off with medical coverage, such benefits cannot be used by recipients to meet other needs of daily living. Also, since health insurance costs are not imputed to the incomes of those above poverty, it seems inappropriate to count health benefits as income for those below the poverty line.

POVERTY BY METRO AREA AND STATE

Tables H-8 and H-9 present poverty rates for non-metro and metro areas and by race in non-metro and metro areas respectively. Table H-8 shows that over the period depicted poverty rates in nonmetro areas have consistently been several percentage points higher than in metro areas, but several percentage points lower than in central cities only, which consistently have had the highest poverty rates. For all three areas, poverty rates in 2002 are well below their most recent 1993 peak rates in all three areas. For nonmetro areas, the 2002 poverty rate was 17 percent below its 1993 value; for metro areas, 21 percent below; and for central cities only, 22 percent below.

TABLE H-8 -- POVERTY RATES IN NONMETRO AND METRO AREAS, SELECTED YEARS 1980-2002

[In Percent]

Year	Nonmetro	Metro	
		Total	Central Cities Only
1980	15.4	11.9	17.2
1985	18.3	12.7	19.0
1990	16.3	12.7	19.0
1991	16.1	13.7	20.2
1992[1]	16.9	14.2	20.9
1993	17.2	14.6	21.5
1994	16.0	14.2	20.9
1995	15.6	13.4	20.6
1996	15.9	13.2	19.6
1997	15.9	12.6	18.8
1998	14.4	12.3	18.5
1999	14.2	11.2	16.4
2000[2]	13.4	10.8	16.1
2001	14.2	11.1	16.5
2002	14.2	11.6	16.7

[1] For 1992, figures are based on 1990 Census population controls.

[2] Data for 2000 are consistent with 2001 data through implementation of Census 2000-based population controls and a 28,000 sample expansion to the March Current Population Survey.
Source: U.S. Census Bureau (2003 and various years).

Table H-9 shows that despite recent progress, poverty among blacks and Hispanics remains much higher than poverty among whites in metro areas, non-metro areas, and inner cities.

Table H-10 presents poverty rates by State for 1988-2002, based on 3-year averages. The data are shown as 3-year averages due to poor statistical reliability of State poverty rates in a single year, resulting from small sample sizes.

TABLE H-9 -- PERCENTAGE OF PERSONS IN POVERTY BY RACE, BY METRO AND NONMETRO RESIDENCE, 2002

Race	Nonmetro	Metro	
		Total	Central Cities Only
All Races	14.2	11.6	16.7
White only, non-Hispanic	11.0	7.2	9.1
Black only, non-Hispanic	33.3	22.9	27.0
Hispanic[1]	26.7	21.4	25.1

[1] Persons of Hispanic origin may be of any race.

Source: U.S. Census Bureau (2003).

TRENDS IN FAMILY COMPOSITION AND INCOME, 1967-2002

In the past 30 years, the level of and inequality among family incomes has changed significantly according to all income measures. Between 1967 and 1973, income increased for all quintiles, and income inequality went down. As measured by the Congressional Budget Office, over this time period the lowest quintile experienced an increase in mean adjusted family income (AFI; family income divided by the poverty threshold for the appropriate family size) of 30 percent, while income for the highest quintile grew by 21 percent. Since 1973, income of the bottom quintile declined through the remainder of the 1970s and the 1980s, and rose modestly in the 1990s. Income for the highest quintile has risen through this period.

While the general trends in families' economic well-being are similar regardless of how measured, varying results for the distribution of family incomes are obtained depending on which income measure is used. Three commonly used income measures (all adjusted for inflation) are family cash income, family cash income per capita, and AFI. While no measure perfectly captures the economic well-being of families, AFI most accurately accounts for differences in family size by incorporating the scale implicit in the official Federal poverty thresholds.

Family composition in the United States has undergone pronounced changes since 1973 (Table H-11). The number of married couples with children has been almost flat since 1973. By contrast, the number of families headed by a single mother grew by 93 percent over the entire 1973-2000 period, the number of non-elderly childless units grew by 105 percent, and the number of elderly childless units grew by 61 percent.

Changes in family composition also are reflected in the number of persons and earners per family. The average family has become smaller, reflecting in part relatively fewer families with children (and fewer children in those families). The average family also had fewer earners in 2000 than in 1973.

TABLE H-10 -- STATE POVERTY RATES: 3-YEAR AVERAGES, 1988-2002

State	1988-1990	1990-1992	1992-1994	1994-1996	1996-1998	1998-2000	2000-2002
Alabama	19.1	18.4	17.0	16.8	14.7	14.6	14.6
Alaska	11.0	11.1	9.8	8.5	8.8	8.3	8.3
Arizona	14.0	14.5	15.7	17.5	18.1	13.6	13.3
Arkansas	19.8	18.1	17.6	15.8	17.2	15.8	18.0
California	13.3	15.1	17.5	17.2	16.3	14.0	12.8
Colorado	12.8	11.6	9.9	9.5	9.3	8.5	9.4
Connecticut	4.3	8.0	9.7	10.7	9.9	7.6	7.8
Delaware	8.5	7.3	8.8	9.1	9.5	9.8	8.1
District of Columbia	18.1	20.0	22.6	22.5	22.7	17.3	16.8
Florida	13.5	15.0	16.1	15.1	13.9	12.1	12.1
Georgia	14.9	16.9	15.1	13.6	14.3	12.6	12.1
Hawaii	11.1	9.9	9.3	10.4	12.3	10.5	10.6
Idaho	13.3	14.6	13.4	12.8	13.2	13.3	11.8
Illinois	13.0	14.2	13.9	12.3	11.1	10.5	11.2
Indiana	12.3	13.5	12.6	10.3	8.6	8.2	8.7
Iowa	10.0	10.4	10.8	10.8	9.4	7.9	8.3
Kansas	9.7	11.2	13.0	12.3	10.1	10.4	9.4
Kentucky	17.0	18.6	19.5	16.7	15.5	12.5	13.1
Louisiana	23.2	22.3	25.5	22.0	18.6	18.6	17.0
Maine	12.2	13.5	12.8	10.6	10.6	9.8	11.3
Maryland	9.6	10.2	10.7	10.4	8.6	7.3	7.3
Massachusetts	9.3	10.6	10.2	10.3	10.3	10.2	9.6
Michigan	13.2	14.0	14.4	12.5	10.8	10.2	10.3
Minnesota	11.6	12.6	12.1	10.2	9.9	7.8	6.5
Mississippi	25.0	24.6	23.1	21.3	18.3	15.5	17.6
Missouri	12.9	14.6	15.8	11.5	10.4	9.7	9.6
Montana	15.5	15.1	13.4	14.6	16.4	16.0	13.7
Nebraska	11.1	10.0	9.9	9.5	10.8	10.6	9.5
Nevada	9.7	11.9	11.9	10.1	9.9	10.0	8.3
New Hampshire	6.9	7.4	8.8	6.5	8.4	7.4	5.6

New Jersey	7.9	9.6	10.1	8.7	9.0	8.1	7.8
New Mexico	21.1	21.4	20.0	24.0	22.4	19.3	17.8
New York	13.4	15.0	16.4	16.7	16.6	14.7	14.0
North Carolina	12.6	14.4	14.8	13.0	12.5	13.2	13.1
North Dakota	12.5	13.4	11.2	11.1	13.2	12.7	11.9
Ohio	11.5	12.4	13.2	12.8	11.6	11.1	10.1
Oklahoma	15.9	17.0	18.5	16.8	14.8	14.1	14.7
Oregon	10.3	11.3	11.7	11.6	12.8	12.8	11.2
Pennsylvania	10.6	11.2	12.5	12.1	11.3	9.9	9.2
Rhode Island	8.0	10.0	11.3	10.6	11.8	10.0	10.3
South Carolina	16.2	17.2	17.2	15.6	13.3	11.9	13.5
South Dakota	13.6	14.0	14.6	13.6	13.0	9.3	10.2
Tennessee	17.8	16.5	17.1	15.3	14.5	13.3	14.2
Texas	17.0	17.1	18.3	17.7	16.1	14.9	15.3
Utah	8.7	10.1	9.4	8.0	8.5	8.1	9.3
Vermont	9.0	11.3	9.4	10.2	10.6	10.1	9.9
Virginia	10.9	10.1	10.0	11.1	11.3	8.1	8.7
Washington	9.1	9.8	11.7	12.0	10.0	9.4	10.8
West Virginia	17.2	19.4	21.0	17.9	17.6	15.8	16.0
Wisconsin	8.5	10.0	10.8	8.8	8.6	8.8	8.6
Wyoming	10.5	10.4	11.0	11.1	12.0	11.0	9.5
Total	13.1	14.1	14.5	14.0	13.2	11.9	11.7

Source: U.S. Census Bureau (2003).

DEFINITIONS AND METHODS

Analyzing trends in the distribution of family incomes over time requires making decisions about a number of variables: How should variation in incomes be measured? What is the appropriate timeframe over which to examine changes? How should inflation be taken into account? And, finally, what is the appropriate measure of income to use?

Measuring Variation

Most of the data in this section are presented for income quintiles, each of which represents one-fifth of the income distribution (either families or persons, as indicated). Quintiles are calculated by ordering all relevant family units from those with the lowest income to those with the highest. For the analysis of changes in incomes among different types of families, quintiles are defined separately for each family type.

The analysis of changes in the distribution of family incomes over time is done by examining average incomes, adjusted for inflation, by income quintile for specific types of families.

Timeframe

Most of the analysis focuses on data for 4 years: 1973, 1979, 1989, and 2000. The first 3 years reflect peaks in the business cycle, and allow comparisons to be made across time periods in which general economic conditions were broadly similar. Information also is presented for 2000, the most recent year for which data are available.

Income data provided by the Census Bureau to outside researchers are frequently limited in certain ways both to protect confidentiality and to reduce the impact of reporting and coding errors on statistical calculations. Beginning with information for 1995, the Census Bureau substantially increased the maximum earnings it reports for individuals on public-use computer files. As a result, comparisons of incomes for high-income individuals and families in years before and after 1995 may reflect actual differences in their economic circumstances, differences in the way their income is coded, or both.

To account for this reporting change, income data for 2000 are presented here in two ways. First, individuals' earnings for 2000 are limited to (or top-coded at) the same inflation-adjusted value they were limited to in 1989 ($99,999 in 1989; $138,870 in 2000.) Second, individuals' earnings in 2000 are presented the same way they are reported on the Census Bureau's public-use files ($1 million upper limit).

Adjustment for inflation

To examine changes in family income over time, the dollar amounts must be adjusted for inflation to compare actual buying power. Adjustment for inflation is done here using the CPI-U-X1, a revised version of the official Consumer Price Index that provides a consistent treatment of the costs of home

ownership over the years examined. The CPI-U-X1 is an index of the cost of a market basket of goods and services representing the average consumption of the urban population (Table H-7).

INCOME MEASURE

The purpose of examining the distribution of family incomes over time is to analyze changes in family economic well-being. Two important issues in choosing an appropriate income measure are how to adjust for differences in family size and what to include as income.

One measure is real family cash income, which is the sum of wage, salary, and self-employment earnings, private pension and retirement income, interest and dividends, and government cash transfers received by each family member. By this measure, which takes inflation into account but not changes in family size, noncash transfers, or taxes, the average income of families increased throughout the 1973-2000 period (Table H-12, top panel). However, the increases were uneven over time and among families with different levels of income. Regarding the former, the period from 1973 to 1979 was one of relatively slow growth in family income while the period from 1979 to 1989 saw more rapid growth. The period from 1989 to 2000 saw growth roughly comparable to the prior decade under one measure and more robust growth under the income measure that allows more income in the top quintile. It is notable that for the 60 percent of American families in the middle- and upper-income quintiles, average income growth over the decade of the 1980s is stronger than growth during the preceding period, when a similar method of computing income in the upper quintile is used for both periods. Further, average income growth during the period 1989-2000 exceeded growth during the 1980s across all income quintiles, with the exception of the highest, when using this comparable measure.

These figures for mean family growth over the three periods mask very large differences in the patterns of growth in the five income quintiles. The table shows clearly that progress in family income over the 1973-89 period was negative for the bottom two income quintiles. This was reversed by modest increases in income for these two quintiles from 1989 through 2000. By contrast, growth was consistently substantial for the upper two income quintiles, especially after 1979.

TABLE H-11-FAMILY COMPOSITION AND NUMBER OF EARNERS PER FAMILY, SELECTED YEARS 1973-2000

Family group	Year				Percent change		
	1973	1979	1989	2000	1973-79	1979-89	1989-2000
Distribution of families by family type (in thousands):							
Families with children	31,098	32,166	34,768	37,823	3.4	8.1	8.8
Married couples with children	24,798	24,166	24,378	25,096	-2.5	0.9	2.9
Single mothers with children	4,126	5,650	7,123	7,968	36.9	26.1	11.9
Nonelderly childless units[1]	28,183	35,730	46,467	57,709	26.8	30.1	24.2
Elderly childless units[2]	13,884	16,331	20,428	22,384	17.6	25.1	9.6
Total number of families	73,166	84,229	101,663	117,917	15.1	20.7	16.0
Distribution of persons by family type (in thousands):							
Families with children	134,248	130,426	135,381	148,866	-2.8	3.8	10.0
Married couples with children	108,976	101,318	99,471	104,705	-7.0	-1.8	5.3
Single mothers with children	14,240	18,132	21,504	23,808	27.3	18.6	10.7
Nonelderly childless units[1]	40,148	60,514	77,025	90,414	20.7	27.3	17.4
Elderly childless units[2]	23,129	26,778	33,440	36,519	15.8	24.9	9.2
Total number of persons	207,525	217,718	245,846	275,799	4.9	12.9	12.2
Average number of persons per family:							
Under 18	0.94	0.75	0.63	0.61	-20.2	-16.1	-3.1
18-64	1.64	1.55	1.50	1.45	-5.5	-3.4	-3.2
65 and older	0.30	0.28	0.29	0.28	-6.7	3.9	-3.7
Total	2.87	2.59	2.42	2.34	-9.8	-6.6	-3.2
Average number of earners per family:							
Male earners	0.81	0.75	0.69	0.65	-7.4	-8.5	-5.3
Female earners	0.57	0.59	0.58	0.58	3.5	-1.1	0.0
Total	1.39	1.34	1.27	1.23	-3.6	-5.2	-2.9

[1] Families in which both the head and spouse are under age 65 and there are no children under 18, and unrelated individuals under age 65.
[2] Families in which either the head or the spouse is 65 or older and there are no children under 18, and unrelated individuals 65 and older.
Source: Congressional Budget Office based on data from the March 1974, 1980, 1990, and 2001 Current Population Surveys.

TABLE H-12 -- ALTERNATIVE MEASURES OF FAMILY INCOME BY INCOME QUINTILE AND CHANGE OVER TIME, SELECTED YEARS 1967-2000 FOR ALL FAMILIES

[In 2000 dollars]

Income measure and quintile	1967	1973	1979	1989	2000[1]	2000[2]	Percent change			
							1973-79	1979-89	1989-2000[1]	1989-2000[2]
Mean family cash income (family weighted):										
Lowest	NA	$8,417	$8,324	$8,146	$8,216	$8,216	-1.1	-2.1	0.9	0.9
Second	NA	21,408	21,256	20,979	21,567	21,567	-0.7	-1.3	2.8	2.8
Middle	NA	35,980	35,563	35,861	36,576	36,576	-1.2	0.8	2.0	2.0
Fourth	NA	52,696	53,715	56,068	59,657	59,657	1.9	4.4	6.4	6.4
Highest	NA	92,160	94,752	107,925	118,760	132,487	2.8	13.9	10.0	22.8
Total	NA	42,135	42,722	45,797	48,955	51,701	1.4	7.2	6.9	12.9
Mean adjusted family income (person weighted): [3]										
Lowest	0.69	0.90	0.90	0.86	0.92	0.92	0	-4.3	6.8	6.8
Second	1.54	1.94	2.06	2.09	2.22	2.22	6.2	1.3	6.4	6.4
Middle	2.26	2.82	3.07	3.27	3.49	3.49	8.9	6.7	6.6	6.6
Fourth	3.16	3.94	4.32	4.77	5.21	5.21	9.6	10.4	9.3	9.3
Highest	5.67	6.87	7.39	8.84	9.90	11.20	7.60	19.6	12.0	26.7
Total	2.66	3.29	3.55	3.97	4.35	4.61	7.90	11.7	9.6	16.2

[1] Individuals' earnings in 2000 are limited to $138,870. That topcoded value is equal to the 1989 topcoded value ($99,999) adjusted for inflation.

[2] Individuals' earnings in 2000 are as reported on Census public-use files (which use a topcoded value of $1 million).

[3] Family income divided by the poverty threshold. Thresholds are based on the 1989 distribution of family sizes, with no adjustment for the age of the head of the household or the number of children.

NA- Not available.

Note- Income is pretax income.

Source: Congressional Budget Office tabulations of data from the March Current Population Survey, 1968, 1974, 1980, 1990, 2001.

Examining the income data by quintiles also shows why the two measures of computing family income for the 1989 through 2000 period yield such different estimates of income growth; namely, $45,797 to $48,955 or 6.9 percent under one definition versus $45,797 to $51,701 or 12.9 percent under the other. Not surprisingly, the decision to allow more income at the top of the distribution has an impact only on the top income quintile (see the last two columns of the top panel). More specifically, income growth in the top quintile under the more restricted income definition is only from $107,925 to $118,760 or 10.0 percent, whereas growth under the broader income definition used by the Congressional Budget Office starting in 1995 is from $107,925 to $132,487 or 22.8 percent. Thus, the difference in the two measures of average family income growth over the 1989-2000 period is accounted for entirely by the top quintile.

Family cash income has several shortcomings as a measure of change in economic well-being. Most notably, it fails to take into account change in family size and composition: a family of one with $30,000 in income is treated as being as well off as a family of four with $30,000 in income. This assumption is inappropriate, however, as a family of four requires more income to attain the same standard of living as a single person.

An alternative approach to measuring family economic well-being is to take advantage of the family size adjustment implicit in the official Federal poverty thresholds. This scale assumes, for example, that a family of four needs about twice as much income as a single person to attain an equivalent standard of living (Table H-13). The equivalence scale implicit in the poverty thresholds may not perfectly capture the disparate needs of families of different sizes, but it yields a better assessment of relative economic well-being than making no adjustment (mean family cash income) or assuming no economies of scale (mean family cash income per capita).

The AFI measure shown in the second panel of Table H-12 incorporates the equivalence scale underlying the poverty thresholds. Each family's pretax cash income is divided by its poverty threshold, yielding family income as a multiple of poverty. Thus, for example, the average family in the middle quintile in 2000 had an income of 3.49 times its poverty threshold.[3]

By taking family size into account, the AFI measure greatly reduces the income losses in the bottom two quintiles over the 1973-89 period. In fact, it completely eliminates income losses in the second quintile. It also increases the income gains experienced by the top three income quintiles. The obvious conclusion to be drawn from the comparison of the two income definitions is that taking family size into account substantially improves the picture of family income changes over the years since 1973. However, as Chart H-1 shows, the difference in income between the top and bottom quintiles, even under the AFI measure, grew substantially throughout the 1973-2000 period.

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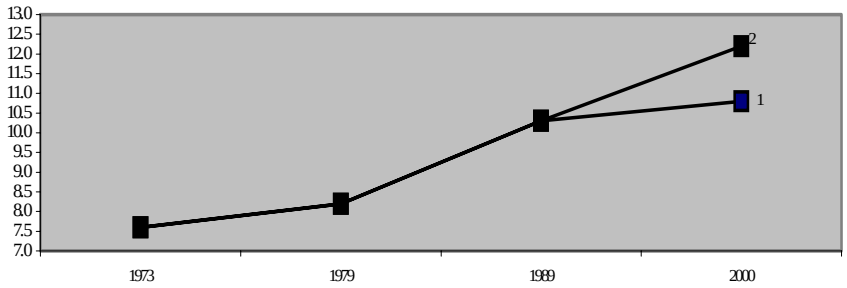
[3] Poverty thresholds for one- and two-person families in this section do not vary by the age of the family head. The 1989 weighted averages are adjusted for inflation using the CPI-U-X1.

CHART H-1--RATIO OF AVERAGE ADJUSTED FAMILY INCOME OF HIGHEST QUINTILE TO AVERAGE ADJUSTED FAMILY INCOME OF LOWEST QUINTILE, 1973-2000



[1] Individuals' earning in 2000 are limited to $138,780. That topcoded value is equal to the 1989 topcoded value ($99,999) adjusted for inflation.
[2] Individuals' earnings in 2000 are as reported on Census public-use files (which use a topcode value of $1 million).
Source: Congressional Budget Office.

INCOME SHARES

Another way of tracking income trends is to look at changes in the percentage share of income received by families in each quintile. Income shares measure whether families have gained or lost in relative terms. That is, a given quintile may receive a smaller share of real income even as its average income has increased.

All three income measures (family cash income, AFI, family income per capita) show broadly similar trends in the share of income received by each quintile (Table H-14). In general, between 1973 and 2000, the shares of the lowest four quintiles fell, and the share of the top quintile rose. The measures show somewhat different patterns of shares at any point in time, however. For example, in 2000 the top quintile had 48.5 percent of income under the family cash income definition, but 45.5 percent under the AFI definition. In that same year, the bottom quintile had 3.4 percent under the family cash income definition, but 4.2 percent under the AFI definition. Even so, the income shares analysis, like the other analyses in this section, generally shows that the top quintile had an increasing percentage of the income pie over the period 1973-2000.

TABLE H-13 -- POVERTY THRESHOLDS AND EQUIVALENCE VALUES FOR DIFFERENT FAMILY SIZES, 2000

Family size (persons)	Official Poverty Threshold	Adjusted Poverty Threshold	Equivalence Value[1]
1	$8,794	$8,064	1.0
2	11,239	10,319	1.3
3	13,738	12,631	1.6
4	17,603	16,196	2.0
5	20,819	19,154	2.4
6	23,528	21,621	2.7
7	26,754	24,485	3.0
8	29,701	27,252	3.4
9 or more	36,060	32,557	4.1

[1] Equivalence value is calculated on the official poverty thresholds. Values would be slightly different using the adjusted poverty threshold because of different numbers of children in a family of a given size.
Note- Poverty thresholds shown for one- and two-person families are a weighted average of the separate official thresholds for elderly and nonelderly individuals and families. Adjusted thresholds are computed using the CPI-U-X1 to adjust for inflation. The official poverty threshold is adjusted for inflation using the Consumer Price Index (CPI).

Source: Congressional Budget Office.

TABLE H-14 -- SHARES OF FAMILY INCOME BY INCOME QUINTILE FOR ALL FAMILIES, SELECTED YEARS 1967-2000

[In Percent]

Income measure and quintile	1967	1973	1979	1989	2000[1]	2000[2]
Family cash income (family weighted):						
Lowest	NA	4.0	3.9	3.6	3.4	3.2
Second	NA	10.2	10.0	9.2	8.8	8.3
Middle	NA	17.1	16.6	15.7	14.9	14.1
Fourth	NA	25.0	25.1	24.5	24.4	23.1
Highest	NA	43.7	44.4	47.1	48.5	51.3
Adjusted family income (person weighted):[3]						
Lowest	5.2	5.5	5.1	4.3	4.2	4.0
Second	11.6	11.8	11.6	10.5	10.2	9.6
Middle	16.9	17.1	17.3	16.5	16.1	15.1
Fourth	23.7	23.9	24.3	24.0	24.0	22.6
Highest	42.6	41.7	41.7	44.6	45.5	48.6

[1] Individuals' earnings in 2000 are limited to $138,870. That topcoded value is equal to the 1989 topcoded value ($99,999) adjusted for inflation.
[2] Individuals' earnings in 2000 are as reported on Census public-use files (which use a topcoded value of $1 million).
[3] Family income divided by the poverty threshold. Thresholds are based on the 1989 distribution of family sizes, with no adjustment for the age of the head of the household or the number of children.
Source: Congressional Budget Office tabulations of data from the March Current Population Survey, 1968, 1974, 1980, 1990, 2001.

TRENDS IN PRETAX CASH INCOMES BY TYPE OF FAMILY

As we have seen (Table H-11), the composition of the typical family has changed over time. Compared with 1973 and 1979, there were fewer persons in each family in 2000, on average, and married couples with children made up a smaller fraction of all families (Table H-15). Additional insights can therefore be gained by looking at changes in incomes for specific family types. This analysis distinguishes six types of family units:

1. *Married couples with children,* which are families composed of a married couple living only with their own or related children, at least one of whom is under age 18;
2. *Single mothers with children,* which are families composed of unmarried, divorced, separated, or widowed mothers living only with their own or related children, at least one of whom is under age 18;
3. *Non-elderly childless families,* which are families composed of two or more related people living together, in which the family head and the spouse of the head are both under age 65 and there are no children under age 18;
4. *Non-elderly unrelated individuals,* which are people over age 17 and under age 65 who are not living with relatives;
5. *Elderly childless families,* which are families composed of two or more related people living together, in which either the family head or the spouse of the head is 65 or older and there are no children under age 18; and
6. *Elderly unrelated individuals,* which are people 65 or older who are not living with relatives.

TABLE H-15--AVERAGE FAMILY SIZE AND NUMBER OF FAMILIES[1] BY FAMILY TYPE, WEIGHTED BY FAMILIES, SELECTED YEARS 1973-2000

Family type and year	Persons per family	Number of families (thousands)	Percent of families
All families:[1]			
1973	2.87	73,166	100.0
1979	2.59	84,229	100.0
1989	2.42	101,663	100.0
2000	2.34	117,917	100.0
All families with children:			
1973	4.35	31,098	42.5
1979	4.09	32,166	38.2
1989	3.89	34,768	34.2
2000	3.94	37,823	32.1
Married couples with children:			
1973	4.42	24,798	33.9
1979	4.23	24,166	28.7
1989	4.08	24,378	24.0
2000	4.17	25,096	21.3

TABLE H-15--AVERAGE FAMILY SIZE AND NUMBER OF FAMILIES,[1] BY FAMILY TYPE, WEIGHTED BY FAMILIES, SELECTED YEARS 1973-2000-continued

Family type and year	Persons per family	Number of families (thousands)	Percent of families
Single mothers with children:			
1973	3.50	4,126	5.6
1979	3.24	5,650	6.7
1989	3.02	7,123	7.0
2000	2.99	7,968	6.8
Nonelderly childless units:			
1973	1.76	28,183	38.5
1979	1.68	35,730	42.4
1989	1.66	46,467	45.7
2000	1.57	57,710	48.9
Nonelderly childless families:			
1973	2.32	16,363	22.4
1979	2.35	17,931	21.3
1989	2.44	21,257	20.9
2000	2.40	23,354	19.8
Nonelderly unrelated individuals:			
1973	1.00	11,820	16.2
1979	1.00	17,799	21.1
1989	1.00	25,210	24.8
2000	1.00	34,355	29.1
Elderly childless units:			
1973	1.64	13,884	19.0
1979	1.62	16,331	19.4
1989	1.64	20,428	20.1
2000	1.63	22,384	19.0
Elderly childless families:			
1973	2.17	7,590	10.4
1979	2.16	8,676	10.3
1989	2.23	10,600	10.4
2000	2.40	11,733	10.0
Elderly unrelated individuals:			
1973	1.00	6,294	8.6
1979	1.00	7,655	9.1
1989	1.00	9,828	9.7
2000	1.00	10,651	9.0

[1] Corresponds more closely to Census definition of household. Includes families of one person.
Source: Congressional Budget Office tabulations of data from the March Current Population Survey, 1974, 1980, 1990, and 2001.

In addition, results also are presented for four aggregates:

1. *All families with children*, which comprises married couples, single mothers, and other families with children;
2. *Nonelderly childless units*, which comprises nonelderly childless families and non-elderly unrelated individuals;
3. *Elderly childless units*, which comprises elderly childless families and elderly unrelated individuals; and
4. *All families*, which comprises all families and unrelated individuals (i.e., the noninstitutional U.S. population).

Unless otherwise noted, the analysis of changes in income for each family type listed above is based on quintiles computed for that family type. This procedure permits comparisons within, but not across, family types; the quintile in which a particular family is found says nothing about its place among all families, but measures its position in relation to families of the same type. For example, individuals in the middle quintile of single mothers with children may be in the lowest quintile of the all-families grouping.

Comparisons over time show how the incomes of families of a given type compare with similar families at another time, not how incomes have changed for a particular type of family. Families may move among income quintiles as their incomes—or the incomes of other families—rise or fall; they also may change types as their members grow older, have children, marry, or divorce. In addition, the average number of members and earners within a given type of family may change over time, as may the characteristics of those persons.

PRETAX ADJUSTED FAMILY INCOME

Trends in incomes for different family types show more variation than trends for families overall. Between 1973 and 1979, adjusted family income (AFI) grew 12.2 percent, on average, for all families with children (Table H-16). This compares with an income gain of only 7.9 percent for all families. For families with children, average AFI fell 4.5 percent during this period for the lowest quintile, from 88 percent of poverty to 84 percent of poverty. For the highest quintile, average AFI rose 7.3 percent, compared with 7.6 percent for all families. During the 1979-89 period, the bottom two quintiles of families with children experienced reduced income, by 11.7 percent and 4.1 percent respectively for the lowest and second quintiles; meanwhile, the highest quintile had an income increase of 17.0 percent. These losses at the bottom were greater for families with children than for all families.

Most of the divergence in incomes among families with children reflects compositional change, as families of single mothers with children became increasingly common (Table H-11). The lowest quintile of married couples with children had a 3.0-percent decline in average AFI between 1979 and 1989; the lowest quintile of single mothers with children fared much worse, with a 22.0-percent decline during the same period. These two family types as a whole, however, showed income gains over the period: 11.2 percent for married couples with children and 3.3 percent for single mothers with children. More recently, during the 1989-2000 period, all quintiles of both family types have experienced rising incomes. Single mothers in the bottom experienced the greatest increases in income, far exceeding increases among married families with children during this period. These developments in the bottom quintiles are almost certainly due to increased work by poor and low-income mothers in general and by mothers leaving welfare in particular (see Appendix L).

TABLE H-16 -- AVERAGE PRETAX ADJUSTED FAMILY INCOME (INCOME AS A MULTIPLE OF POVERTY) BY FAMILY TYPE AND INCOME QUINTILE, WEIGHTED BY PERSONS, SELECTED YEARS 1967-2000

Family type and quintile	Year						Percent Change			
	1967	1973	1979	1989	2000[1]	2000[2]	1973-1979	1979-1989	1989-2000[1]	1989-2000[2]
All families:										
Lowest	0.69	0.90	0.90	0.85	0.92	0.92	0.00	-4.30	6.80	6.80
Second	1.54	1.94	2.06	2.09	2.22	2.22	6.20	1.30	6.40	6.40
Middle	2.26	2.82	3.07	3.27	3.49	3.49	8.90	6.70	6.60	6.60
Fourth	3.16	3.94	4.32	4.77	5.21	5.21	9.60	10.40	9.30	9.30
Highest	5.67	6.87	7.39	8.84	9.90	11.20	7.60	19.60	12.00	26.70
Total	2.66	3.29	3.55	3.97	4.35	4.61	7.90	11.70	9.60	16.20
All families with children:										
Lowest	0.74	0.88	0.84	0.74	0.84	0.84	-4.50	-11.70	13.30	13.30
Second	1.54	1.88	1.95	1.87	2.04	2.04	3.70	-4.10	9.10	9.10
Middle	2.13	2.65	2.84	2.93	3.20	3.20	7.20	3.30	9.10	9.10
Fourth	2.84	3.54	3.85	4.14	4.69	4.69	8.80	7.50	13.30	13.30
Highest	4.77	5.73	6.15	7.20	8.60	10.07	7.30	17.00	19.50	39.90
Total	2.40	2.94	3.30	3.38	3.87	4.17	12.20	2.30	14.70	23.50
Married couples with children:										
Lowest	0.89	1.16	1.18	1.14	1.24	1.24	1.70	-3.00	8.30	8.30
Second	1.66	2.12	2.29	2.34	2.57	2.57	8.00	2.00	10.00	10.00
Middle	2.23	0.84	3.12	3.34	3.77	3.77	9.90	7.10	12.80	12.80
Fourth	2.93	3.71	4.11	4.52	5.27	5.27	10.80	10.10	16.50	16.50
Highest	4.88	5.94	6.41	7.67	9.19	11.25	7.90	19.70	19.80	46.60
Total	2.52	3.15	3.42	3.80	4.41	4.82	8.60	11.20	15.90	26.70
Single mothers with children:										
Lowest	0.21	0.33	0.32	0.25	0.31	0.31	-3.00	-22.00	24.20	24.20
Second	0.59	0.71	0.75	0.64	0.89	0.89	5.60	-14.00	38.00	38.00
Middle	0.91	1.03	1.22	1.14	1.48	1.48	18.40	-6.10	29.30	29.30
Fourth	1.45	1.67	2.01	2.03	2.37	2.37	20.40	0.90	16.90	16.90
Highest	2.78	3.29	3.65	4.14	4.84	4.97	10.90	13.60	16.70	19.90
Total	1.19	1.41	1.59	1.64	1.98	2.00	12.80	3.30	20.40	22.00

Nonelderly childless units:										
Lowest	0.80	1.22	1.24	1.19	1.06	1.06	1.60	-3.70	-11.30	-11.30
Second	2.19	2.81	2.91	2.94	2.88	2.88	3.60	1.00	-2.00	-2.00
Middle	3.28	4.09	4.27	4.45	4.48	4.48	4.40	4.30	0.60	0.60
Fourth	4.47	5.49	5.78	6.29	6.54	6.54	5.30	8.80	4.00	4.00
Highest	7.42	8.95	9.35	10.94	11.91	13.28	4.50	17.00	8.80	21.40
Total	3.63	4.51	4.71	5.16	5.37	5.65	4.40	9.60	4.10	9.40
Nonelderly childless families:										
Lowest	1.03	1.74	1.85	1.80	1.85	1.85	6.30	-2.80	2.90	2.90
Second	2.47	3.31	3.59	3.68	3.84	3.84	8.50	2.40	4.40	4.40
Middle	3.52	4.53	4.89	5.20	5.48	5.48	7.90	6.40	5.30	5.30
Fourth	4.70	5.88	6.33	7.03	7.57	7.57	7.70	11.10	7.70	7.70
Highest	7.65	9.33	9.94	11.72	12.97	14.73	6.50	17.90	10.60	25.70
Total	3.87	4.96	5.32	5.89	6.34	6.69	7.30	10.70	7.70	13.70
Nonelderly unrelated individuals:										
Lowest	0.32	0.51	0.61	0.61	0.57	0.57	19.60	-0.30	-6.20	-6.20
Second	1.14	1.49	1.72	1.83	1.88	1.88	15.40	6.60	2.60	2.60
Middle	2.12	2.53	2.78	3.00	3.09	3.09	9.90	7.90	3.00	3.00
Fourth	3.23	3.82	4.03	4.46	4.60	4.60	5.50	10.70	3.10	3.10
Highest	5.88	7.00	7.11	8.48	9.11	9.76	1.60	19.30	7.40	15.00
Total	2.54	3.07	3.25	3.68	3.85	3.98	5.90	13.10	4.70	8.20
Elderly childless units:										
Lowest	0.48	0.76	0.84	0.95	0.97	0.97	10.50	13.40	1.80	1.80
Second	0.95	1.34	1.50	1.73	1.82	1.82	11.90	15.20	5.30	5.30
Middle	1.48	1.97	2.26	2.64	2.74	2.74	14.70	16.70	3.90	3.90
Fourth	2.40	3.02	3.38	4.02	4.10	4.10	11.90	19.00	1.90	1.90
Highest	5.32	6.54	6.85	8.63	9.43	9.73	4.70	26.00	9.20	12.70
Total	2.13	2.73	2.97	3.59	3.81	3.87	8.80	21.00	6.00	7.70
Elderly childless families:										
Lowest	0.60	0.96	1.06	1.20	1.26	1.26	10.40	13.10	5.10	5.10
Second	1.16	1.63	1.86	2.15	2.27	2.27	14.10	15.40	5.70	5.70
Middle	1.77	2.34	2.67	3.14	3.23	3.23	14.10	17.50	3.00	3.00
Fourth	2.76	3.50	3.83	4.61	4.71	4.71	9.40	20.50	2.10	2.10

TABLE H-16 -- AVERAGE PRETAX ADJUSTED FAMILY INCOME (INCOME AS A MULTIPLE OF POVERTY) BY FAMILY TYPE AND INCOME QUINTILE, WEIGHTED BY PERSONS, SELECTED YEARS 1967-2000-continued

Family type and quintile	Year						Percent Change			
	1967	1973	1979	1989	2000[1]	2000[2]	1973-1979	1979-1989	1989-2000[1]	1989-2000[2]
Highest	5.73	7.12	7.37	9.54	10.15	10.53	3.50	29.50	6.40	10.30
Total	2.40	3.11	3.36	4.13	4.32	4.40	8.00	22.90	4.70	6.60
Elderly unrelated individuals:										
Lowest	0.35	0.54	0.64	0.73	0.71	0.71	18.50	13.80	-2.50	-2.50
Second	0.63	0.93	1.01	1.17	1.21	1.21	9.70	15.10	3.00	3.00
Middle	0.86	1.23	1.37	1.62	1.70	1.70	11.40	18.60	4.70	4.70
Fourth	1.29	1.73	2.05	2.46	2.58	2.58	18.50	20.30	4.60	4.60
Highest	3.44	4.08	4.83	5.58	6.43	6.53	18.40	15.50	15.30	17.10
Total	1.31	1.70	1.98	2.31	2.53	2.55	16.50	16.90	9.20	10.00

[1] Individual's earnings in 2000 are limited to $138,870. That topcoded value is equal to the 1989 topcoded value ($99,999) adjusted for inflation.
[2] Individual's earnings in 2000 are as reported on Census public-use files (which use a topcode value of $1 million).
Note- Poverty thresholds are based on the 1989 distribution of family sizes, with no adjustment for the age of the head of household or the number of children. Quintiles are based on the number of persons.
Source: Congressional Budget Office tabulations of data from the March Current Population Survey, 1968, 1974, 1980, 1990, 2001.

Elderly persons experienced income gains across the board between 1973 and 2000. For elderly childless units, which include both single persons and married couples, average AFI rose 10.5, 13.4, and 1.8 percent respectively for the lowest quintile across the three periods shown in the last panel of table H-16 and 4.7, 26.0, and 12.7 percent respectively over the same periods for the highest quintile (using the new method of income coding). Despite their gains, the elderly generally had much lower incomes than the non-elderly. In 2000, for example, the average income of elderly childless units was about 3.9 times poverty; the average income of non-elderly childless units, by comparison, was about 5.6 times poverty (not shown in table).

AVERAGE FAMILY CASH INCOME BY FAMILY TYPE

For all families, average cash income grew more slowly than average pretax AFI between 1973 and 2000. This was also generally true for specific family types. At the same time, those groups of families whose average cash incomes declined had more pronounced decreases than occurred in pretax AFI.

Average family cash income grew throughout the 1973-2000 period for families with children (Table H-17, second panel). However, families at the bottom of the income distribution lost ground during the 1973-89 period, with income declines of 11.0 percent during the 1973-79 period and 17.7 percent during the 1979-89 period. The decline stopped between 1989 and 2000 when the income of families with children in the bottom quintile increased at a faster pace than all quintiles except for the highest. As was the case with all the measures we have examined, average family cash income of families in the top two quintiles improved substantially throughout the entire period after 1973.

As compared with the cash family income losses in the bottom quintile for all families, the pattern of losses in the bottom quintile was even greater for single mothers with children before 1989 (Table H-17, fourth panel). From 1979 to 1989, for example, these mothers lost almost a quarter of their income. However, between 1989 and 2000 this group made up for at least some of the lost ground as their income increased by 28.0 percent. During this period, which included strengthened efforts to encourage and support low-income parents, many of them single mothers, in work, income gains by single mothers with children in the lowest, second, and middle quintiles far exceeded gains at the top of the income spectrum for this group. It is also interesting that during both the 1973-79 and the 1989-2000 periods, income gains in the second, third, and fourth income quintiles of single mothers with children were usually greater than income gains in the top quintile.

Because the change in family size among elderly persons was almost negligible over the period, their trend in average family cash incomes is almost identical to the trend in average pretax AFI. Elderly childless units and elderly childless families experienced income gains in every quintile during every period between 1973 and 2000.

TABLE H-17--AVERAGE FAMILY CASH INCOME BY FAMILY TYPE AND INCOME QUINTILE, SELECTED YEARS 1973-2000

Family type and income quintile	Year					Percent change			
	1973	1979	1989	2000[1]	2000[2]	1973-79	1979-89	1989-2000[1]	1989-2000[2]
All families:									
Lowest	$8,417	$8,324	$8,146	$8,216	$8,216	-1.1	-2.1	0.9	0.9
Second	21,408	21,256	20,981	21,567	21,567	-0.7	-1.3	2.8	2.8
Middle	35,980	35,563	35,863	36,576	36,576	-1.2	0.8	2.0	2.0
Fourth	52,696	53,715	56,071	59,657	59,657	1.9	4.4	6.4	6.4
Highest	92,160	94,752	107,929	118,760	132,487	2.8	13.9	10.0	22.8
Total	42,132	42,722	45,798	48,955	51,701	1.4	7.2	6.9	12.9
All families with children:									
Lowest	14,622	13,011	10,714	12,390	12,390	-11.0	-17.7	15.6	15.6
Second	32,185	31,058	28,700	31,058	31,058	-3.5	-7.6	8.2	8.2
Middle	45,294	46,268	45,927	50,298	50,298	2.1	-0.7	9.5	9.5
Fourth	60,306	62,409	65,581	74,045	74,045	3.5	5.1	12.9	12.9
Highest	97,793	101,336	113,842	134,145	157,981	3.6	12.3	17.8	38.8
Total	50,040	50,816	52,953	60,387	65,154	1.6	4.2	14.0	23.0
Married couples with									
Lowest	21,456	21,036	20,287	22,660	22,660	-2.0	-3.6	11.7	11.7
Second	37,731	39,292	39,807	44,419	44,419	4.1	1.3	11.6	11.6
Middle	49,317	52,345	55,115	63,261	63,261	6.1	5.3	14.8	14.8
Fourth	63,579	67,514	73,756	86,465	86,465	6.2	9.2	17.2	17.2
Highest	101,156	106,302	122,446	147,093	180,788	5.1	15.2	20.1	47.6
Total	54,648	57,298	62,282	72,780	79,519	4.8	8.7	16.9	27.7
Single mothers with children:									
Lowest	4,867	4,636	3,562	4,559	4,559	-4.8	-23.2	28.0	28.0
Second	11,014	11,279	9,362	12,776	12,776	2.4	-17.0	36.5	36.5
Middle	16,556	18,242	16,405	20,036	20,036	10.2	-10.1	22.1	22.1
Fourth	24,812	27,641	27,005	30,840	30,840	11.4	-2.3	14.2	14.2
Highest	46,425	49,596	53,353	61,878	63,584	6.8	7.6	16.0	19.2
Total	20,735	22,279	21,938	26,018	26,359	7.4	-1.5	18.6	20.2

Nonelderly childless units:									
Lowest	8,067	8,142	7,954	7,064	7,064	0.9	-2.3	-11.2	-11.2
Second	22,061	21,953	22,001	21,330	21,330	-0.5	0.2	-3.0	-3.0
Middle	35,498	35,269	36,323	35,744	35,744	-0.6	3.0	-1.6	-1.6
Fourth	52,313	53,072	56,315	57,457	57,457	1.5	6.1	2.0	2.0
Highest	93,232	96,018	110,479	114,951	126,358	3.0	15.1	4.0	14.4
Total	42,234	42,891	46,614	47,309	49,591	1.6	8.7	1.5	6.4
Nonelderly childless families:									
Lowest	18,114	19,277	19,045	19,704	19,704	6.4	-1.2	3.5	3.5
Second	35,207	38,569	40,113	42,244	42,244	9.5	4.0	5.3	5.3
Middle	48,960	53,603	57,942	61,720	61,720	9.5	8.1	6.5	6.5
Fourth	65,546	70,905	80,159	86,298	86,298	8.2	13.1	7.7	7.7
Highest	106,746	115,299	136,687	147,465	167,956	8.0	18.6	7.9	22.9
Total	54,915	59,530	66,789	71,486	75,584	8.4	12.2	7.0	13.2
Nonelderly unrelated individuals:									
Lowest	4,094	4,866	4,892	4,584	4,584	18.9	0.5	-6.3	-6.3
Second	11,971	13,827	14,751	15,148	15,148	15.5	6.7	2.7	2.7
Middle	20,314	22,310	24,150	24,903	24,903	9.8	8.2	3.1	3.1
Fourth	30,697	32,399	35,902	37,078	37,078	5.5	10.0	3.3	3.3
Highest	56,319	57,236	68,312	73,486	78,723	1.6	19.4	7.6	15.2
Total	24,679	26,127	29,601	31,040	32,087	5.9	13.3	4.9	8.4
Elderly childless units:									
Lowest	5,760	6,433	7,254	7,349	7,349	11.7	12.8	1.3	1.3
Second	10,493	11,619	13,426	14,213	14,213	10.7	15.5	5.9	5.9
Middle	16,148	18,505	21,454	22,746	22,746	14.6	15.9	6.0	6.0
Fourth	25,797	29,443	34,759	36,186	36,186	14.1	18.1	4.1	4.1
Highest	62,875	66,071	82,007	88,687	91,301	5.1	24.1	8.1	11.3
Total	24,215	26,414	31,780	33,836	34,359	9.1	20.3	6.5	8.1
Elderly childless families:									
Lowest	9,836	10,921	12,421	13,101	13,101	11.0	13.7	5.5	5.5
Second	16,767	19,221	22,185	23,518	23,518	14.6	15.4	6.0	6.0
Middle	23,886	27,427	32,487	33,586	33,586	14.8	18.4	3.4	3.4
Fourth	36,279	40,118	48,451	49,953	49,953	10.6	20.8	3.1	3.1

TABLE H-17 AVERAGE FAMILY CASH INCOME BY FAMILY TYPE AND INCOME QUINTILE, SELECTED YEARS 1973-2000

Family type and income quintile	Year					Percent Change			
	1973	1979	1989	2000[1]	2000[2]	1973-79	1979-89	1989-2000[1]	1989-2000[2]
Highest	77,957	80,494	104,329	110,059	114,323	3.3	29.6	5.5	9.6
Total	32,945	35,636	43,975	46,043	46,896	8.2	23.4	4.7	6.6
Elderly unrelated individuals:									
Lowest	4,316	5,162	5,863	5,706	5,706	19.6	13.6	-2.7	-2.7
Second	7,489	8,238	9,653	9,792	9,792	10.0	14.8	3.6	3.6
Middle	9,879	11,058	13,077	13,737	13,737	11.9	18.3	5.0	5.0
Fourth	13,951	16,499	19,846	20,790	20,790	18.3	20.3	4.8	4.8
Highest	32,810	38,862	44,912	51,883	51,883	18.4	15.6	15.5	17.3
Total	13,689	15,964	18,630	20,382	20,382	16.6	16.7	9.4	10.3

[1] Individuals earnings in 2000 are limited to $138,870. That topcoded value is equal to the 1989 topcoded value ($99,999) adjusted for inflation.
[2] Individuals earnings in 2000 are as reported on Census public-use files (which use a topcoded value of $1 million).
Note- Quintiles are based on the number of families.
Source: Congressional Budget Office tabulations of data from the March Current Population Survey, 1974, 1980, 1990, 2001.

TABLE H-18 -- FAMILY CASH INCOME LIMITS[1] BY QUINTILE AND FAMILY TYPE, SELECTED YEARS 1973-2000

[In 2000 Dollars]

Family type	1973	1979	1989	2000	Percent Change		
					1973-79	1979-89	1989-2000
All families:							
Lowest	14,666	14,726	14,515	15,000	0.4	-1.4	3.3
Second	28,600	27,912	27,781	28,300	-2.4	-0.5	1.9
Middle	43,800	43,993	44,508	46,235	0.4	1.2	3.9
Fourth	63,546	65,201	69,878	75,732	2.6	7.2	8.4
All families with children:							
Lowest	24,688	23,259	20,097	22,000	-5.8	-13.6	9.5
Second	38,952	38,971	37,417	40,000	0.0	-4.0	6.9
Middle	51,872	53,581	54,715	60,977	3.3	2.1	11.4
Fourth	70,470	72,749	78,344	90,647	3.2	-13.6	15.7
Married couples with children:							
Lowest	31,393	31,865	31,493	35,000	1.5	-1.2	11.1
Second	43,800	46,147	47,369	53,793	5.4	2.6	13.6
Middle	55,457	58,812	63,220	73,000	6.0	7.5	15.5
Fourth	73,514	77,919	86,378	103,430	6.0	10.9	19.7
Single mothers with children:							
Lowest	8,541	8,443	6,624	9,060	-1.1	-21.5	36.8
Second	13,761	14,430	12,498	16,280	-2.9	-13.4	30.3
Middle	20,075	22,660	20,831	24,832	12.9	-8.1	19.2
Fourth	30,459	33,726	34,627	38,700	10.7	2.7	11.8
Nonelderly childless units:							
Lowest	15,330	15,584	15,349	14,500	1.7	-1.5	-5.5
Second	28,798	27,964	28,539	28,000	-2.9	2.1	-1.9
Middle	43,303	43,065	44,578	44,904	-0.5	3.5	0.7
Fourth	63,856	65,146	70,381	73,540	2.0	8.0	4.5
Nonelderly childless families:							
Lowest	28,064	30,632	31,246	32,126	9.1	2.0	2.8

TABLE H-18 -- FAMILY CASH INCOME LIMITS[1] BY QUINTILE AND FAMILY TYPE, SELECTED YEARS 1973-2000-continued

[In 2000 Dollars]

Family type	1973	1979	1989	2000	Percent Change		
					1973-79	1979-89	1989-2000
Second	42,018	46,351	48,619	51,757	10.3	4.9	6.5
Middle	56,472	61,405	67,908	72,084	8.7	10.6	6.1
Fourth	76,648	82,820	95,459	103,104	8.1	15.3	8.0
Nonelderly unrelated individuals:							
Lowest	7,884	9,418	9,999	10,000	19.5	6.2	0.0
Second	16,133	18,142	19,442	20,000	12.5	7.2	2.9
Middle	25,530	26,781	29,191	30,000	4.9	9.0	2.8
Fourth	36,927	39,425	43,932	46,067	6.8	11.4	4.9
Elderly childless units:							
Lowest	8,428	9,136	10,368	10,818	8.4	13.5	4.3
Second	12,957	14,668	16,963	18,036	13.2	15.7	6.3
Middle	19,761	22,876	26,731	28,169	15.8	16.9	5.4
Fourth	33,944	37,837	44,954	47,564	11.5	18.8	5.8
Elderly childless families:							
Lowest	13,841	15,670	17,730	18,741	13.2	13.1	5.7
Second	19,860	23,053	27,016	28,292	16.1	17.2	4.7
Middle	28,762	32,144	38,884	40,102	11.8	21.0	3.1
Fourth	46,318	50,566	60,270	63,274	9.2	19.2	5.0
Elderly unrelated individuals:							
Lowest	6,183	6,945	7,899	8,146	12.3	13.7	3.1
Second	8,713	9,527	10,976	11,346	9.3	15.2	3.4
Middle	11,289	13,183	15,787	16,411	16.8	19.8	4.0
Fourth	17,345	20,933	25,081	26,277	20.7	19.8	4.8

[1] Income cutoff between quintiles.

Source: Congressional Budget Office tabulations of data from the March Population Survey, 1974, 1980, 1990, and 2001.

Table H-18 shows family cash income limits (the income cutoffs between quintiles) by quintile and family type. Between 1973 and 1989, income limits among families with children declined or grew slowly while those for the elderly increased, in some cases significantly. This pattern reversed itself in the 1989-2000 period, as income limits for families with children grew at roughly twice the pace as among elderly childless units. In general during the 1973-2000 period, income limits among the higher quintiles increased more than among the lower quintiles. In fact, income limits for the lower quintiles have decreased for several family types during several periods. A notable exception involves the limits among single mothers with children. Following declines in the 1979-1989 period, income limits for this group rose sharply in the 1990s, with especially steep increases at the bottom of the income ladder. For example, the 36.8 percent increase noted for the lowest quintile of single mothers with children was the greatest for any group during any period from 1973-2000.

ANTIPOVERTY EFFECTIVENESS OF VARIOUS CASH AND NONCASH TRANSFERS

Tables H-19 through H-21 provide estimates of the number and percentage of individuals removed from poverty by market income and by social insurance programs (Social Security, unemployment compensation, and workers' compensation), means-tested cash programs (Aid to Families with Dependent Children, Supplemental Security Income, and general assistance), means-tested noncash programs (food stamps, housing benefits, and school lunch), and Federal payroll and income taxes and the earned income credit (EIC). Tables are provided separately for elderly persons, for children, and for persons in units with an unmarried head and children under age 18, for selected years between 1979 and 2002.

The tables present alternative measures of poverty to the official measure. They include counts of the number of people below the poverty line before any government benefits are taken into account, after each type of benefit is added to income, and after the government cash and noncash benefits and Federal taxes and the EIC are added to (or subtracted from) income.

The tables also measure the effect of these government programs on the “poverty gap” - the gap between a poor family's income and the poverty line. The poverty gap represents the degree of poverty by showing the amount of money that would be needed to lift every poor person exactly to the poverty line.

TABLE H-19 -- ANTIPOVERTY EFFECTIVENESS OF CASH AND NON-CASH TRANSFERS (INCLUDING FEDERAL INCOME AND PAYROLL TAXES) FOR ALL PERSONS AGE 65 AND OLDER, SELECTED YEARS 1979-2002

Number of elderly and poverty measure	1979	1983	1989	1993	1996	1999	2002
Total population (in thousands):	24,194	26,313	29,094	30,779	31,877	32,621	34,234
Number of poor persons (thousands):							
Cash income before transfers	13,120	13,253	13,853	15,640	15,977	15,568	17,082
Plus social insurance	4,202	4,095	3,934	4,270	3,905	3,592	3,949
Plus means-tested cash transfers	3,682	3,625	3,312	3,755	3,428	3,167	3,576
Plus means-tested noncash benefits	3,261	3,158	2,793	3,123	2,936	2,729	3,068
Plus EITC and less Federal payroll and income taxes	3,276	3,177	2,841	3,159	2,943	2,737	3,078
Number of persons (in thousands) removed from poverty due to:							
Social insurance	8,918	9,158	9,919	11,370	12,072	11,976	13,133
Means-tested cash	520	470	622	515	477	425	373
Means-tested noncash benefits	421	467	519	632	492	438	508
EITC and Federal payroll and income taxes	-15	-19	-48	-36	-7	-8	-10
Total number removed from poverty	9,844	10,076	11,012	12,481	13,034	12,831	14,004
Percent of persons removed from poverty due to:							
Social insurance	68.0	69.1	71.6	72.7	75.6	76.9	76.9
Means-tested cash	4.0	3.5	4.5	3.3	3.0	2.7	2.2
Means-tested noncash benefits	3.2	3.5	3.7	4.0	3.1	2.8	3.0
EITC and Federal payroll and income taxes	-0.1	-0.1	-0.3	-0.2	0.0	-0.1	-0.1
Total percent removed from poverty	75	76	80	80	82	82	82
Poverty rate (in percent):							
Cash income before transfers	54.2	50.4	47.6	50.8	50.1	47.7	49.9
Plus social insurance	17.4	15.6	13.5	13.9	12.3	11.0	11.5
Plus means-tested cash transfers	15.2	13.8	11.4	12.2	10.8	9.7	10.4
Plus means-tested noncash benefits	13.5	12.0	9.6	10.1	9.2	8.4	9.0
Plus EITC and less Federal payroll and income taxes	13.5	12.1	9.8	10.3	9.2	8.4	9.0
Total reduction in poverty rate	40.7	38.3	37.8	40.6	40.9	39.3	40.9
Poverty gap (billions of 2002 dollars):							

Cash income before transfers	65.2	66.7	69.4	77.9	82.2	79.4	89.7
Plus social insurance	11.4	11.1	10.5	11.9	11.4	10.2	11.1
Plus means-tested cash transfers	7.7	7.3	7.0	8.8	7.9	7.5	8.1
Plus means-tested noncash benefits	6.4	6.3	5.7	7.4	6.9	6.5	7.0
Plus EITC and less Federal payroll and income taxes	6.4	6.3	5.7	7.4	6.9	6.5	7.0
Poverty gap per poor person (in 2002 dollars):							
Cash income before transfers	4,967	5,030	5,006	4,983	5,145	5,099	5,250
Plus social insurance	2,713	2,704	2,673	2,790	2,907	2,850	2,820
Plus means-tested cash transfers	2,086	2,015	2,103	2,344	2,308	2,366	2,260
Plus means-tested noncash benefits	1,976	1,990	2,036	2,372	2,343	2,378	2,287
Plus EITC and less Federal payroll and income taxes	1,967	1,990	2,014	2,353	2,338	2,380	2,284
Reduction in poverty gap (in billions) due to:							
Social insurance	53.8	55.6	58.8	66.0	70.9	69.1	78.5
Means-tested cash	3.7	3.8	3.6	3.1	3.4	2.7	3.1
Means-tested noncash benefits	1.2	1.0	1.3	1.4	1.0	1.0	1.1
EITC and Federal payroll and income taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total reduction in poverty gap (in billions)	58.7	60.3	63.6	70.5	75.3	72.9	82.6
Percent reduction in the poverty gap due to:							
Social insurance	82.5	83.4	84.8	84.7	86.2	87.1	87.6
Means-tested cash	5.7	5.7	5.1	4.0	4.2	3.5	3.4
Means-tested noncash benefits	1.9	1.5	1.8	1.8	1.3	1.3	1.2
EITC and Federal payroll and income taxes	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0
Total percent reduction in the poverty gap	90.1	90.5	91.7	90.5	91.6	91.8	92.2

Note - Poverty gap dollars for each year adjusted to 2002 dollars.

Source: Table prepared by the U.S. Department of Health and Human Services based on U.S. Census Bureau calculations of Current Population Survey data.

Table H-19 shows the anti-poverty effectiveness of market income and government programs for the elderly. Based both on cash income before transfers and on post-transfer income, the poverty rates among the elderly in 2002 were among the lowest on record. As compared with 1979, when over 54 percent of the elderly were poor before transfers, by 2002 only about 50 percent of the elderly were poor before transfers. The comparable figures for the percentage of the elderly in poverty after transfers were 13.5 in 1979 and 9.0 in 2002. The impact of Social Security transfers is by the far the greatest reason so many of the poor are removed from poverty by government transfers. In 1979 the poverty rate was dropped from 54.2 to 17.4 by Social Security payments; in 2002 the comparable figures were 49.9 to 11.5 percent. In 1979, a total of 8.9 million elderly persons were removed from poverty by Social Security; in 2002, the number had jumped to 13.1 million. The figures for the poverty gap for the elderly are not quite as impressive as the overall figures. Both the total number of dollars required to close the poverty gap and the size of the poverty gap per person in poverty have been almost stagnant in recent years. Even so, in 2002 the poverty gap is only $7.0 billion or $2,284 per person in poverty. As we will see, no other government program has as huge an impact on poverty among any group as does Social Security among the elderly.

The impact of market income and the safety net on children's poverty are shown in Table H-20. The poverty rate among children before transfers was 19.7 percent in 2002, among the lowest levels since 1979 and more than 6 percentage points lower than in 1993. Similarly, the child poverty rate after transfers in 2002 was 12.6, its lowest level since 1979 and 7.4 percentage points or 37 percent below its level in 1993. These figures show substantial progress against children's poverty, both before and after government transfers. That the pre-transfer level is so low suggests that the substantial increase in work by former welfare mothers after the 1996 welfare reform legislation (see Appendix L) has played an important role in poverty reduction among children.

The important role of work by single mothers in reducing child poverty is also shown by the data on percentage of children removed from poverty due to Federal taxes. The row of figures for taxes in all the panels of Table H-20 show that Federal tax policy is having a major and growing effect in reducing child poverty. In 1983, Federal taxes actually increased the poverty level among children by 5.1 percent. However, as the Federal Government reduced taxes and increased the EIC for low-income families with children by enacting reform legislation in 1986, 1990, 1993, and 2001, the impact of taxes actually became positive. By 2002, EIC payments to families reduced the child poverty rate from 14.8 percent to 12.6 percent. It seems reasonable to conclude that the effectiveness of the EIC in fighting poverty can be attributed to two factors—the increasing generosity of EIC policy itself and the increase in work by low-income families with children, especially families headed by mothers.

TABLE H-20 -- ANTIPOVERTY EFFECTIVENESS OF CASH AND NON-CASH TRANSFERS (INCLUDING FEDERAL INCOME AND PAYROLL TAXES) FOR ALL CHILDREN UNDER 18, SELECTED YEARS 1979-2002

Number of children and poverty measure	1979	1983	1989	1993	1996	1999	2002
Total population (in thousands):	63,375	62,333	65,602	69,292	70,650	71,731	72,696
Number of poor persons (thousands):							
Cash income before transfers	12,761	16,146	14,954	18,198	16,642	14,054	14,314
Plus social insurance	11,364	14,405	13,846	16,685	15,426	12,825	12,638
Plus means-tested cash transfers	10,377	13,911	13,154	15,727	14,463	12,109	12,133
Plus means-tested noncash benefits	8,421	12,464	11,409	13,874	12,576	10,683	10,741
Plus EITC and less Federal taxes	8,620	13,293	11,811	13,853	11,341	9,275	9,176
Number of persons (in thousands) removed from poverty due to:							
Social insurance	1,397	1,741	1,108	1,513	1,216	1,229	1,676
Means-tested cash	987	494	692	958	963	716	505
Means-tested noncash benefits	1,956	1,447	1,745	1,853	1,887	1,426	1,392
EITC and Federal taxes	-199	-829	-402	21	1,235	1,408	1,565
Total persons removed from poverty	4,141	2,853	3,143	4,345	5,301	4,779	5,138
Percent of persons removed from poverty due to:							
Social insurance	10.9	10.8	7.4	8.3	7.3	8.7	11.7
Means-tested cash	7.7	3.1	4.6	5.3	5.8	5.1	3.5
Means-tested noncash benefits	15.3	9.0	11.7	10.2	11.3	10.1	9.7
EITC and Federal taxes	-1.6	-5.1	-2.7	0.1	7.4	10.0	10.9
Total percent removed from poverty	32.5	17.7	21.0	23.9	31.9	34.0	35.9
Poverty rate (in percent):							
Cash income before transfers	20.1	25.9	22.8	26.3	23.6	19.6	19.7
Plus social insurance	17.9	23.1	21.1	24.1	21.8	17.9	17.4
Plus means-tested cash transfers	16.4	22.3	20.1	22.7	20.5	16.9	16.7
Plus means-tested noncash benefits	13.3	20.0	17.4	20.0	17.8	14.9	14.8
Plus EITC and less Federal taxes	13.6	21.3	18.0	20.0	16.1	12.9	12.6
Total reduction in poverty rate	6.5	4.6	4.8	6.3	7.5	6.7	7.1
Poverty gap (billions of 2002 dollars):							

TABLE H-20 -- ANTIPOVERTY EFFECTIVENESS OF CASH AND NON-CASH TRANSFERS (INCLUDING FEDERAL INCOME AND PAYROLL TAXES) FOR ALL CHILDREN UNDER 18, SELECTED YEARS 1979-2002-continued

Number of children and poverty measure	1979	1983	1989	1993	1996	1999	2002
Cash income before transfers	36.6	48.6	44.5	55.8	48.3	37.6	37.4
Plus social insurance	30.7	40.9	38.7	48.2	41.8	31.9	30.6
Plus means-tested cash transfers	20.2	29.2	27.7	34.7	31.4	26.3	26.5
Plus means-tested noncash benefits	13.8	20.3	18.5	23.0	21.0	19.0	19.5
Plus EITC and less Federal taxes	13.8	20.9	18.5	22.4	18.5	16.4	17.2
Poverty gap per poor person (in 2002 dollars):							
Cash income before transfers	2,872	3,008	2,978	3,067	2,903	2,673	2,615
Plus social insurance	2,704	2,839	2,795	2,892	2,711	2,486	2,421
Plus means-tested cash transfers	1,946	2,101	2,103	2,206	2,169	2,170	2,185
Plus means-tested noncash benefits	1,635	1,630	1,625	1,661	1,673	1,777	1,819
Plus EITC and less Federal taxes	1,597	1,573	1,569	1,620	1,629	1,771	1,875
Reduction in poverty gap (in billions) due to:							
Social insurance	5.9	7.7	5.8	7.6	6.5	5.7	6.8
Means-tested cash	10.5	11.7	11.0	13.5	10.4	5.6	4.1
Means-tested noncash benefits	6.4	8.9	9.1	11.7	10.3	7.3	7.0
EITC and Federal taxes	0.0	-0.6	0.0	0.6	2.6	2.6	2.3
Total reduction in poverty gap (in billions)	22.9	27.7	26.0	33.4	29.8	21.1	20.2
Percent reduction in the poverty gap due to:							
Social insurance	16.1	15.8	13.1	13.6	13.4	15.1	18.3
Means-tested cash	28.8	24.0	24.8	24.3	21.6	14.9	10.9
Means-tested noncash benefits	17.5	18.4	20.5	20.9	21.4	19.4	18.6
EITC and Federal taxes	0	-1.2	0	1.1	5.3	6.8	6.2
Total percent reduction in poverty gap	62.4	56.9	58.4	59.8	61.8	56.3	54.1

Note - Poverty gap dollars for each year adjusted to 2002 dollars.

Source: Table prepared by the U.S. Department of Health and Human Services based on U.S. Census Bureau calculations of Current Population Survey data.

TABLE H -21 -- ANTIPOVERTY EFFECTIVENESS OF CASH AND NON-CASH TRANSFERS (INCLUDING FEDERAL INCOME AND PAYROLL TAXES) FOR PERSONS IN UNITS WITH AN UNMARRIED HEAD AND RELATED CHILDREN UNDER 18, SELECTED YEARS 1979-2002

Number of persons and poverty measure	1979	1983	1990	1995	1999	2002
Total population (in thousands):	23,547	25,559	30,508	36,428	36,220	38,362
Number of poor persons (in thousands):						
Cash income before transfers	11,786	13,751	15,110	17,199	14,217	14,425
Plus social insurance (other than Social Security)	11,568	13,501	14,841	16,882	13,971	13,890
Plus Social Security	10,645	12,611	14,203	16,058	13,108	12,787
Plus means-tested cash transfers	9,491	12,063	13,324	14,930	12,223	12,241
Plus food and housing benefits	7,115	10,531	11,313	12,381	10,740	10,697
Plus EITC and less Federal payroll and income taxes	7,141	10,800	11,234	11,338	9,104	9,124
Number of persons (in thousands) removed from poverty due to:						
Social insurance (other than Social Security)	218	250	269	317	246	535
Social Security	923	890	638	824	863	1,103
Means-tested cash	1,154	548	879	1,128	885	546
Food and housing benefits	2,376	1,532	2,011	2,549	1,483	1,544
EITC and Federal payroll and income taxes	-26	-269	79	1,043	1,636	1,573
Total persons removed from poverty	4,645	2,951	3,876	5,861	5,113	5,301
Percent of persons removed from poverty due to:						
Social insurance (other than Social Security)	1.85	1.82	1.78	1.84	1.73	3.71
Social Security	7.83	6.47	4.22	4.79	6.07	7.65
Means-tested cash	9.79	3.99	5.82	6.56	6.22	3.79
Food and housing benefits	20.16	11.14	13.31	14.82	10.43	10.70
EITC and Federal payroll and income taxes	-0.22	-1.96	0.52	6.06	11.51	10.90
Total percent removed from poverty	39.41	21.46	25.65	34.08	35.96	36.75
Poverty rate (in percent):						
Cash income before transfers	50.05	53.80	49.53	47.21	39.25	37.60
Plus social insurance (other than Social Security)	49.13	52.82	48.65	46.34	38.57	36.21
Plus Social Security	45.21	49.34	46.56	44.08	36.19	33.33
Plus means-tested cash transfers	40.31	47.20	43.67	40.98	33.75	31.91

TABLE H -21 -- ANTIPOVERTY EFFECTIVENESS OF CASH AND NON-CASH TRANSFERS (INCLUDING FEDERAL INCOME AND PAYROLL TAXES) FOR PERSONS IN UNITS WITH AN UNMARRIED HEAD AND RELATED CHILDREN UNDER 18, SELECTED YEARS 1979-2002-continued

Number of persons and poverty measure	1979	1983	1990	1995	1999	2002
Plus food and housing benefits	30.22	41.20	37.08	33.99	29.65	27.88
Plus EITC and less Federal payroll and income taxes	30.33	42.26	36.82	31.12	25.14	23.78
Total reduction in poverty rate	19.73	11.55	12.70	16.09	14.12	13.82
Poverty gap (millions of 2002 dollars):						
Cash income before transfers	38,880	49,935	52,894	54,630	42,067	42,843
Plus social insurance (other than Social Security)	37,779	48,096	51,487	53,327	40,822	40,691
Plus Social Security	33,364	43,348	47,466	48,212	36,430	35,348
Plus means-tested cash transfers	19,252	28,479	32,224	33,194	28,739	29,758
Plus food and housing benefits	11,946	18,508	19,481	20,312	19,692	20,709
Plus EITC and less Federal payroll and income taxes	11,861	18,626	19,251	18,509	17,162	18,433
Poverty gap per poor person (in 2002 dollars):						
Cash income before transfers	3,299	3,631	3,501	3,176	2,959	2,970
Social insurance	3,134	3,437	3,342	3,002	2,779	2,764
Means-tested cash	2,028	2,361	2,418	2,223	2,351	2,431
Food and housing benefits	1,679	1,758	1,722	1,641	1,834	1,936
EITC and Federal payroll and income taxes	1,661	1,725	1,714	1,633	1,885	2,020
Reduction in poverty gap (in millions) due to:						
Social insurance (other than Social Security)	1,101	1,839	1,407	1,303	1,245	2,152
Social Security	4,415	4,749	4,021	5,115	4,392	5,343
Means-tested cash	14,112	14,869	15,243	15,018	7,692	5,590
Food and housing benefits	7,305	9,970	12,743	12,882	9,047	9,049
EITC and Federal payroll and income taxes	85	-117	230	1,803	2,530	2,276
Total reduction in poverty gap (in millions)	27,019	31,309	33,643	36,120	24,905	24,410
Percent reduction in the poverty gap due to:						
Social insurance (other than Social Security)	2.83	3.68	2.66	2.39	2.96	5.02
Social Security	11.35	9.51	7.60	9.36	10.44	12.47
Means-tested cash	36.30	29.78	28.82	27.49	18.28	13.05

Food and housing benefits	18.79	19.97	24.09	23.58	21.51	21.12
EITC and Federal payroll and income taxes	0.22	-0.24	0.43	3.30	6.01	5.31
Total percent reduction in poverty gap	69.49	62.70	63.60	66.12	59.20	56.98

Note – Poverty gap dollars for each year adjusted to 2002 dollars.

Source: Table prepared by the U.S. Department of Health and Human Services based on Congressional Budget Office calculations of Current Population Survey data.

Data on the poverty gap for children are somewhat mixed. Data on the pre-transfer poverty gap are uniformly positive. Despite the fact that the number of children grew by over 10 million or nearly 17 percent between 1983 and 2002, the poverty gap before transfers nonetheless fell from almost $49 billion to about $37 billion, in constant 2002 dollars, a real decline of 23 percent. Similarly, the pre-transfer poverty gap per poor child in 2002 continued to fall to $2,615, its lowest level during this period. However, the post-tax, post-transfer poverty gap per poor child rose during this period. This period saw significant declines in receipt of cash and other welfare benefits, and means-tested cash (and, especially in recent years, non-cash) benefits have become generally less effective in removing children from poverty; as shown in the middle two rows of the last panel of Table H-20, taken together these policies reduced by only 29.5 percent in 2002 as compared with 46.3 percent in 1979, 45.3 percent in 1989, 43.0 percent in 1996, and 34.3 percent in 1999. The effect of the EIC in reducing the poverty gap, however, remained potent; in fact, at 6.2 percent it was greater than in any previous year shown other than 1999. Despite the effectiveness of the EIC, the overall impact of government programs reduced the poverty gap less than in any previous year. The major reason for the reduced effectiveness of government programs in reducing the poverty gap seems to be a decline in the impact of means-tested cash benefits. In 1979 these benefits reduced the poverty gap by 28.8 percent. By contrast, in 2002 they reduced the poverty gap by only 10.9 percent. Undoubtedly, the decline in the welfare rolls and in cash benefits from the Temporary Assistance for Needy Families Program play an important role here.

Poverty data for persons in units headed by single parents is generally consistent with the data for children. The first point to emphasize with these data (see the top row of Table H-21), which simply reinforces the conclusion from the data on single mothers in Table H-15, is that there has been a very large increase in the number of persons in families with unmarried heads. The number jumped from 23.5 million in 1979 to 38.4 million in 2002, an increase of more than 60 percent. By contrast, the number of persons in married couple families increased from 101.3 million to only 104.7 million in 2000 (see Table H-11), an increase of about 3 percent. Thus, the family type with the highest poverty rate has been increasing more than 10 times as fast as the family type with the lowest poverty rate. These demographic developments make progress against poverty somewhat difficult.

Even so, the pre-transfer poverty rate among persons in families with an unmarried head nearly matched its lowest level ever in 2002 at 37.6 percent. Compared with the 53.8 percent pre-transfer rate in 1983, that's a drop of over 30 percent. Progress against pre-transfer poverty among these families was continuous and rapid during the 1990s economic expansion, with a drop of 21 percent from 49.5 percent in 1990 to 39.3 percent in 1999. Despite the 2001 recession, this figure continued to fall, to 37.6 percent in 2002. Again, as we saw in the case of children, progress against pre-transfer poverty has been

substantial in recent years, in all likelihood due to the increase in work by single mothers.

On the other hand, again as was the case with children, progress against poverty as measured by the poverty gap has been uneven. Although the pre-transfer poverty gap at $42.8 billion for these families nearly matches its low since 1979, and although the gap has fallen 22 percent just since 1995, means-tested cash programs have been increasingly less effective in reducing the poverty gap. By contrast, as with children, Federal tax policy has been more effective at reducing the poverty gap. Even so, the combination of the reduced pre-transfer poverty gap and the increased effectiveness of the EIC in reducing the poverty gap failed to outweigh the declining effectiveness of means-tested cash and noncash transfers in reducing the poverty gap. As a result, the reduction in the post-tax, post-transfer poverty gap for these families was lower than in the past as measured either by dollars or percentage reduction.

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