

Nearly 50 Million Living in Poverty in US

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The number of people living in poverty in the United States rose last year to 49.7 million, based on a new measure that provides a fuller picture of poverty than that previously reported by U.S. Census Bureau data. The revised poverty rate of 16.1 percent is up more than a percentage point from the 15 percent figure reported by the government in September.

Coming a little more than a week after the 2012 elections, the news that nearly one in six Americans is living in poverty received little attention in the media or from the Obama administration. Neither big-business party has any policies to alleviate growing poverty, which is exacerbated by entrenched unemployment and a sluggish economy.

The Supplemental Poverty Measure (SPM), devised a year ago, factors in expenses for food, clothing, shelter, utilities, health care and other essentials beyond what the previous official formula took into account. It includes in its income measure such government-provided benefits as Social Security, unemployment benefits and nutrition assistance.

The SPM figures released by the Census Bureau on Thursday show that while some households may have incomes above the poverty line, factors such as medical expenses are pushing increasing numbers into poverty. The new figures also indicate that the tepid job growth in the more than four years since the financial crisis has come mostly in the form of low-wage jobs that in many cases are not able to lift families out of poverty.

More than 15 percent of working-age adults, aged 18-64, lived in poverty in 2011. Among those with some form of employment, 9.4 percent fell below the poverty line. Those working less than full-time, year-round, saw an 18.5 percent poverty rate. A third of those working less than one week in the course of the year—16.2 million, or 33.5 percent—lived in poverty last year.

Based on the SPM, the poverty rates were dramatically higher for several segments of the population. The share of people 65 years and older living in poverty was 15.1 percent, nearly double the 8.7 percent figure according to the official measure. The single biggest economic burden on seniors is medical expenses that must be paid out of pocket.

The poverty rate among Hispanics stood at 28 percent in 2001 using the SPM, significantly higher than the 25.4 percent rate using the older measure. This difference is attributed to limited access by immigrants to government programs, as well as the concentration of Hispanics in regions of the country that have seen big cutbacks to government programs.

According to the new measurement, more than a quarter of all African-American households were living in poverty in 2011. Poverty in households headed by a single female stood at 30

percent. Among households renting their homes, 29.3 percent were poor.

Also hard-hit are people living in urban areas where living expenses are higher and assistance from government programs has not kept pace with growing need. Under the newly devised standard, California saw the highest poverty rate of any state. A staggering 8.8 million people—23.5 percent—of Californians are living in poverty, a figure largely driven by the state's high cost of living and sharp budget cuts to social programs.

Following closely behind California is the nation's capital, Washington, D.C., where 23.2 percent lived in poverty last year according to the SPM. The next most impoverished state was Florida, at 19.5 percent.

Use of the new census measurement also showed a significant shift in poverty among the various regions of the country. In the West, 20 percent of households were living in poverty in 2011, compared to 16 percent in the South, the region of the country historically more impoverished. This is undoubtedly largely influenced by factors such as the assault on social programs in California and the collapse of the housing market in Nevada.

The new Census measurement also reveals that Social Security is by far the most important program contributing to a reduction in poverty. According to the SPM, when calculating the effects of benefits and expenses on overall poverty rates in the American population, poverty was reduced by more than 8 percent due to Social Security benefits, while medical expenses increased poverty by about 3.5 percent.

The SNAP food stamp program and unemployment insurance benefits also provide significant protection against poverty. But it is precisely these programs—along with Medicare and Medicaid—that are being targeted for cuts as part of the bipartisan assault on social programs being prepared in the wake of the 2012 elections under the cynical pretext of averting a looming “fiscal cliff.”

Coming just more than a week after the presidential election, the new poverty figures put the lie to claims by the Obama administration that significant gains have been made on the way to recovery. Also on Thursday, the Labor Department released initial claims for state unemployment benefits, which rose 78,000 last week to a seasonally adjusted 439,000.

This was the biggest one-week jump since the spike in claims caused by Hurricane Katrina in September 2005. The number has been significantly impacted by last month's Hurricane Sandy, which left millions of homes and businesses without power, paralyzed transportation and caused widespread damage in the Northeast US.

But the rise points to a more general trend of slow job growth. Economists polled by Reuters before Thursday's jobless claims were released said they expected the pace of job growth to slow to an average 144,000 jobs per month in the fourth quarter, down from 174,000 in the third quarter.

Long-term unemployment remains entrenched. According to the new Census report, about 16.4 million Americans of working age worked less than one week in all of 2011. Of these, fully a third are living in poverty, according to the new SPM measurement. Federally funded extended unemployment benefits are set to expire in January, threatening to deprive more than 2 million jobless workers of cash assistance and plunging more American households into poverty.

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