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Statistical Brief

The Revolving Door of Poverty

For some Americans, poverty is a persistent situation, but for others, a new job or a marriage provides the means for escape. Unfortunately, those who escape from poverty often are replaced by others who become poor. About one-fourth of all persons who were in poverty in 1984 were not poor in 1985, and just over one-fifth of the poor in 1985 were not in poverty the year before.

Data from the Survey of Income and Program Participation (SIPP) provide this glimpse of how the poor population changes from year to year. Unlike the Current Population Survey, SIPP measures the economic well-being of Americans over time, so data are available on changes in status. Details of these year-to-year changes in poverty status are in the report cited at the end of this brief.

A job does not guarantee an escape from poverty.

Twenty-seven percent of adults 18 years old and over who were poor in 1984 exited poverty in 1985. But among those who increased their work from part of 1984 to a full time job for all of 1985, 72 percent moved out of the poor population. Persons

who remained poor in both years were less likely to have worked than persons who were able to exit poverty: 60 percent of persons who were poor in both years did not work either year, compared with 27 percent who were no longer poor in 1985.

A job is not necessarily sufficient protection against poverty. Some people fell into poverty even though they worked year-round, full-time in both 1984 and 1985 (9 percent of adults who became poor in 1985) or increased their work effort during these years (another 8 percent).

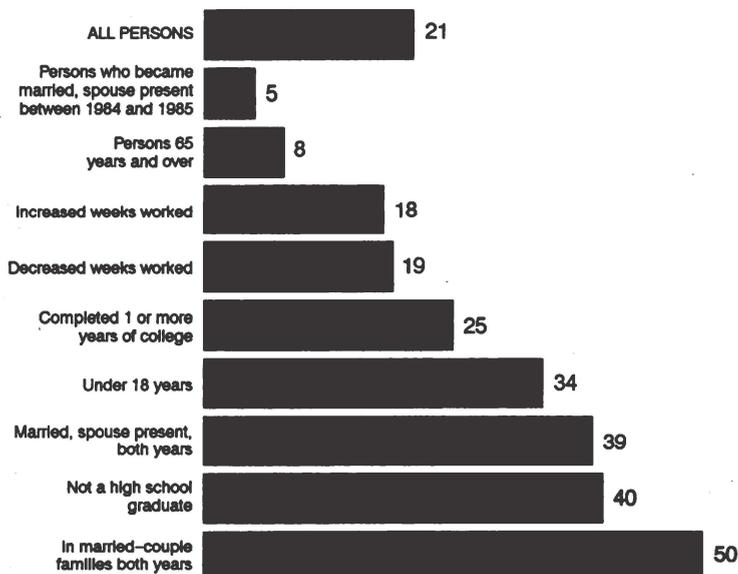
Some of the people who did not work in either year but were still able to escape from poverty may have been able to do so because of an increase in work time or earnings of another family member, a change in family composition, the receipt of income other than earnings, or a combination of these factors.

Changes in family composition can mean a way out of or into poverty.

Persons in families share resources and generally act as an economic unit. For this reason, the official poverty definition

Characteristics of persons who became poor in 1985

Percent



Note: These poverty entry rates were computed by dividing the number of persons who were poor in 1985 but not in 1984 with the characteristic shown by the total number of persons who were poor in 1985 but not in 1984.

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takes into account family size and composition. A change in family size can result in a change in poverty status even if there are no changes in income. About one-half of poor persons who became part of a married-couple family were no longer poor in 1985, compared with one-third of those in married-couple families in both years.

A stable marriage does not necessarily protect against poverty: one-half of persons who became poor in 1985 were in married-couple families in both 1984 and 1985.

Children and the elderly are considerably more likely to remain poor.

Eight out of 10 children under 18 who were poor in 1984 were still poor in 1985; the proportion for the elderly was the same. In contrast, only 64 percent of adults 18 to 24 years old who were poor in 1984 stayed poor in 1985. As young adults are completing school, forming their own families, and entering the workforce for the first time, their chances of moving out of poverty increase.

Poverty is more persistent among Blacks.

About 26 percent of Whites and 20 percent of Blacks who were poor in 1984 were no longer poor the following year. The remainder of the poor in 1984 were still poor in 1985.

The "near-poor" are at greater risk of becoming poor.

Persons whose income is between 100 and 125 percent of the poverty threshold are the near-poor. Twenty-two percent of persons in near-poor households in 1984 were poor in 1985, com-

pared with only 2 percent of persons in households that were not near-poor in 1984.

However, the majority of persons who moved into or out of poverty between 1984 and 1985 did so with a substantial change in status, from poor to above 125 percent of the poverty threshold or vice versa. These data suggest that the change in status resulted from a substantial economic shift or a change in the household rather than from a minor fluctuation in income.

For Information on Poverty See:

Current Population Reports, Series P-70, No. 15-RD-1, Transitions in Income and Poverty Status: 1984-85. (For sale by the Superintendent of Documents, U.S. Government Printing Office,

Washington, DC 20402. Stock number 803-044-00003-1. \$3.00. For telephone orders, call (202) 783-3238.)

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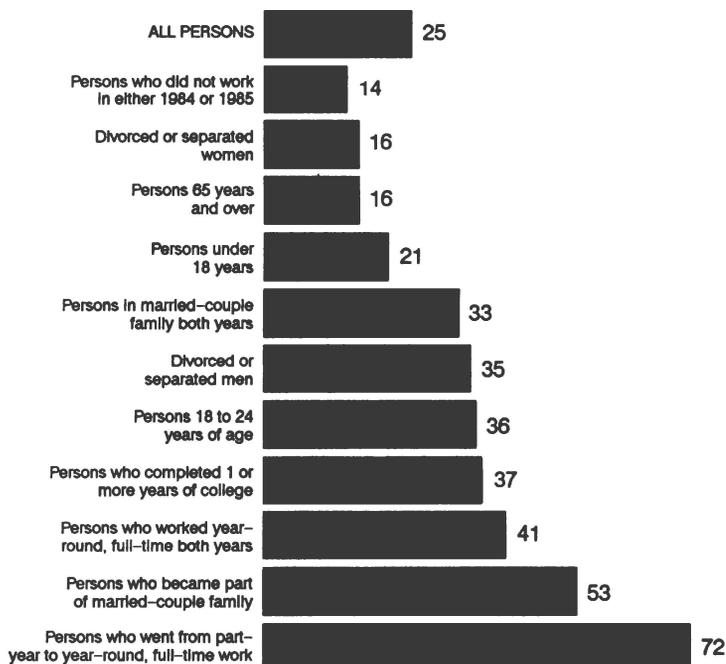
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This Brief is one of a series that presents information of current policy interest. It may include data from businesses, households, or other sources. All statistics are subject to sampling variability as well as to errors arising from the survey design, misclassification and misreporting by respondents, and data processing. The Census Bureau has taken steps to minimize errors, and data herein have been tested and meet statistical standards. However, caution should be exercised when using these together with other available data.

Characteristics of persons who escaped from poverty in 1985

Percent



Note: These poverty exit rates were computed by dividing the number of persons who were above the poverty level in 1985 but were poor in 1984 by the total number of persons who were poor in 1984, with the characteristic shown.