

# KENTUCKY

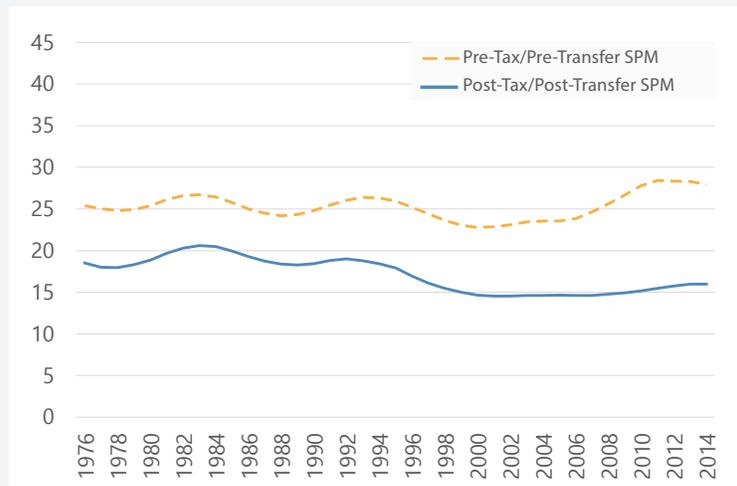
## ANCHORED SPM POVERTY TRENDS 1976 - 2014

Using a new measure of poverty, the anchored Supplemental Poverty Measure (SPM), this fact sheet compares poverty rates in Kentucky to national poverty rates, and shows the role that taxes and transfers play in reducing poverty in Kentucky.

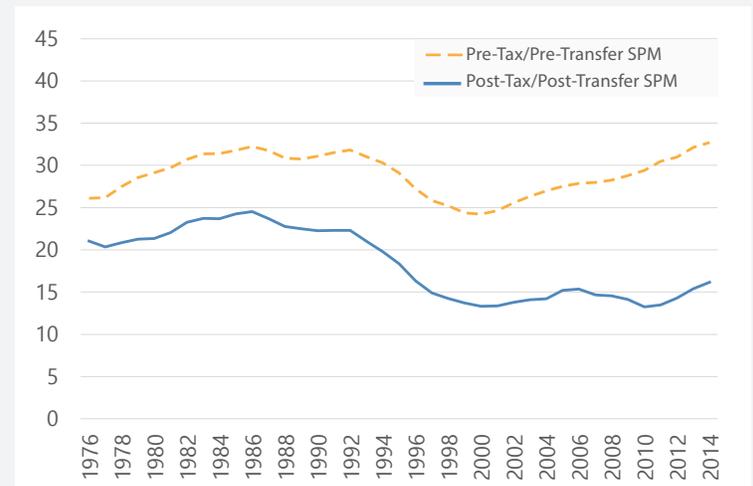
We find:

- The poverty rate in Kentucky declined from 21.0% in 1976 to 16.2% in 2014. The national poverty rate declined from 18.5% to 16.0%.
- Taxes and transfers today reduce the national poverty rate by 12.0 percentage points. Taxes and transfers today reduce the Kentucky poverty rate by 16.5 percentage points.
- The role of taxes and transfers in Kentucky has grown from 5.1 percentage points in 1976 to 16.5 percentage points in 2014, which highlights the growing importance of government programs in reducing poverty in the state.
- The child poverty rate in Kentucky would have been 15.6 percentage points higher in 2014 absent government programs, but with government programs stands at 19.1%.
- The working-age poverty rate in Kentucky would have been 10.5 percentage points higher in 2014 absent government programs, but with government programs stands at 15.4%.
- The elderly poverty rate in Kentucky would have been 43.2 percentage points higher in 2014 absent government programs, but with government programs stands at 14.9%.

### ANCHORED SPM POVERTY RATE IN THE U.S.



### ANCHORED SPM POVERTY RATE IN KENTUCKY



The anchored SPM improves upon the official poverty measure by 1) adjusting poverty thresholds for costs of living and different housing situations, 2) taking into account post-tax income, tax payments, in-kind benefits, and non-discretionary expenses such as out-of-pocket medical expenditures and work/child care expenses, and 3) defining the household unit more broadly to include cohabiters and unrelated children living in the home. The Census Bureau and the Bureau of Labor Statistics developed the SPM and we use an anchored historical version here to track poverty trends since 1976, for Kentucky and the nation.

Poverty rates in Kentucky have generally decreased over time, from 21.0% in 1976 to 16.2% in 2014. While most states are not individually identifiable prior 1976, at the national level, poverty

rates declined substantially between 1967 and 1976, from 24.1% to 18.5%. Since then, national poverty rates have decreased even further, from 18.5% in 1976 to 16.0% in 2014.

Nationally, the difference between pre-tax/pre-transfer poverty and post-tax/post-transfer poverty has increased over time, and today transfers reduce poverty by 12.0 percentage points, from 28.0% to 16.0%. In Kentucky, the role of the safety net has also grown over time. In 2014, taxes and transfers reduced poverty in Kentucky by 16.5 percentage points.

The next three graphs present the impact that taxes and transfers have on poverty for children (ages 0-17), working-age adults (ages 18-64) and the elderly (ages 65 and above).



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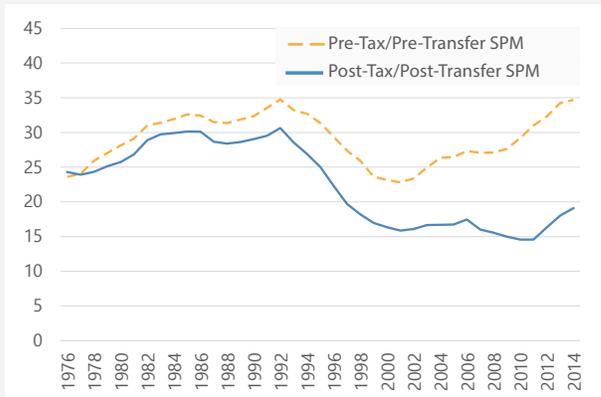


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POVERTY &  
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# KENTUCKY

## ANCHORED SPM POVERTY TRENDS 1976 - 2014

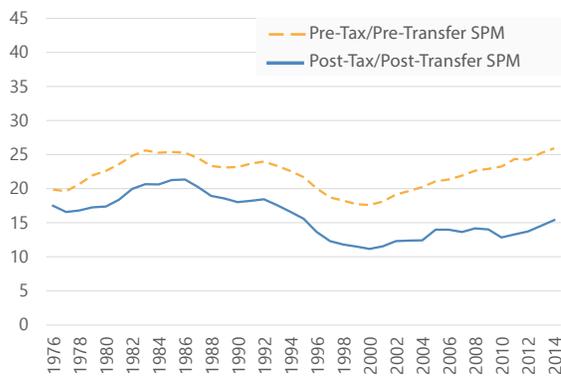
### ANCHORED SPM POVERTY RATE OF CHILDREN (AGES 0-17) IN KENTUCKY



In 1976, the child poverty rate in Kentucky before counting taxes and transfers was 23.6%. Including taxes and transfers increased the poverty rate for children in 1976 to 24.3%.

By 2014, taxes and transfers reduced child poverty substantially. Before counting taxes and transfers, the child poverty rate in Kentucky was 34.7%. After counting taxes and transfers, the child poverty rate falls to 19.1% in Kentucky.

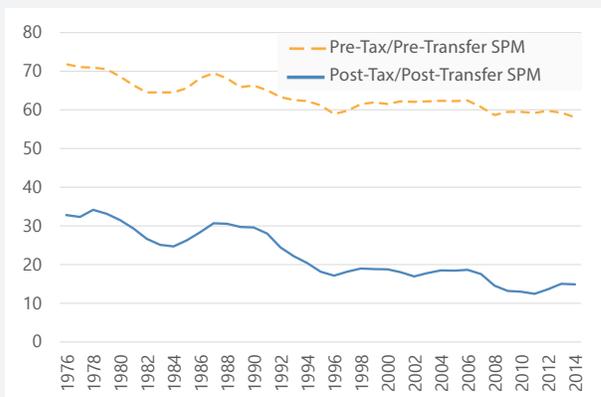
### ANCHORED SPM POVERTY RATE OF WORKING-AGE ADULTS (AGES 18-64) IN KENTUCKY



In 1976, the working-age adult poverty rate in Kentucky before counting taxes and transfers was 19.8%. Including taxes and transfers reduced the poverty rate for working-age adults in 1976 to 17.5%.

By 2014, taxes and transfers reduced working-age adult poverty substantially. Before counting taxes and transfers, the working-age adult poverty rate in Kentucky was 25.9%. After counting taxes and transfers, the working-age adult poverty rate falls to 15.4% in Kentucky.

### ANCHORED SPM POVERTY RATE OF ELDERLY (AGES 65+) IN KENTUCKY



In 1976, the elderly poverty rate in Kentucky before counting taxes and transfers was 71.8%. Including taxes and transfers reduced the poverty rate for elderly adults in 1976 to 32.8%.

By 2014, taxes and transfers reduced elderly poverty substantially. Before counting taxes and transfers, the elderly adult poverty rate in Kentucky was 58.1%. After counting taxes and transfers, the elderly poverty rate falls to 14.9% in Kentucky.

*\*The range of the y axis on this graph for the elderly is larger than it is on graphs for children and working-age adults; this reflects the exceedingly high levels of pre-tax/pre-transfer poverty in this age group*

#### NOTES

1. Geographic adjustments for cost of living differences are created using the highest quality data source available in each year (the 1980 and 1990 Decennial Censuses from 1976-1984, Department of Housing and Urban Development's Fair Market Rents from 1985-2008, and Census Bureau's SPM Public Use Research Files from 2009-2014).
2. The Current Population Survey is not state-representative prior to 1984. State poverty rates from those early years should be interpreted and cited with caution. All poverty rates are computed using appropriate survey weights.
3. National poverty rates from 1976-2012 are 5-year moving averages; the 2013 national rates are 3-year averages, and the 2014 national rates are 2-year averages. State poverty rates from 1978-2012 are 5-year moving averages; 1977 and 2013 state rates are 3-year averages, and 1976 and 2014 state rates are 2-year averages. These numbers thus differ slightly from previous estimates.
4. SPM poverty thresholds are "quasi-relative", increasing gradually over time with the consumption levels of families at the top of the bottom third of consumption expenditure. We use an anchored threshold that adjusts only for inflation.