



## Poverty and Income Inequality

by: [Brian Hull](#)

*Tue Sep 29, 2009 at 17:47:58 PM EDT*

The U.S. Census Bureau released data today showing that 118,556 Rhode Islanders were living in poverty in 2008. The data is based on a 3 million person sampling in the United States called the American Community Survey, and shows that Rhode Island's poverty rate in 2008 stood at 11.7%. This is lower than (although statistically insignificant to) last year's rate of 12%. Rhode Island ranked 31st highest in the nation, below the national average. When compared to the other New England states, however, Rhode Island had the second highest level of poverty, after Maine.

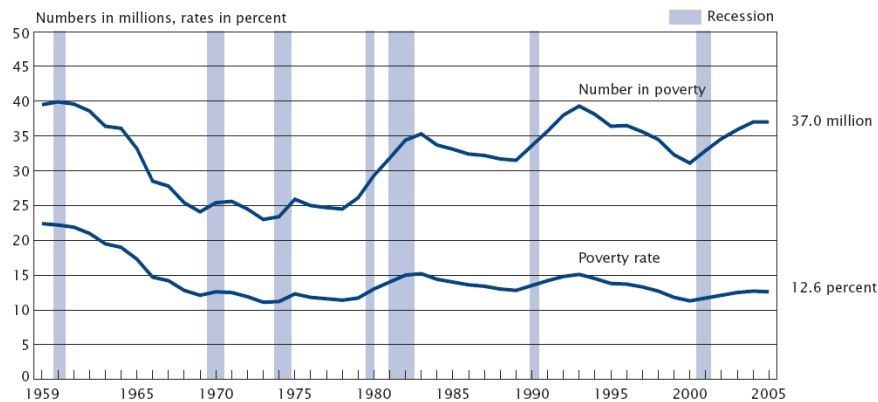
**2008 New England Poverty Rates by State**

State	Percent of poverty 2008	2008 National Rank (1 being the worst)	Percent of poverty 2007	2007 National Rank (1 being the worst)
Maine	12.3%	27	12.0%	28
Rhode Island	11.7%	31	12.0%	28
Vermont	10.6%	38	10.1%	40
Massachusetts	10.0%	41	9.9%	41
Connecticut	9.3%	46	7.9%	50
New Hampshire	7.6%	51	7.1%	51
United States	13.2%	N/A	13.0%	N/A

Data from US Census Bureau, American Community Survey, 2008. Compiled by The Poverty Institute

Nationally, the poverty rate for 2008 stood at 13.2%, an 11-year high. This represents a total of 39.8 million people (14 million of which are children) living in poverty. There have not been this many people living in poverty since 1960.

**Number in Poverty and Poverty Rate: 1959 to 2005**



Moreover, there is a wide disparity of poverty rates among different racial groups. 28 percent of Hispanics and Latinos live in poverty, while 20.8% of Blacks/African Americans, and 8.4% of White/Caucasians. This is likely due to the recession's devastating effect on the job market for low and middle-income earners. Luckily, Rhode Island has a strong system for unemployment benefits, a system strengthened by the **Unemployment Compensation Extension Act of 2009** (passed the House on Sept. 22). This system has kept many individuals and families from falling into poverty.

"For those laid off workers who are actually eligible for unemployment insurance, the benefits have helped protect them from plummeting into poverty in this harsh economy," said Rachel Flum, Policy Analyst at The Poverty Institute.

Unfortunately, the Census Bureau's figures aren't truly accurate because the federal measure of poverty is woefully outdated. The **Health and Human Services poverty guideline for 2009** show that an individual must make \$10,830 or less to be considered "living in poverty." For a family of four, the number is \$22,050. That's not a lot of money and inaccurately represents just how expensive living in the United States (and Rhode Island) is.

Data by the Poverty Institute tell a different story. In their **2008 Standard of Need**, they determine that it costs \$52,188 for a family of four to meet basic needs in Rhode Island (housing, food, transportation, child care, medical, etc.). A single adult would need to earn \$20,280 to meet basic needs. These numbers better reflect what's necessary to "live" in Rhode Island, and are 200–250% higher than the federal poverty level.

As if the poverty numbers weren't bad enough, there's more bad news. The recession has also **widened the gap between the wealthiest and the poorest** Americans.

The wealthiest 10 percent of Americans — those making more than \$138,000 each year — earned 11.4 times the roughly \$12,000 made by those living near or below the poverty line in 2008, according to newly released census figures. That ratio was an increase from 11.2 in 2007

and the previous high of 11.22 in 2003.

Largely due to the 2001 and 2003 Bush tax cuts, the vast majority of the income gains following the 2001 recession flowed to the wealthiest 1%. Between 2002 and 2007, **two-thirds of the nation's total income gains went to the top 1 percent of U.S. households**. The concentration of income in 2007 was the highest it has ever been since 1928.

And now, here we are. The rich are even richer, the poor are poorer, and we have the worst economic crisis since the Great Depression. It doesn't seem right to me.

**Brian Hull :: Poverty and Income Inequality**