

2010 Poverty Rate Increases in Both Massachusetts and Across the Country

Today, the U.S. Census Bureau released its annual update of state-level poverty rates from the American Community Survey (ACS). In contrast to the Census's Current Population Survey, for which data were released last week, this survey provides more reliable demographic information for individual states. Highlights of today's release include the following:

- After remaining relatively stable for the past three years, the overall poverty rate in Massachusetts showed a statistically significant increase from 10.3 percent to 11.4 percent in 2010.
- Nationwide, the poverty rate rose from 14.3 percent to 15.3 percent. Despite the increase in the Massachusetts rate, we continue to rank among the ten states with the lowest poverty levels.
- The rate of poverty among children under 18 years of age also rose in Massachusetts in 2010, from 13.1 percent in 2009 to 14.3 percent in 2010. Nationwide the childhood poverty rate rose from 20 percent to 21.6 percent.

OVERALL POVERTY IN MASSACHUSETTS AND THE U.S.

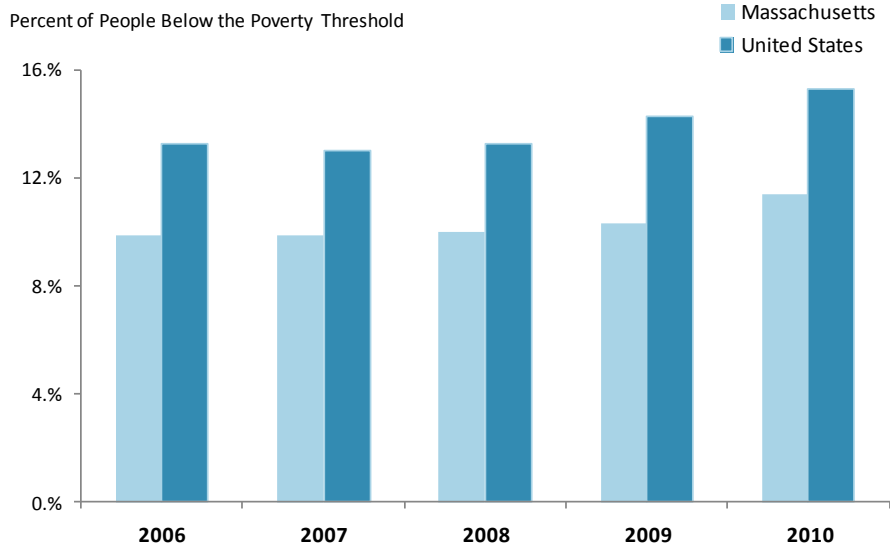
The poverty rate measures the percentage of people who live in households with incomes below a certain level, known as the poverty threshold. To determine the poverty rate the Census Bureau counts all money income earned by a family before taxes – in other words, non-cash benefits such as Medicaid or food stamps are excluded, as are tax liabilities and credits. The federal poverty threshold varies depending on the size of the family and is updated each year for inflation. For 2010, the poverty threshold was about \$11,300 for a single person under the age of 65 and a little over \$22,000 for a family of four (thresholds for individuals and couples over the age of 65 are somewhat lower). The poverty thresholds do not vary by geography and thus do not reflect differences in cost of living among states.

Between 703,672 and 746,614 people in Massachusetts lived in households that fell below the federal poverty threshold in 2010. The estimated poverty rate in Massachusetts was 11.4 percent, compared to 10.3 percent in 2009 and 9.9 percent in 2007, the year in which the recent recession began. This year's increase is considered statistically significant, meaning that there was a real increase in poverty in Massachusetts (for an explanation of statistical significance, see the notes at the end of this fact sheet). The increase in Massachusetts is similar to the rise in poverty nationwide in 2010 – the overall U.S. poverty rate rose from 14.3 percent in 2009 to 15.3 percent in 2010.

There was also a significant increase in deep poverty, defined as the proportion of people below 50 percent of the official poverty threshold – in 2010 the deep poverty rate in Massachusetts rose to 5.3 percent from 4.5 percent in 2009. While many factors underlie changes in the poverty rate, the recent severe recession and weak recovery have certainly played a role in this year's increase on both the state

and national levels. It is worth noting, however, that without social insurance programs such as Unemployment Insurance and Social Security many more people would live in poverty (see [link to 9-13 poverty fact sheet]).

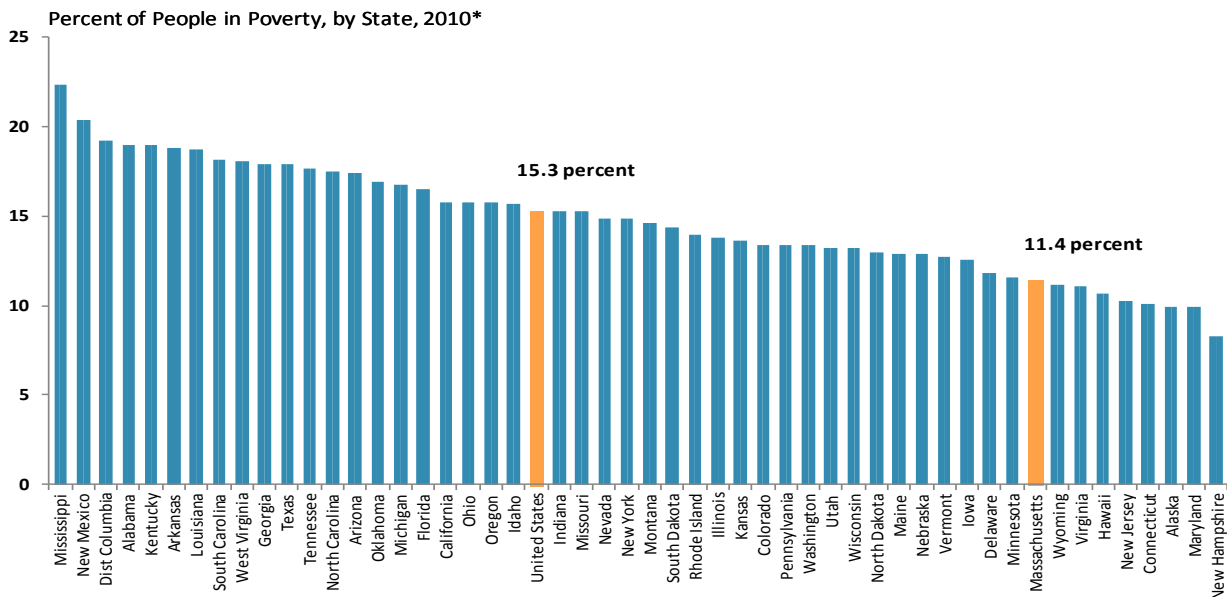
The Massachusetts and U.S. Poverty Rates Rose in 2010



Source: U.S. Census Bureau, 2010 American Community Survey

The new data also show that despite this year’s increase in poverty, Massachusetts continues to rank among the ten states with the lowest overall poverty rates in 2010.

Massachusetts Ranks Among 10 States with Lowest Poverty Rates

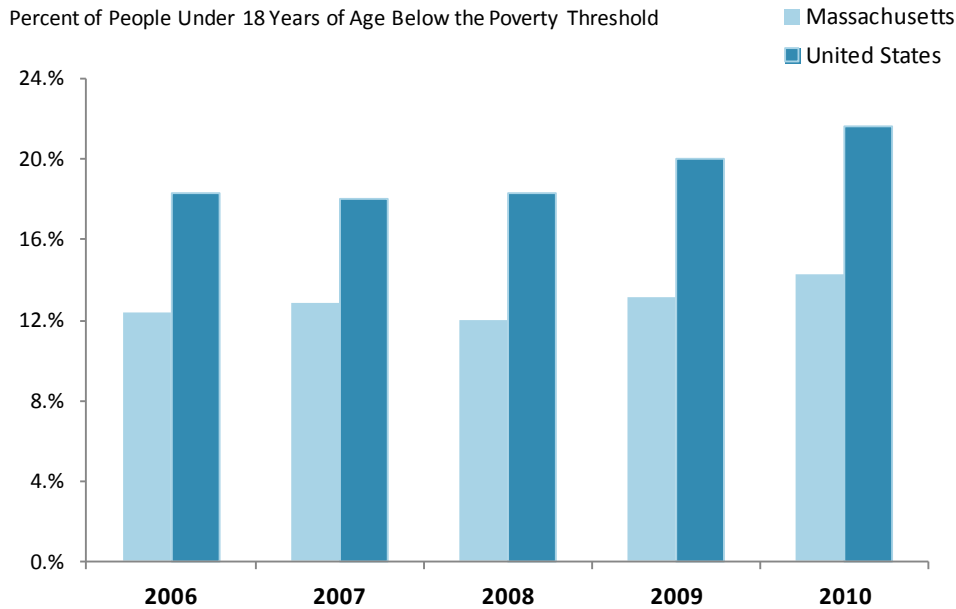


Source: U.S. Census Bureau, 2010 American Community Survey
 *Due to the size of the margin of error for some state poverty rates, precise ranking is not possible, but Massachusetts falls among the ten states with the lowest poverty rates.

CHILDHOOD POVERTY IN MASSACHUSETTS AND THE U.S.

As with the overall poverty rate, the rate of poverty among children in Massachusetts (defined as individuals under the age of 18) also showed a significant increase in 2010, rising to 14.3 percent from 13.1 percent in 2009. The childhood poverty rate in Massachusetts has risen by nearly two percentage points from its pre-recession level of 12.4 percent in 2006. Nationwide, childhood poverty rose to 21.6 percent, compared to 20.0 percent in 2009 and 18.3 percent in 2006.

Childhood Poverty Rose in 2010 In MA and the U.S.



Source: U.S. Census Bureau, 2010 American Community Survey

NOTE ON STATISTICAL SIGNIFICANCE

Because the ACS data are based on surveys of a random sample of individuals in the population being measured, one cannot be certain that the estimate produced by the sample reflects the actual rate for the entire population. For each number it publishes the Census Bureau provides a margin of error using a 90 percent confidence level that defines the range within which its estimate falls. A 90 percent confidence level means that there is a 90 percent likelihood that the true population measure falls within the margin of error or range established around the estimate. When two estimates (for example, a single measure taken in two different years) are compared, the margin of error can be used to calculate whether the two measurements reflect a real change in the population rather than a difference occurring by chance because of variation in the samples. When we say that two estimates are not statistically significant we mean that we cannot be certain that the estimates -- even though numerically different -- provide an accurate measure of a real difference in the true population. In most cases, larger populations allow for greater certainty concerning estimates even for relatively small year-to-year changes.