

Alabama Poverty Project

Teaching about Poverty

Exercise 2: Clarifying Definitions: What is poverty?

Goal: To help participants discover the various ways they define poverty and to work toward a clearer, shared definition.

Directions for the Facilitator:

1. Ask students to write down their own answer to the question: “What is Poverty? How do we ‘know’ someone is poor?”
2. Ask students to share their definitions.
3. Categorize their responses within the framework of the following Socially Constructed Definitions of Poverty:

A) Absolute definitions

1. a specific amount of income that is believed to equal poverty.
(ex: poverty threshold defined by the U.S. government)

*Ask participants to specify how much income would make a family of three poor. Write their responses on the blackboard/ paper flip chart.

Note: There will be some disagreement/debate over this amount. Allow this to go on a bit so that they can see how others classify poverty.

B) Relative Definitions

1. defined by possessions one lacks that, in this culture, would make one poor. While this deficit would not make one poor in Bangladesh, in the U.S. lacking a car, a phone, or a home makes getting and keeping a job difficult.

*Ask students to tell you what possessions are essential in this society in order to get and keep a job. (ex: car, home, telephone, etc.)

2. defined by lack of access to valued goods and opportunities.

*Ask students to tell you the conditions, the lack of possessions and/or opportunities that mark someone as “poor.”

Note: Some responses will actually be definitions of welfare, not of poverty. Clarify this to the student and explain that welfare and poverty are not the same things. (And, if you have such plans, mention that the subject of welfare will be gotten to later on.)

4. Now, you may want to explain how the government categorizes poverty, and why it does this.

A. LBJ, in 1964, wanted to wage a War On Poverty, and needed to know how much there was, so that he would know when to declare victory.

B. Using the assumption that the poor spend 1/3 of their income on food, government economists asked the USDA nutritionists to develop some budgets for one month of groceries for a family of three, for example, and then to report the expense of these food budgets.

1. USDA workers developed “low income,” “economy,” and “moderate” food budgets. But when these numbers were multiplied by three, and this income level was compared with that of the U.S. population, it yielded more people defined as poor than was desired.

2. The Social Security Administration asked these USDA economists to develop an even cheaper food budget. Nutritionists returned with a “thrifty” food budget which they cautioned would be adequate in the short run, but that anyone subsisting on this budget for more than a couple of months would be unable to maintain their health.

3. This budget, multiplied by three by the Social Security Administration, became the official Poverty Line or Threshold, below which were incomes that defined one as being in poverty. Thresholds for various family sizes were calculated, and the Poverty Line is adjusted over time for inflation by applying a formula that uses change in the Consumer Price Index.

4. Write on the blackboard the current poverty line.

2000 Poverty Line:

For one person: \$8,350

Family of two: \$11,250

Family of three: \$14,150

Family of four: \$17,050

*Ask the group: To what extent do you think this poverty line fairly depicts poverty? Is the poverty line too high? Too low? How does it compare to your own estimate (earlier) of poverty?

5. The regional differences in cost of living are not used to adjust the poverty line. So, in this regard, the poverty line may be too high, over counting poverty in Alabama. But, on the other hand, there are several reasons why the poverty line is too low to capture all the poverty in Alabama:

A. The CPI includes adjustments for prices of goods the poor would rarely buy. The poverty line would be more accurately adjusted by applying the change in costs of food and shelter, the major expenses of the poor, both of which have been more subject to inflation than other items in the CPI.

B. As mentioned earlier, the food budget used to calculate the poverty line was insufficient to maintain minimal health, and so it underestimates poverty.

C. The U.S. Census has found that the poor pay around 46% of their income on rent and 46% of their income on food. Therefore, the assumptions made in calculating a poverty line were wrong.

6. Ask the group to calculate 125% of the poverty line, to capture the income level that the Census Bureau calls “the near poor.” Are these figures closer to their earlier estimates of poverty?

7. Ask the group to calculate 50% of the poverty line, or the income level below which persons are judged to be in extreme poverty. Roughly 40% of the poor in Alabama are in this extreme poverty group.