

Models of Poverty: Absolute and Relative

“Absolute poverty” refers to an unequivocal standard necessary for survival (calories necessary for survival, adequate shelter against elements, proper clothing).

- Absolute poverty is “a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to social services” (United Nations, Copenhagen Declaration, 1995).
- Absolute poverty is sometimes called “extreme poverty.”
- In 2004, 16 million Americans lived in “severe poverty,” according to the U.S. Census Bureau (people living at less than half of the poverty level; e.g., an individual making \$4,800 per year or less).
- Approximately 3.5 million individuals experience homelessness in the U.S. each year. Of that number, about 600,000 are families and 1.35 million children (National Alliance to End Homelessness). Most homeless families are headed by a young single mother with two children under age 6 (National Center on Family Homelessness).
- Over 1 billion people—1 in 6 people around the world—live in extreme poverty, defined as living on less than \$1 a day.



Models of Poverty: Absolute and Relative (cont.)

“**Relative poverty**” refers to deprivation that is relative to the standard of living enjoyed by other members of society.

- Even if basic needs are met, a segment of the population may still be considered “poor” if they possess fewer resources, opportunities or goods than other citizens.
- For example, if most families in a society can afford 2 cars and a family can afford only 1, they are considered relatively poor.
- In 2005, the median income for the average U.S. household was \$46,242 (*Income, Earnings, and Poverty Data From the 2005 American Community Survey, U.S. Census Bureau*); however, when you consider differences between regions, states, counties and neighborhoods, the disparities become clear: relative poverty defines U.S. living.
- For example, in Kings County, NY, the median household income in 2005 was \$37,332—compared with \$80,293 in Nassau County (just 10 miles away).



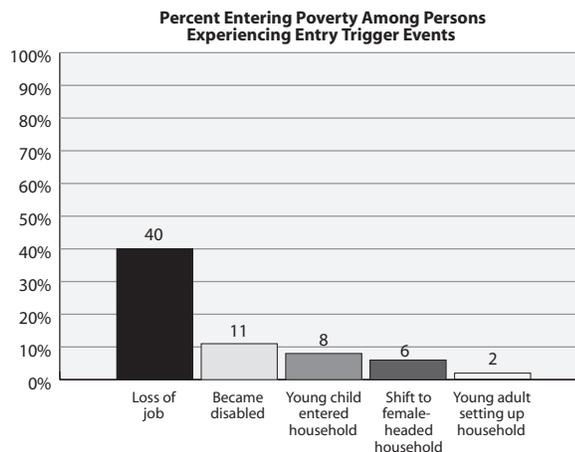
Types of Poverty: Situational and Generational

“**Situational poverty**” refers to people living in poverty for a short time as the result of circumstance (unemployment, chronic illness, disability, divorce, or death of a family member).



- There is no single path into or out of poverty; many events throw people into poverty and many events help people exit from poverty. Poverty is a fluid rather than static condition for most.

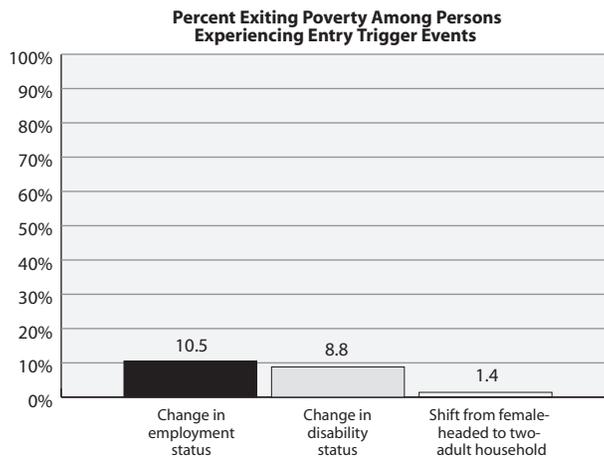
- “Trigger events” like changes in household composition, employment status, and disability status, are often the cause for entry to or exit from poverty.
- Employment is the most common event associated with poverty entry. Nearly 40% of those entering poverty had a household member lose a job. A change in disability status plays the next largest role (11% of those entering poverty), followed by a young child entering the household (8%), a shift to a female-headed household (6%), and a young adult setting up his or her own household (2%). (*Transition Events in the Dynamics of Poverty, 2002, The Urban Institute*).



- Employment is the most common trigger event for exiting poverty (10.5%), followed by a change in disability status (8.8%), and a shift from a household headed by a female to one with two adults (1.4%). (*Transition Events in the Dynamics of Poverty, 2002, The Urban Institute*).
- The majority of Americans live in a two-adult, married household; however, those who experience household shifts because of divorce or death are the most likely to enter into poverty. In 2003, 51.5% of the U.S. population lived in a two-adult, married household (with or without children); 16.4% lived in “other family households,” of which 9% were headed by single parents with children under 18 (*America’s Families and Living Arrangements: 2003, U.S. Census Bureau*).

Types of Poverty: Situational and Generational (cont.)

- Although shifts in household structure are relatively rare events in the population, individuals who experience these events are the most likely to transition into poverty (*Transition Events in the Dynamics of Poverty, 2002, The Urban Institute*).
- While individuals who experience employment shifts are somewhat less likely to experience a poverty transition (than those with a household structure shift), shifts in employment are more common events, and so are associated with a larger share of transitions into and out of poverty.
- Changes in economic conditions have only a slight influence on poverty transitions, though the level of economic conditions is important (e.g., the auto/steel industry in the Midwest states).



“Generational poverty” refers to people in poverty for two or more generations.

- Of the 34 million Americans living below the poverty line, about 75% are in generational poverty and the remaining are in situational.
- A family may fall into poverty for one generation due to situational circumstance, but it may maintain the support system and connections common among most middle- and upper-class families. When the poverty persists beyond one generation, the effects become cumulative and more severe; many of the typical support systems dissolve.



Types of Poverty: Situational and Generational (cont.)

- Without interventions, it is very likely that the 25 million people living in generational poverty will remain in this state for the remainder of their lives. Studies suggest that the longer a person has been poor, the less likely it is that he or she will escape poverty (PSID, University of Michigan).
- Furthermore, without interventions, it is also very likely that their children will join them in remaining in poverty.
- Individuals in generational poverty often do not see a choice, or they do not know how to access proper resources or people.
- Being in poverty is rarely about a lack of intelligence, ability or motivation (60% of the working poor worked full time in 2003). Education is key for getting out of generational poverty.