



The District's Dime

Going Beyond the Budget Book

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Poverty in DC: Higher Than You Thought

By Ed Lazere

We all know that the poverty rate is high in the District. But new information reveals that poverty is even higher in our city than anyone knew.

An alternate poverty measure developed by the Census Bureau shows that 22,000 more DC residents live in poverty than the number officially considered poor. Some 141,000 residents—23 percent of the District's population -- were poor between 2010 and 2012, under the “supplemental poverty measure,” while 119,000 were poor under the standard poverty measure.

The difference is most likely due to the District's high housing costs and its effect on the ability of residents to meet their basic needs. Of the 12 states with higher poverty rates under the supplemental measure, most have high costs of living, including New York and California.

The supplemental poverty measure (SPM) makes several important modifications to the standard poverty measure. Under the official measure, the poverty threshold – the income below which people are considered poor -- is the same all across the nation. Yet there are huge variations in the costs of living by geography. The SPM takes into account regional differences in housing costs, with higher poverty thresholds in expensive places. This means that the income level below which people are deemed poor is higher in DC than the official poverty threshold.

This makes sense. The official poverty line for a single parent and two children was just \$18,500 in 2012. A DC family could have income above this and still not be able to pay for rent, food, transportation, clothes, and other expenses.

The supplemental poverty measure also does a better job of measuring the income of U.S. residents. It takes into account the impact of taxes (including income tax credits like the Earned Income Tax Credit that actually boost the incomes of low-income families.) And it counts the value of certain public assistance benefits that are not provided in cash, especially food stamps (now known as SNAP) and housing subsidies. The supplemental poverty takes into account a family's expenses, too, by deducting out-of-pocket medical expenses, work-related expenses, and child support paid to another family.

Putting these together, 22.7 percent of DC residents are considered poor, compared with the official poverty measure of 19.3 percent. This is true even though the SPM adds income from food stamps, housing, and the EITC benefits that the official measure ignores.

The added income from counting those benefits is offset by the very high expenses facing DC residents. While the Census Bureau does not identify the main culprit, it seems likely that DC's high

housing costs are the reason that so many more residents are found to have inadequate incomes under the supplemental poverty measure.

This new data tells us that the challenge to reduce poverty is even harder than we thought. But it also tells us that a major element to tackling poverty is to expand affordable housing, which we all knew.