

# Poverty Measures in Alaska

The national thresholds and how the state compares

Measuring poverty is an important task, but it can be a challenge to figure out what the measures mean and how they should be used. The U.S. Census Bureau calculates nationwide “poverty thresholds” for individuals and households based on family size and ages. If a family’s income is below the applicable threshold, that family and every person in it are considered in poverty.

That designation does not necessarily mean the family or its members qualify for a specific public benefit, though. Eligibility is determined by the federal, state, and local agencies that provide the benefits, and poverty thresholds should not be confused with the U.S. Department of Health and Human Services’ “poverty guidelines,” which are widely used to determine eligibility.

Instead, the poverty thresholds are a statistical measure to track changes in poverty over time and to examine poverty among different groups within a population. To a lesser extent, they are

## Limitations of the American Community Survey

The poverty numbers in this article are from the American Community Survey, which replaced the “long form” that the U.S. Census Bureau used to send to one in six American households during each decennial census. Before the ACS, the long form was the main source of detailed social and economic data such as poverty.

The bureau administers the ACS on an ongoing basis to about one in 750 households nationwide and releases data every year for states and large cities, every three years for smaller cities, and every five years for the smallest areas. Comparisons for small areas — most of Alaska’s boroughs and census areas — are often difficult because the margins of error can be large.

The data used in this article are from 2006 to 2010, for comparisons among the state as a whole and the individual boroughs and census areas.

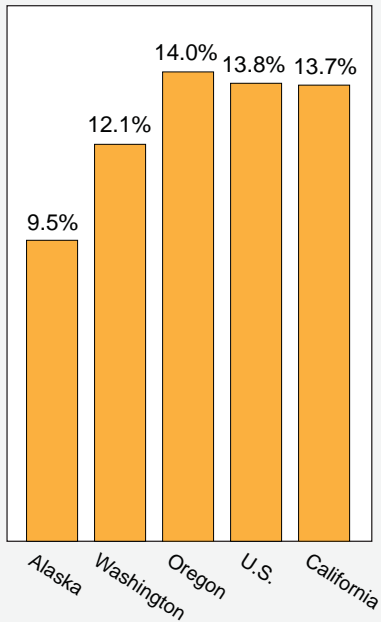
For more on using ACS data, see the March 2011 issue of *Trends*.

## 1 Poverty Thresholds United States, 2010

Size of family unit	How many in the household are children under age 18								
	None	One	Two	Three	Four	Five	Six	Seven	Eight or more
One person									
Under 65 years	\$11,344	—	—	—	—	—	—	—	—
65 years and over	\$10,458	—	—	—	—	—	—	—	—
Two people									
Householder under 65 years	\$14,602	\$15,030	—	—	—	—	—	—	—
Householder 65 years and over	\$13,180	\$14,973	—	—	—	—	—	—	—
Three people	\$17,057	\$17,552	\$17,568	—	—	—	—	—	—
Four people	\$22,491	\$22,859	\$22,113	\$22,190	—	—	—	—	—
Five people	\$27,123	\$27,518	\$26,675	\$26,023	\$25,625	—	—	—	—
Six people	\$31,197	\$31,320	\$30,675	\$30,056	\$29,137	\$28,591	—	—	—
Seven people	\$35,896	\$36,120	\$35,347	\$34,809	\$33,805	\$32,635	\$31,351	—	—
Eight people	\$40,146	\$40,501	\$39,772	\$39,133	\$38,227	\$37,076	\$35,879	\$35,575	—
Nine people or more	\$48,293	\$48,527	\$47,882	\$47,340	\$46,451	\$45,227	\$44,120	\$43,845	\$42,156

Source: U.S. Census Bureau

## 2 Poverty Rates 2006 to 2010



Source: U.S. Census Bureau

## 3 Percent Below Poverty Line Alaska families and individuals, 2006 to 2010

Demographic category	Percent	Margin of error
All families	6.6%	+/-0.4%
With related children under 18 years	10.6%	+/-0.6%
With related children under 5 years only	14.0%	+/-1.8%
Married couples	2.6%	+/-0.2%
With related children under 18 years	4.0%	+/-0.4%
With related children under 5 years only	4.2%	+/-1.2%
Families with female householder, no husband present	22.6%	+/-1.6%
With related children under 18 years	28.1%	+/-1.9%
With related children under 5 years only	41.4%	+/-6.0%
All people	9.5%	+/-0.3%
Under 18 years	13.0%	+/-0.8%
Related children under 18 years	12.5%	+/-0.7%
Related children under 5 years	16.5%	+/-1.2%
Related children 5 to 17 years	10.9%	+/-0.7%
18 years and over	8.2%	+/-0.3%
18 to 64 years	8.6%	+/-0.3%
65 years and over	4.5%	+/-0.7%
People in families	7.3%	+/-0.4%
Unrelated individuals 15 years and over	18.4%	+/-0.8%

Source: U.S. Census Bureau

also useful when comparing poverty between geographic locations.

The same poverty thresholds apply to all states, and although they are updated for inflation using the U.S. Consumer Price Index, there are no adjustments for costs of living<sup>1</sup> or incomes. The income used in poverty calculations includes wages and salaries, unemployment compensation, Social Security benefits, public assistance, and the Alaska Permanent Fund Dividend — all before taxes. It also includes some miscellaneous

income, although noncash benefits such as food stamps are not counted.

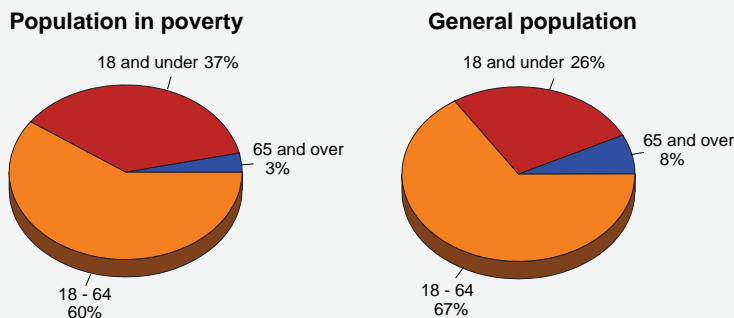
The poverty threshold for a family of four, made up of two adults and two children under the age of 18, was \$22,113 in 2010. The threshold rises for each additional person living in the home, to a maximum of \$48,527 for a family of nine or more. The thresholds change slightly depending on how many people in the household are children under age 18. (See Exhibit 1.)

### How Alaska compares

Data from the American Community Survey, collected between 2006 and 2010, show 9.5 percent of Alaskans lived in poverty over that period. Unlike many other states whose poverty rates rose during the recession, Alaska's percentage was not statistically different from the 9.4 percent in poverty in 2000, as measured by the decennial census.

In both 2000 and the 2006–2010 period, the poverty rate for Alaskans was noticeably lower than for the nation as a whole. The U.S. rate climbed from 12.4 percent in 2000 to 13.8 percent during 2006–2010. Alaska's poverty rate was also well

## 4 Poverty Breakdown by Age Alaska, 2006 to 2010



Source: U.S. Census Bureau

# 5 Poverty By Household Makeup

## Alaska boroughs and census areas, 2006 to 2010

	Poverty rates 2006-2010							
	All people	Margin of error	Married couples	Margin of error	Female head	Margin of error	Unrelated, 15 and over	Margin of error
Alaska	9.5%	+/-0.3%	2.6%	+/-0.2%	22.6%	+/-1.6%	18.4%	+/-0.9%
Aleutians East Borough	10.4%	+/-2.5%	2.2%	+/-5.4%	20.4%	+/-13.0%	10.4%	+/-2.4%
Aleutians West Census Area	12.6%	+/-5.1%	1.0%	+/-2.6%	7.5%	+/-10.2%	14.8%	+/-6.4%
Anchorage, Municipality of	7.9%	+/-0.6%	1.9%	+/-0.5%	20.7%	+/-2.6%	15.7%	+/-1.7%
Bethel Census Area	18.6%	+/-1.9%	11.5%	+/-1.8%	29.4%	+/-7.4%	28.8%	+/-5.8%
Bristol Bay Borough	5.0%	+/-2.3%	3.9%	+/-3.9%	0.0%	+/-44.8%	21.0%	+/-10.6%
Denali Borough	4.6%	+/-4.2%	0.0%	+/-12.6%	57.1%	+/-57.1%	9.5%	+/-7.0%
Dillingham Census Area	18.1%	+/-3.5%	8.1%	+/-3%	15.7%	+/-8.9%	35.1%	+/-6.2%
Fairbanks North Star Borough	7.6%	+/-1.0%	1.5%	+/-0.7%	27.4%	+/-5.8%	18.1%	+/-2.7%
Haines Borough	7.2%	+/-4.5%	2.1%	+/-3.5%	0.0%	+/-42.1%	16.9%	+/-8.2%
Hoonah-Angoon Census Area	15.9%	+/-4.3%	12.5%	+/-8.0%	35.6%	+/-19.1%	25.2%	+/-11.1%
Juneau, City and Borough of	6.5%	+/-1.4%	0.6%	+/-0.5%	19.2%	+/-8.6%	13.8%	+/-3.1%
Kenai Peninsula Borough	9.5%	+/-1.0%	2.8%	+/-0.6%	18.5%	+/-5.6%	21.7%	+/-2.4%
Ketchikan Gateway Borough	8.3%	+/-3.2%	1.6%	+/-1.4%	16.6%	+/-10.4%	19.5%	+/-5.7%
Kodiak Island Borough	10.9%	+/-3.2%	3.2%	+/-2.3%	28.3%	+/-17.1%	20.1%	+/-4.2%
Lake and Peninsula Borough	21.4%	+/-6.4%	10.5%	+/-6.5%	22.2%	+/-12.5%	35.4%	+/-10.9%
Matanuska-Susitna Borough	9.9%	+/-1.3%	2.8%	+/-0.8%	26.7%	+/-5.4%	24.3%	+/-2.9%
Nome Census Area	24.6%	+/-2.9%	12.4%	+/-2.9%	32.9%	+/-7.1%	25.8%	+/-6.0%
North Slope Borough	11.8%	+/-3.7%	3.2%	+/-3.1%	11.1%	+/-6.9%	31.1%	+/-7.8%
Northwest Arctic Borough	19.7%	+/-3.1%	9.7%	+/-3.3%	23.9%	+/-6.1%	29.1%	+/-8.9%
Petersburg Census Area	9.7%	+/-4.7%	2.5%	+/-1.6%	29.1%	+/-25.2%	9.4%	+/-5.2%
Prince of Wales-Hyder Census Area	14.0%	+/-3.2%	5.8%	+/-3.0%	30.7%	+/-11.3%	18.0%	+/-4.2%
Sitka, City and Borough of	7.0%	+/-2.4%	1.5%	+/-1.5%	11.4%	+/-12.3%	18.4%	+/-6.7%
Skagway, Municipality of	10.8%	+/-12.4%	0.0%	+/-13.9%	0.0%	+/-46.1%	29.3%	+/-30.3%
Southeast Fairbanks Census Area	10.0%	+/-2.9%	2.4%	+/-2.0%	39.5%	+/-21.0%	20.2%	+/-5.8%
Valdez-Cordova Census Area	6.9%	+/-2.1%	1.3%	+/-1.3%	20.1%	+/-11.2%	12.8%	+/-5.4%
Wade Hampton Census Area	31.4%	+/-3.9%	26.0%	+/-5.4%	33.6%	+/-6.3%	43.1%	+/-5.5%
Wrangell, City and Borough of	8.3%	+/-5.3%	1.5%	+/-2.7%	23.2%	+/-24.4%	15.8%	+/-10.6%
Yakutat, City and Borough of	4.3%	+/-4.7%	1.7%	+/-5.7%	0.0%	+/-59.5%	8.0%	+/-14.0%
Yukon-Koyukuk Census Area	23.6%	+/-2.8%	7.8%	+/-3.2%	42.8%	+/-8.8%	32.8%	+/-4.0%

Source: U.S. Census Bureau

below those of Washington, Oregon, and California. (See Exhibit 2.)

Alaska's lower poverty rates are mostly the result of the state's relatively high per-capita income, which ranked ninth in the U.S. in 2010. However, Alaska also has a higher-than-average cost of living, which makes the comparison less meaningful than it would be if living costs were a consideration.

### Lower poverty for married couples

Married couples in Alaska — with and without children — had the lowest poverty rate from 2006–2010, at 2.6 percent. The rate among married couples with children under the age of 18 was slightly higher, at 4.0 percent.

At the other end of the spectrum, female heads of households with young children and no husband had the highest poverty rate at 41.4 percent. (See Exhibit 3.) Many of these women were likely single mothers, but this category also includes grandmothers and other women raising children who aren't their own.

Overall, children were 26 percent of the measured population but 37 percent of the individuals in poverty. (See Exhibit 4.) The poverty rate was also higher for families with young children under 5 — 14.0 percent — than for the larger category of families with children under 18 (10.6 percent).

Another category with high poverty rates is un-

## 6 Poverty by Race or Ethnicity Alaska, 2006 to 2010

Racial or ethnic group	Percent in poverty	Margin of error
One race	9.3%	+/-0.4%
White	6.5%	+/-0.4%
Black or African American	10.8%	+/-2.9%
American Indian and Alaska Native	21.6%	+/-1.2%
Asian	9.7%	+/-2.2%
Native Hawaiian and Other Pacific Islander	18.5%	+/-8.7%
Some other race	9.8%	+/-3.2%
Two or more races	12.2%	+/-1.4%
Hispanic or Latino origin (of any race)	11.6%	+/-1.7%
White alone, not Hispanic or Latino	6.4%	+/-0.4%

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

related individuals over age 15 who live together — in other words, roommates or unmarried couples. People in this category had a poverty rate of 18.4 percent.

### Race, ethnicity, and poverty

Among the state's racial and ethnic groups, poverty is highest among people who self-identify as American Indian or Alaska Native, at 21.6 percent. (See Exhibit 6.) Poverty was also relatively high among those who identified themselves as Native Hawaiian or Other Pacific Islander at 18.5 percent, although the margin of error was large for that group at plus or minus 8.7 percent because of the small sample size. People who identified themselves as Hispanic or of Latino origin also had a higher-than-average poverty rate, at 11.6 percent.

### Poverty varies around the state

The rates in Bristol Bay, Denali, and Yakutat were all especially low over the 2006–2010 period. (See Exhibit 7.) However, the margins of error are large for the state's smaller boroughs and census areas, so comparisons at that level are useful only in the broadest sense. (See Exhibit 5 and the sidebar on page 11.)

Bristol Bay's low poverty rate may be due in part to its flourishing fishing industry and the structure of its economy. Many of the area's lower-paid seasonal workers do not live in the area year-round, so their poverty status would be recorded elsewhere.

The Wade Hampton Census Area had the highest poverty rate at 31.4 percent. In addition to Wade Hampton, areas with rates over 20 percent included the Nome Census Area, Yukon-Koyukuk Census Area, and the Lake and Peninsula Borough (although Lake and Peninsula's margin of error was quite large).

The urban areas of the state tended to have less poverty. Those with rates below 10 percent were the state's most populous areas: Anchorage, the Fairbanks North Star Borough, Juneau, the Matanuska-Susitna Borough, and the Kenai Peninsula Borough.

Unlike some of the other population groups, poverty rates among unrelated cohabitants don't seem to differ significantly from rural to urban areas. Rural areas had the highest and the lowest rates for this group — 43.1 percent in Wade Hampton and 8.0 percent in Yakutat. Poverty rates for unrelated people over age 15 in Alaska's urban areas varied from 13.8 percent in Juneau to 24.3 percent in Mat-Su.

### Unemployment and poverty

The correlation between high unemployment and high poverty might seem simple and direct, but the seasonality and industry mix of some areas can complicate the relationship.

Generally speaking, the state's boroughs and census areas with high unemployment rates also have high poverty rates. Wade Hampton had the highest average monthly unemployment in the state in 2010 as well as the highest poverty rate over the 2006–2010 period. Nome and Yukon-Koyukuk are two other areas with high poverty rates and higher-than-average unemployment.

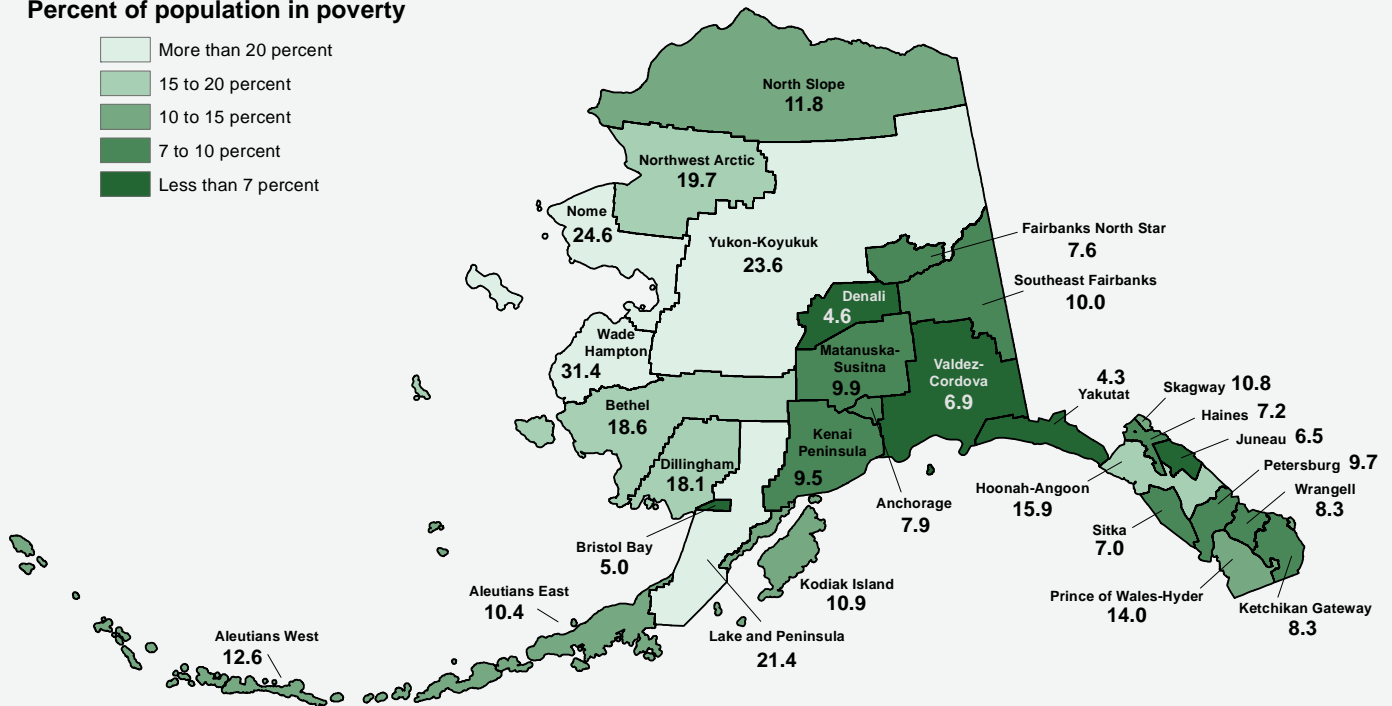
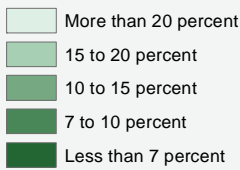
On the other hand, areas with especially seasonal economies — Yakutat, Denali, and Skagway are examples — can have relatively low poverty rates and high average unemployment rates because so much of their income is earned during the summer and there are few jobs during the off-season.

Another complicating factor is that people who stop looking for work are no longer counted

# 7 Poverty by Borough or Census Area

## Alaska, 2006 to 2010

### Percent of population in poverty



Sources: U.S. Census Bureau; and Alaska Department of Labor and Workforce Development, Research and Analysis Section

as unemployed, so they are not included in the unemployment rate. For example, an area can have high poverty rates because of limited job opportunities, but also low unemployment rates because workers have grown discouraged and stopped actively seeking work.

*Economists Dan Robinson and Lennon Weller contributed to this article.*

### Note

<sup>1</sup>For more on the cost of living in Alaska, see the May 2011 issue of *Alaska Economic Trends*.