What is Poverty?

A person in poverty lives in a family or household where the total income is less than the poverty guideline for their household size

The U.S. Census Bureau is responsible for measuring poverty. The poverty rate was developed in 1963-1964 to describe the minimum income to meet basic needs. Poverty guidelines are set by U.S. Dept. of Health and Human Services based on the minimum cost of food for a family, multiplied by three. This assumes that food makes up one-third of a family's expenses, but middle-income families spend about one-seventh of income on food. The Supplemental Poverty Measure, another measure used by the Census, includes other household costs like taxes, clothing, and housing. This measure also includes other sources of income like non-cash benefits.

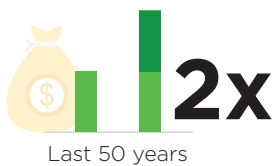U.S. Dept. of Agriculture, Institute for Research on Poverty

People in household	Poverty guideline
👤	**$ 12,490**
👤👤	**$ 16,910**
👤👤👤	**$ 21,330**
👤👤👤👤	**$ 25,750**
👤👤👤👤👤	**$ 30,170**

Average Marion County household has 2.5 people

U.S. Departmentof Health and Human Services

Big Picture Poverty Trends

Poverty has not fallen in past half century, despite strong economic growth.

2x

Last 50 years

GDP per capita has doubled in last half century, even adjusted for inflation.

Federal Reserve Bank of St. Louis

→

12%

1969   2018
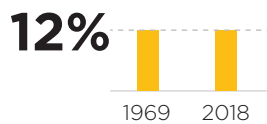
But the poverty rate has held steady.

U.S. Census Bureau

→

According to some researchers this is because…

More single parent households, which are more likely to be in poverty

Income inequality is increasing

Hoynes et al. (2005)

Pct. of age 65+ in poverty
29% in 1966

Nationally, we have cut poverty for older adults by a third, largely through Social Security benefits.

U.S. Census Bureau, Engelhardt (2004)

10% in 2018

1966

2018

Poverty Trends in Indianapolis

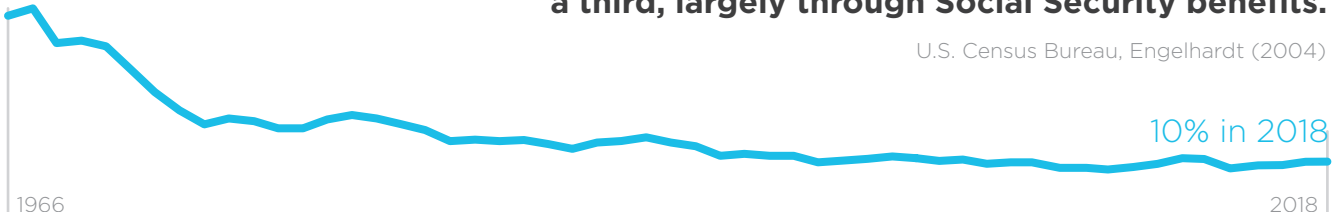**There are a few ways to measure poverty, but they all point to the same trend: about one-sixth of Indy residents live in poverty.**

**1-in-6**

Marion County residents live in poverty, a total of **150,000 to 200,000**

20% American Community Survey 2013-2017 5-Year Average

16% American Community Survey 2018 1-Year Average

17% U.S. Census Small Area Income and Poverty Estimate 2018

Poverty in the Indy metro rose 5 points to 14% since 1970, similar to other Midwestern metros.

16%

Cincinatti
Columbus
Kansas City
Indianapolis
Cleveland
Milwaukee

0%

1970   2017
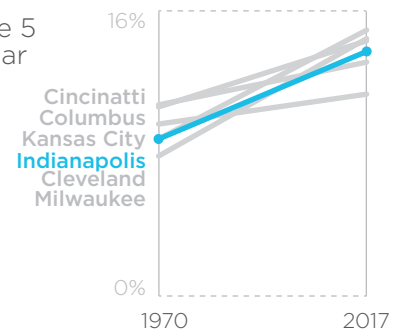
Pre-war, center-city neighborhoods have long had the highest poverty rates. The rate was 29% in 2017.

But poverty is growing fast in older suburban neighborhoods (the rate was 20% in 2017), where most people in poverty now live.

Many people above poverty line still struggle with financial insecurity

About 20% of individuals in Marion County live in poverty, but 40%-50% face financial insecurity. A family of three living in poverty is surviving on $21,330 or less, but to be self-sufficient, a three-person family with one school aged child in Marion County needs $43,300. Indiana Institute for Working Families

There are few ways to measure the problem.

Income levels

There are 100,000 households that earn $25K or less. There are another 100,000 households that earn $25K-$50K.

ALICE households

are asset limited, income constrained, and employed. In 2016, an estimated 29% of Marion County households fell into this group.

Housing cost burden

One-third of Indy households spend over 30% of their income on housing costs, making them housing cost burdened.

Ratios of the poverty threshold

One-fifth of Indy (180,000 people) live above poverty but are still low-income, living below 185% of poverty. This income threshold qualifies them for many social services.

What contributes to poverty?

Poverty is complex, and there is no single cause. But we know sustained employment and sufficient earnings can pull people out of poverty, so anything that lowers employment rates or earnings contributes to increased poverty.
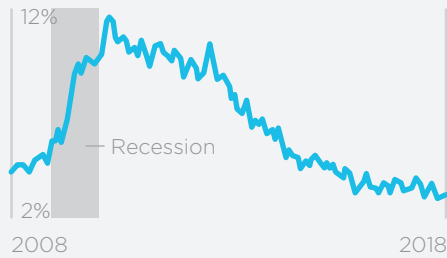

Unemployment rates increased during the Great Recession, which had a short-term impact on poverty rates. Poverty is declining as unemployment rates improve.

Marion County Unemployment Rate
Federal Reserve Bank of St. Louis

Unemployment is measured as a percentage of the labor force, **but half of people in poverty do not participate in the labor force.** This rate was driven down during the recession and has not recovered.

Labor force participation

For people above poverty
72%

For people below poverty
48%
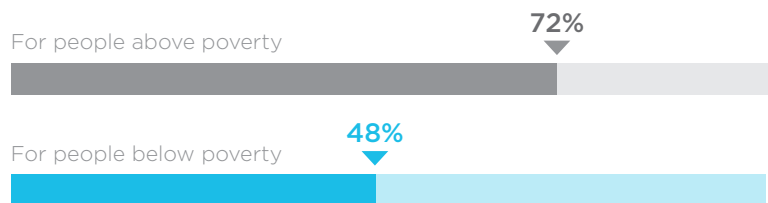
From 1970 to 2018,

179%
GDP per capita, inflation adjusted

36%
Avg. hourly pay, inflation adjusted

Wages for most workers have not kept pace with economic growth in the last 50 years.

Analysis by the Polis Center using data from U.S. Bureau of Labor Statistics and U.S. Bureau of Economic Aanalysis.

155,000 < **880,000**

'Good jobs' accessible to people without bachelor's degree in Central Indiana.

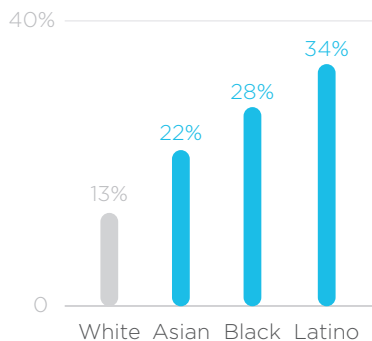Brookings Institution. Good jobs are jobs that pay $37,440 per year and offer health insurance

People age 25 or older without a bachelor's degree in Central Indiana

American Community Survey 2013-2017

Poverty rates for different groups

White 13%
Asian 22%
Black 28%
Latino 34%

40%
0

Poverty is much **more frequent among people of color** than among white people. Wealth inequality is an issue too: white households have 10 times the wealth of black households.

American Community Survey 2013-2017, Federal Reserve

35%
0

Under 18 30%
18-64 18%
65 & over 10%
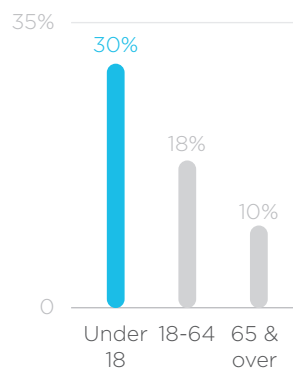
Poverty is **most common among children** and least common among older adults.

American Community Survey 2013-2017

What causes these differences?

The average unemployment rate from 2013-2017 for black Marion County residents was 14%, compared to 6% for white residents.

American Community Survey 2013-2017

For Latino residents, unemployment tends to be low, but per capita income is lower for Latinos than for any other group ($13,900 compared to an average of $26,300)

American Community Survey 2013-2017

Social Security has significantly helped older adults avoid poverty, but there is no similar program that helps children at that broad scale.

97%
of U.S. seniors receive Social Security benefits
Social Security Administration

1.5%
of families with children in Marion County receive cash assistance through Temporary Assistance for Needy Families
FSSA

29%
of households with children in Marion County receive support from the Supplemental Nutritional Assistance Program.
ACS 2013-2017

Learn more with these resources

Recommended resources

Advancing Opportunity in Central Indiana
Brookings Institution. https://www.brookings.edu/research/advancing-opportunity-in-central-indiana/

The Changing Landscape of Poverty
SAVI, The Polis Center. http://www.savi.org/feature_report/the-changing-landscape-of-poverty/

SAVI Community Information System
SAVI, The Polis Center. http://www.savi.org/

Supplemental Poverty Measure
U.S. Census Bureau. https://www.census.gov/topics/income-poverty/supplemental-poverty-measure.html

Indiana ALICE Report
Indiana United Ways. https://www.iuw.org/alice

Institute for Research on Poverty
University of Wisconsin-Madison
https://www.irp.wisc.edu/resources/

Our sources

Engelhardt and Gruber "Social Security and the Evolution of Elderly Poverty," National Bureau of Economic Research Working Papers (2004)

Federal Reserve Bank of St. Louis. "Real gross domestic product per capita"

Hoynes et al. "Poverty in America: Trends and Explanations," Journal of Economic Perspectives 20:1

Indiana Institute for Working Families. "Indiana Self-Sufficiency Standard Calculator"

Institute for Research on Poverty. "How is Poverty Measured."

Social Security Administration. "Population Profiles – Never Beneficiaries"

United for ALICE. "ALICE Project – Indiana"

U.S. Bureau of Economic Aanalysis

U.S. Bureau of Labor Statistics

U.S. Census Bureau. "American Community Survey 2013-2017"

U.S. Census Bureau. "The Supplemental Poverty Measure: 2017"

U.S. Census Bureau. "Historic Poverty Tables"

U.S. Dept. of Agriculture. "Food Spending as a Share of Income Declines as Income Rises"

U.S. Dept, of Health and Human Services. "2019 Poverty Guidelines"