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Ohio Poverty Report

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THE OHIO POVERTY REPORT

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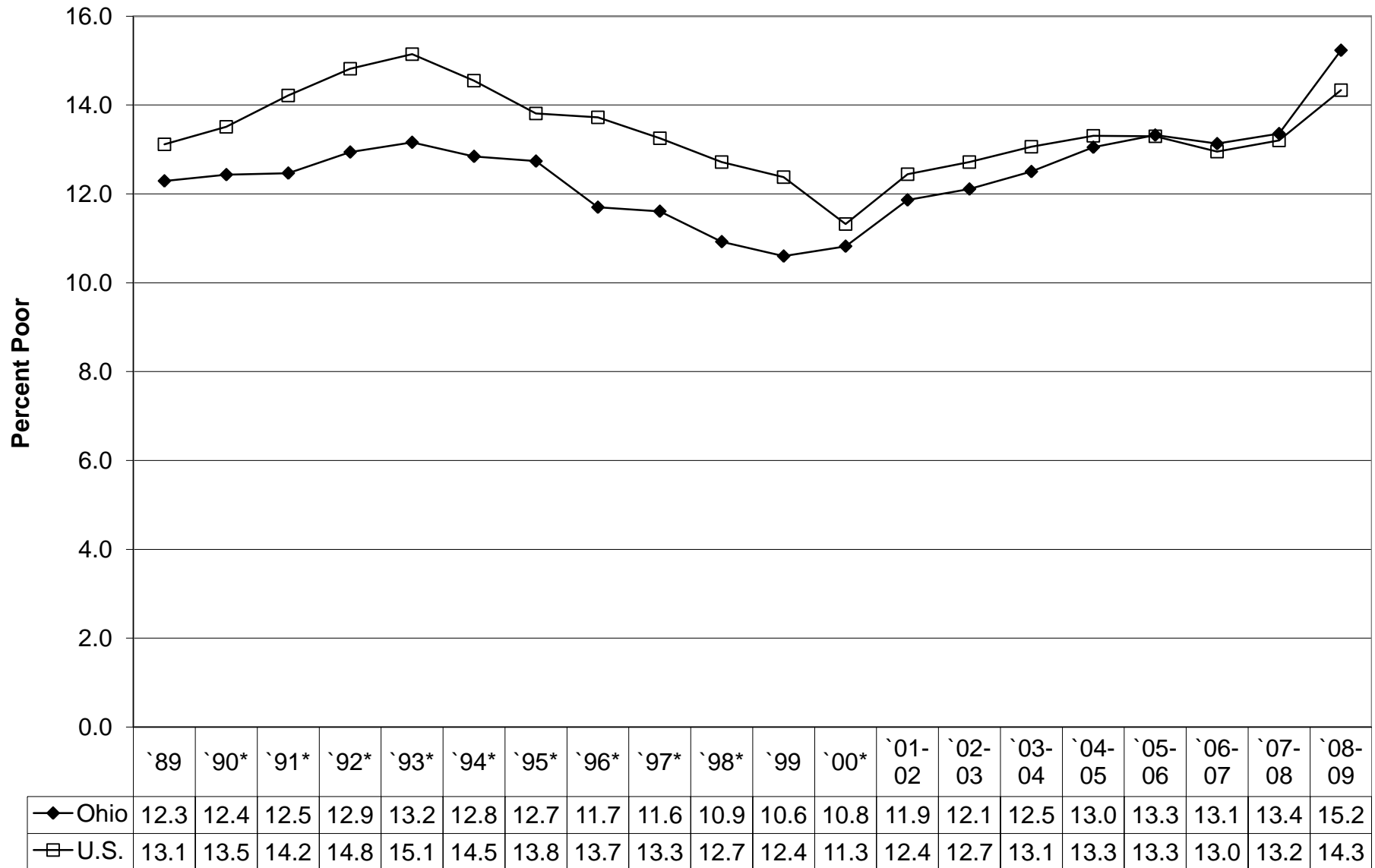
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OHIO'S POVERTY RATE HISTORY, WITH COMPARISONS TO THE U.S.

Percentages of Poor Persons in Ohio and the U.S., 1989-2009



Source: U.S. Census Bureau. Note: * - Data are from the Current Population Survey; data for hyphenated years are from the American Community Survey; data for '89 and '99 are from the decennial censuses.

RECENT TRENDS IN INDIVIDUAL POVERTY RATES

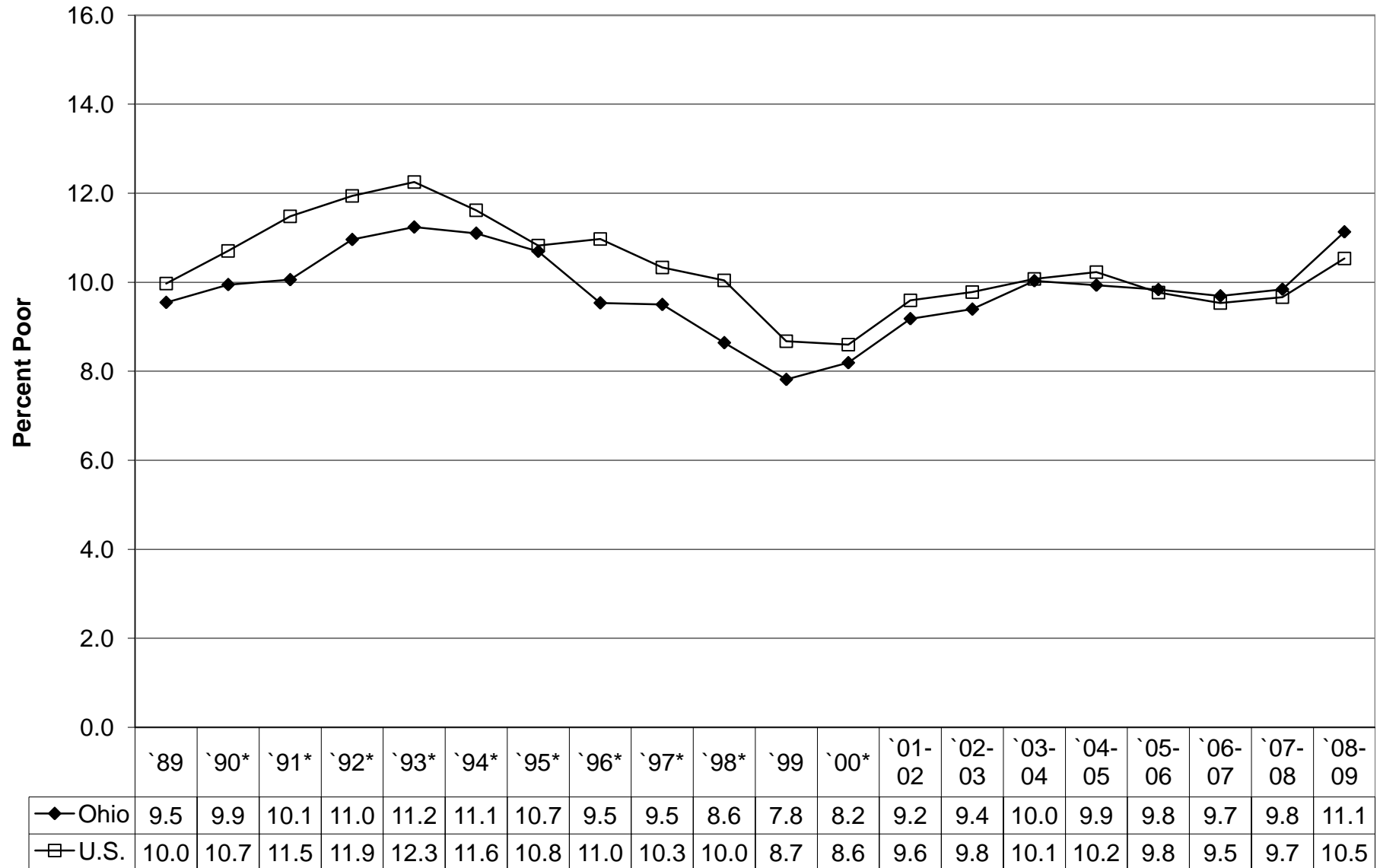
Data from the American Community Survey show that an estimated 1,710,000 people in Ohio were poor during 2008-2009 period.¹ This figure represents 15.2 percent of the 11,225,000 persons for whom poverty status was determined, and is the latest available. Both the number and percentage of poor people in Ohio appear to be significantly greater than in 1999, the last year for which decennial census data are available.

The graph above illustrates the variation in Ohio's poverty rate since 1989. It rose from 12.3 percent in 1989 to 13.2 percent in 1993, then gradually declined to 10.6 percent in 1999, but has again risen, this time to 15.2 percent.² Data from an earlier report (Office of Strategic Research, 2003) show similar variations: the historic low of 8.2 percent was recorded in 1974, and poverty rates above 13 percent appeared in 1983 and 1984.

The graph above also shows that the poverty rate in Ohio usually was between one and two percentage points lower than the national rate during the 1990s. (The Ohio poverty rates for 1990-1998 and 2000 are three-year moving averages centered on the year noted, but include data from the preceding and following years. The corresponding national rate is for the single year noted.) However, Ohio's poverty rate for much of the decade just past has differed little from the national average. (This coincides with the switch from Current Population Survey to the American Community Survey.) The two poverty rates and their changes over the years – regardless of the data source – closely track one another, implying that changes in Ohio are part of changes across the nation.

See Table A1

Percentages of Poor Families in Ohio and the U.S., 1989-2009



Source: U.S. Census Bureau. Note: * - Data are from the Current Population Survey; data for hyphenated years are from the American Community Survey; data for '89 and '99 are from the decennial censuses.

RECENT TRENDS IN FAMILY POVERTY RATES

American Community Survey data also show that about 328,000 families in Ohio were poor during the 2008-2009 period. That figure represents 11.1 percent of approximately 2,947,000 families in the state. Both the number and percentage of poor families here appear significantly greater than the decennial census figures referring to 1999.

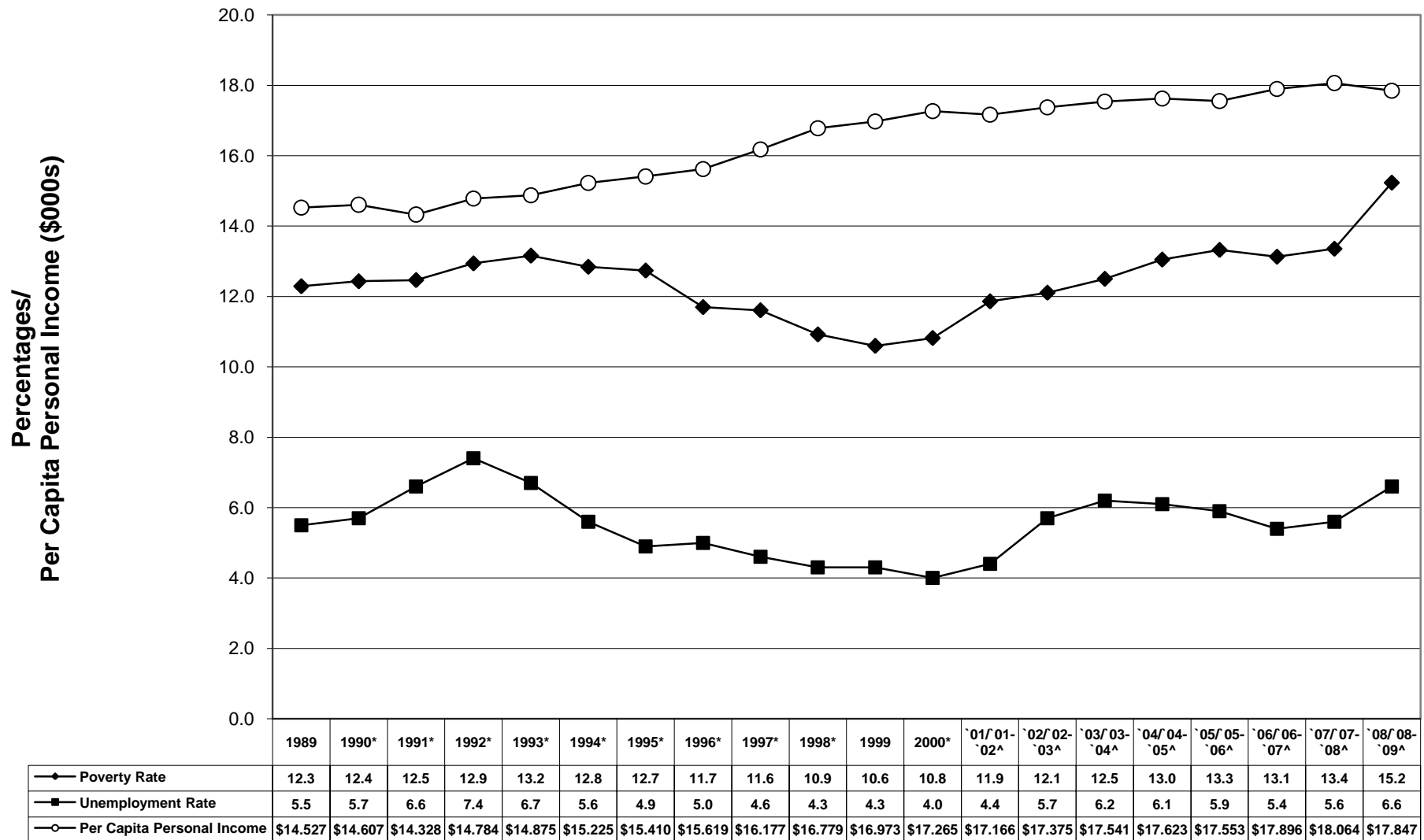
The preceding graph illustrates the variations in poverty rates since 1989. From 9.5 percent in 1989, the poverty rate rose to 11.2 percent in 1993, dropped to 7.8 percent in 1999, jumped to 10 percent in 2003-4, and changed little until it rose to 11.1 for 2008-9. The historic low was 6.6 percent in 1974 (Office of Strategic Research, 2003).

As has been true for *persons* for whom poverty status is determined, the *family* poverty rate in Ohio has approximated or been below the national family poverty rate. (Again, the Ohio family poverty rate is a three-year moving average for all of the 1990s and 2000 except for the decennial census years of 1989 and 1999. The corresponding national rate is specific to the year.) The two poverty rates also closely track one another, consistent with the idea that changes in Ohio are part of the changes across the country.

The reason that changes over time in individual and family poverty rates nearly parallel one another is that most persons live in families. The reason that family poverty rates are lower than poverty rates for individuals is that persons not in families are assumed not to share their resources – notably income(s).³ See the Appendix section on Defining and Measuring Poverty for examples of how poverty thresholds vary with the size and compositions of families.

See Table A1

Ohio: Percentages of Persons in Poverty and Unemployed with Inflation-Adjusted Per Capita Personal Income (\$000s)



Sources: U.S. Bureaus of the Census, Economic Analysis, and Labor Statistics, and the Ohio Dept. of Job and Family Services. Notes: * - the poverty rate is a three-year moving average; ^ - '01/'01-'02 refers first to the calendar year for unemployment and per capita income, and then to the blended sets of 12-month periods over the two years referenced by the American Community Survey.

THE RELATION OF OHIO'S POVERTY RATE WITH SELECTED ECONOMIC VARIABLES

The preceding chart shows changes in the poverty rate for persons, the unemployment rate, and per capita personal income (adjusted for inflation) from 1989 through 2009. While trends in Ohio's poverty rate for persons appear related to trends in the unemployment rate and the real income growth, they are not as consistent as one might initially think. This is particularly true of the per capita income changes. Per capita personal income is the broadest measure of income in a society, and because poverty is defined as insufficient income, it seems reasonable to believe that as real per capita income increases, the poverty rate for persons declines. Yet the graph above shows that for the entire period of 1989 to 2007, real per capita income grew most years – 1991, 2001 and 2005 were the exceptions – while the poverty rate fell and rose. It was only during the period of about 1995 to 2000 – when we see a relatively rapid increase in real per capita income – that we also see a notable decline in the poverty rate from 12.7 percent to 10.8 percent. Since 2001, real per capita income has grown relatively slowly and the poverty rate has risen.

Similarly, it seems reasonable that poverty and unemployment rates would move in tandem because jobs are the major source of income. The relationship seems to be broadly true, based on the changes graphed above; however, poverty rate changes may lag changes in the unemployment rate by about a year. For example, the unemployment rate rose from 1989 to 1992, declined until 2000, after which it rose until 2003, declined a bit until 2007, and then rose. Ohio's poverty rate increased slightly from 1989 to 1993, and declined to a low point in 1999. It rose until about 2005, paused for a year or two, and then jumped.

The loose association of poverty with per capita personal income and the unemployment rate suggests that the nature of the associations may be more complex than some people initially think. It should be remembered that poverty usually is defined in a family context, while the two economic factors refer to individuals. There are lots of possible combinations of a husband and wife (the most common type of family) and their labor force status – not in the labor force, unemployed, employed (full time or part time) – any change in which may or may not impact the family's poverty status. For example, a husband losing his job will, all other things being equal, increase the unemployment rate (assuming he still looks for work) and decrease the family income. However, it may or may not put his family into poverty, perhaps depending on how long he is out of work, how much his wife works, her income level, and the presence of children. Conversely, a husband's new job will reduce the unemployment rate and increase the family income, but it may or may not pull his family out of poverty – also depending on the circumstances just mentioned. There are non-economic factors that also may play a role in changing poverty levels. These are discussed in the circumstances of poverty section.

See Table A2