



Economic
Research
Service

Elsewhere

MAJOR PUBLICATIONS FEATURING OUR RESEARCH

On the Relative Well-Being of the Nonmetropolitan Poor: An Examination of Alternative Definitions of Poverty During the 1990s

**Southern
Economic
Journal**

Volume 70, Number 2,
October 2003

Southern Economic
Association, Stillwater, OK

“On the Relative Well-Being of the Nonmetropolitan Poor: An Examination of Alternative Definitions of Poverty During the 1990s”

Pages 295 - 311
by Dean Jolliffe

For more information, contact:
Dean Jolliffe
at jolliffe@ers.usda.gov

<http://www.ers.usda.gov>

THE MEASURE OF POVERTY IS

an important social indicator that affects not only public perception of well-being but also Federal policies and programs. Yet poverty is not distributed equally across the United States, and the extent and nature of poverty varies widely between nonmetropolitan and metropolitan areas of the country. This article examines three measures of poverty from the Foster-Greer-Thorbecke poverty indices (explained below). The author finds that while the incidence of poverty was higher in nonmetropolitan than metropolitan areas through the 1990s, the depth of poverty was higher in nonmetropolitan areas in only 6 of the 10 years, and the severity of poverty was higher in only 3 years.

The first measure, the incidence of poverty, is simply the proportion of the population that is poor. The second measure, the poverty gap index, measures the depth of poverty. This index is determined by averaging all households' income gaps below the poverty line expressed as a proportion of that line. For example, if a household has \$900 in monthly income and the poverty line is \$1,000, then the household's monthly income is \$100 short of the poverty line and its income gap is 10 percent. Nonpoor have an income gap of zero. This measure, taken at different points in time, can detect if the poor are worse off or better off regardless of how the incidence of poverty has changed. The final measure, the squared poverty-gap index, is the mean value of the squared income gaps. This measure is said to reflect the severity of poverty because it is more sensitive to changes in the proportion of people living in extreme poverty.

