Notes for March 7

PK
By necessaries I understand, not only the commodities which are indispensibly necessary for the support of life, but whatever the custom of the country renders it indecent for creditable people, even of the lowest order, to be without. A linen shirt, for example, is, strictly speaking, not a necessary of life. The Greeks and Romans lived, I suppose, very comfortably, though they had no linen. But in the present times, through the greater part of Europe, a creditable day-labourer would be ashamed to appear in public without a linen shirt, the want of which would be supposed to denote that disgraceful degree of poverty, which, it is presumed, nobody can well fall into without extreme bad conduct. Custom, in the same manner, has rendered leather shoes a necessary of life in England. The poorest creditable person, of either sex, would be ashamed to appear in public without them. In Scotland, custom has rendered them a necessary of life to the lowest order of men; but not to the same order of women, who may, without any discredit, walk about barefooted. In France, they are necessaries neither to men nor to women; the lowest rank of both sexes appearing there publicly, without any discredit, sometimes in wooden shoes, and sometimes barefooted. Under necessaries, therefore, I comprehend, not only those things which nature, but those things which the established rules of decency have rendered necessary to the lowest rank of people.
Panel A. Percentage of persons living with less than 50% of median equivalised household income, late-2000s

- Czech Republic
- Denmark
- Hungary
- Iceland
- Slovak Republic
- Austria
- Netherlands
- Luxembourg
- France
- Slovenia
- Norway
- Finland
- Sweden
- Switzerland
- Germany
- Belgium
- Ireland
- Poland
- New Zealand
- OECD
- United Kingdom
- Canada
- Italy
- Greece
- Portugal
- Spain
- Estonia
- Australia
- Korea
- Japan
- Turkey
- United States
- Chile
- Israel
- Mexico
## Poverty Measure Concepts: Official and Supplemental

<table>
<thead>
<tr>
<th></th>
<th>Official Poverty Measure</th>
<th>Supplemental Poverty Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Measurement units</strong></td>
<td>Families and unrelated individuals</td>
<td>All related individuals who live at the same address, including any coresident unrelated children who are cared for by the family (such as foster children) and any cohabitators and their children</td>
</tr>
<tr>
<td><strong>Poverty threshold</strong></td>
<td>Three times the cost of minimum food diet in 1963</td>
<td>The 33rd percentile of expenditures on food, clothing, shelter, and utilities (FCSU) of consumer units with exactly two children multiplied by 1.2</td>
</tr>
<tr>
<td><strong>Threshold adjustments</strong></td>
<td>Vary by family size, composition, and age of householder</td>
<td>Geographic adjustments for differences in housing costs and a three parameter equivalence scale for family size and composition</td>
</tr>
<tr>
<td><strong>Updating thresholds</strong></td>
<td>Consumer Price Index: all items</td>
<td>Five year moving average of expenditures on FCSU</td>
</tr>
<tr>
<td><strong>Resource measure</strong></td>
<td>Gross before-tax cash income</td>
<td>Sum of cash income, plus in-kind benefits that families can use to meet their FCSU needs, minus taxes (or plus tax credits), minus work expenses, minus out-of-pocket medical expenses</td>
</tr>
</tbody>
</table>
Figure 1.
Poverty Rates Using Two Measures for Total Population and by Age Group: 2010

<table>
<thead>
<tr>
<th>Category</th>
<th>Official*</th>
<th>Supplemental Poverty Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>All people</td>
<td>15%</td>
<td>18%</td>
</tr>
<tr>
<td>Under 18 years</td>
<td>23%</td>
<td>18%</td>
</tr>
<tr>
<td>18 to 64 years</td>
<td>13%</td>
<td>16%</td>
</tr>
<tr>
<td>65 years and older</td>
<td>8%</td>
<td>12%</td>
</tr>
</tbody>
</table>
Figure 2
Maximum TANF Benefits Leave Families Well Below Federal Poverty Level (FPL) (For Family of Three)

- 0 to 10% of FPL
- 10 to 20% of FPL
- 20 to 30% of FPL
- 30 to 40% of FPL
- 40 to 50% of FPL

Note: Hawaii and Alaska poverty levels are higher than the other 48 states.

Source: Calculated from 2011 HHS Poverty Guidelines and CBPP-compiled data on July 2011 benefit levels.
Figure 3
TANF Benefits in Most States Have Declined in Value Since 1996

Only 2 states had grant values higher in 2011 than in 1996. 8 states had value declines of 0-10%, 7 states had value declines of 10-20%, 28 states had grant declines of 20-30%, and 6 states had value declines above 30%.

Source: Calculated from Congressional Research Service (for 1996) and CBPP-compiled for 2011 benefit information adjusted for inflation using the Consumer Price Index (CPI).
Number of Families with Children in Poverty, Deep Poverty and TANF Cases

- Families with Children in Poverty
- Families with Children in Deep Poverty
- TANF Cases

Dec-94 Dec-96 Dec-98 Dec-00 Dec-02 Dec-04 Dec-06 Dec-08
Figure 1. Unemployment and SNAP/FSP Enrollment, 1979–2011

Figure 1:
People Kept Above the Poverty Line By Selected Benefits in 2010

Millions of people, National Academy of Sciences poverty definition

<table>
<thead>
<tr>
<th>Benefit</th>
<th>New Initiatives</th>
<th>Pre-2009 Law</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment Insurance</td>
<td>2.2</td>
<td>1.2</td>
</tr>
<tr>
<td>Making Work Pay Credit</td>
<td>1.5</td>
<td></td>
</tr>
<tr>
<td>Child Tax Credit &amp; EITC</td>
<td>1.6</td>
<td>7.7</td>
</tr>
<tr>
<td>SNAP (Food Stamps)</td>
<td>1.0</td>
<td>3.4</td>
</tr>
</tbody>
</table>

Source: CBPP estimates based on data from U.S. Census Bureau
Figure 2:
Without Government Assistance, Increase in Poverty Rate Would Have Been Much Greater

Percent of population in poverty, National Academy of Sciences poverty definition

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>With No Government Assistance</td>
<td>24.4%</td>
<td>28.6%</td>
</tr>
<tr>
<td>With Assistance Excluding 6 Temporary Initiatives</td>
<td>14.9%</td>
<td>17.8%</td>
</tr>
<tr>
<td>With Assistance Including 6 Temporary Initiatives</td>
<td>14.9%</td>
<td>15.5%</td>
</tr>
</tbody>
</table>

Note: The six temporary initiatives are federal measures enacted in 2009 and 2010 including expansions of the Earned Income Tax Credit and Child Tax Credit, the new Making Work Pay tax credit, expansion in the duration and level of unemployment insurance benefits, and expansion in SNAP benefits. The 2007 poverty line is the 2010 National Academy of Sciences poverty line adjusted for inflation.

Source: CBPP estimates based on data from U.S. Census Bureau
Brazil