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Louisiana Budget Project

Poverty Drops (slightly) in Louisiana

The percentage of Louisianans living in poverty decreased slightly in 2018 from the previous year, according to U.S. Census Bureau data released Sept. 26. The gains were even more pronounced among children, particularly children of color, according to the 2018 American Community Survey. Despite these welcome improvements, Louisiana continues to experience poverty at rates far above the nation as a whole, and most of the South.

| How Louisiana Compares Nationally | | |
|--|--------------|--------------|
| | 2018 Ranking | 2017 Ranking |
| Poverty Rate | 3rd highest | 2nd highest |
| Child Poverty Rate | 3rd highest | 1st highest |
| Median Household Income | 5th lowest | 4th lowest |
| Income Inequality | 4th highest | 4th highest |
| Source: American Community Survey 2018, Charts DP03 and B19083 | | |

*District of Columbia included in rankings

The American Community Survey or ACS, due to its large sample size and survey format, provides the most accurate snapshot of poverty at the state and community level. The Current Population Survey or CPS is the leading source for national-level data.

The latest Census data also shows that while some Louisiana regions are faring well economically, others are falling farther behind the state and the rest of the nation. And while household incomes increased in 2018 from the year before, they are still below the pre-recession peak of 2007.

The bottom line: Louisiana is moving in the right direction. But far too many families still struggle to afford basic needs, highlighting the continued need for investments in programs that provide families with economic support.

Improvements seen on key indicators

The poverty rate in Louisiana fell to 18.6% in 2018 from 19.7% the previous year, a drop that the Census Bureau considers “statistically significant.” The child poverty rate dropped by nearly 2 percentage points, and the percentage of black children living in poverty fell by 4 points, from 47% to 43%. As a result, Louisiana managed to slightly improve its rankings compared to other states.

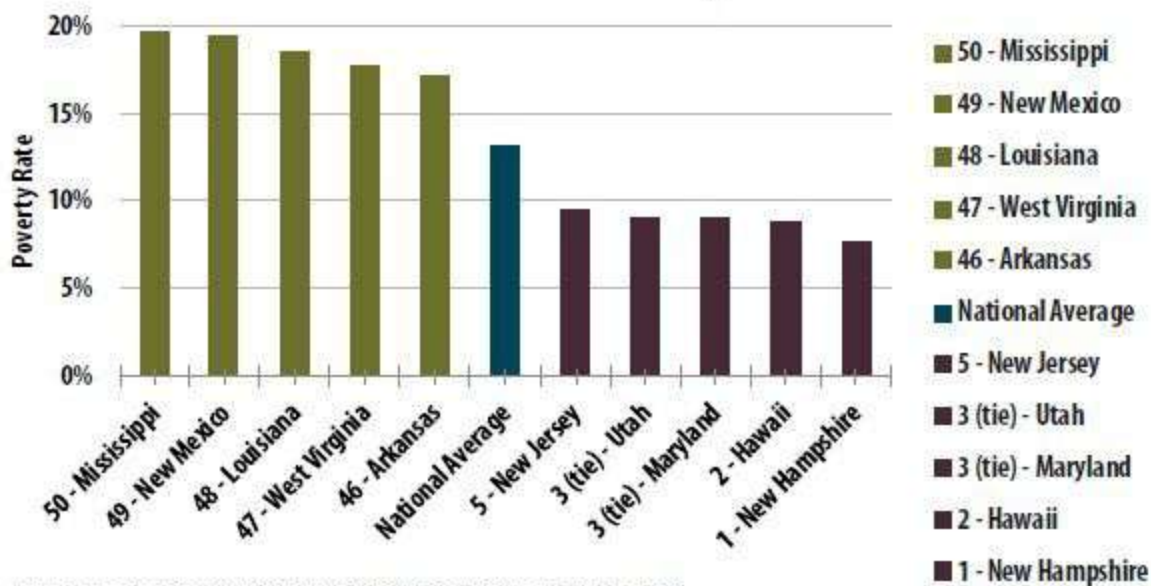
The percentage of black Louisianans living in poverty fell from 33.1% in 2017 to 30% in 2018, while the percentage of whites remained relatively stable at 12.5% and 12.7% in 2018. The decrease in black poverty rate reflects about 50,000 fewer black Louisianans living below the poverty line.

Louisiana’s poverty rate is still 5.5 points higher than the national average of 13.1%. An estimated 843,626 Louisianans lived below the federal poverty line - which was [\\$12,140 for an individual and \\$25,100 for a family of four](#) - in 2018.

Louisiana continues to experience high income inequality. The [Gini Coefficient](#) measures inequality by assigning a value between 0 and 1 based on how evenly income is distributed. A Gini Coefficient of 0 means income is perfectly evenly distributed, while 1 means income could not be more unequal. Louisiana has a Gini coefficient of 0.4936 compared to the national average of 0.4845.

Louisiana’s consistently high income inequality is particularly concerning due to the overall lack of wealth in the state. New York, Connecticut, District of Columbia, and California have high Gini coefficients because much more wealth is concentrated at the top due to numerous millionaires and billionaires living in those states. Louisianans income inequality, on the other hand, is likely driven by large numbers of people with extremely low incomes.

The poverty rate of Louisiana is still much higher than the national average

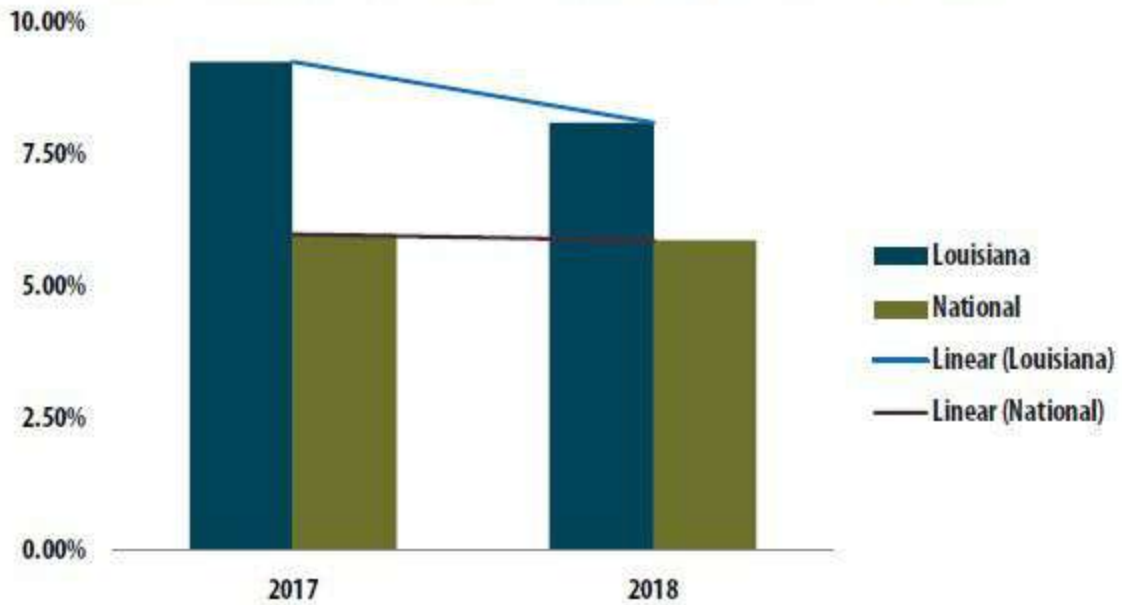


Source: American Community Survey, 2018, 1-Year Estimates (Table DP03)

Deep poverty

While life below the poverty line can be tough, it is even harder for households in “deep poverty” - defined as having incomes below 50% of the federal poverty line (or about \$500 a month for an individual). Deep poverty in Louisiana by a full percentage point in 2018, while the national rate dropped just one-tenth of 1 percent. Still, more than 8% of Louisianans are trapped in deep poverty.

Deep poverty decreased at a faster rate than the national average

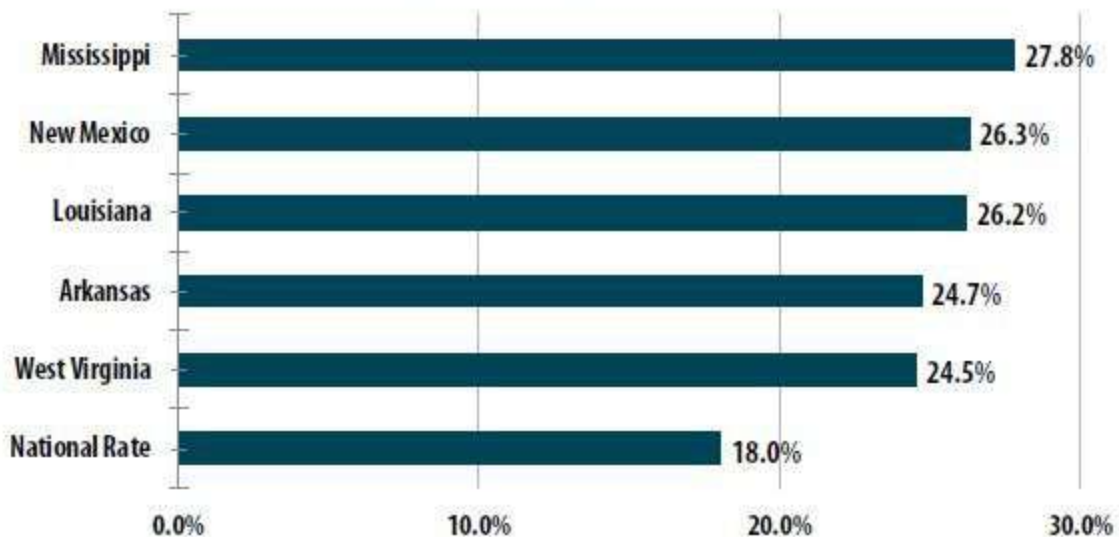


Source: American Community Survey, 1-Year Estimates (Table B17002)

Child poverty

The percentage of children in poverty fell even faster than the overall poverty rate, to 26.2% from 28% the previous year. The main reason for this drop is a 4 point decrease in the poverty rate among black children, from 47% to 43% (the rate among white children, while significantly lower, was virtually unchanged). This means 22,000 fewer black children lived below the poverty line in 2018 than in 2017. The overall child poverty rate in Louisiana remains 8 points higher than the national rate of 18%.

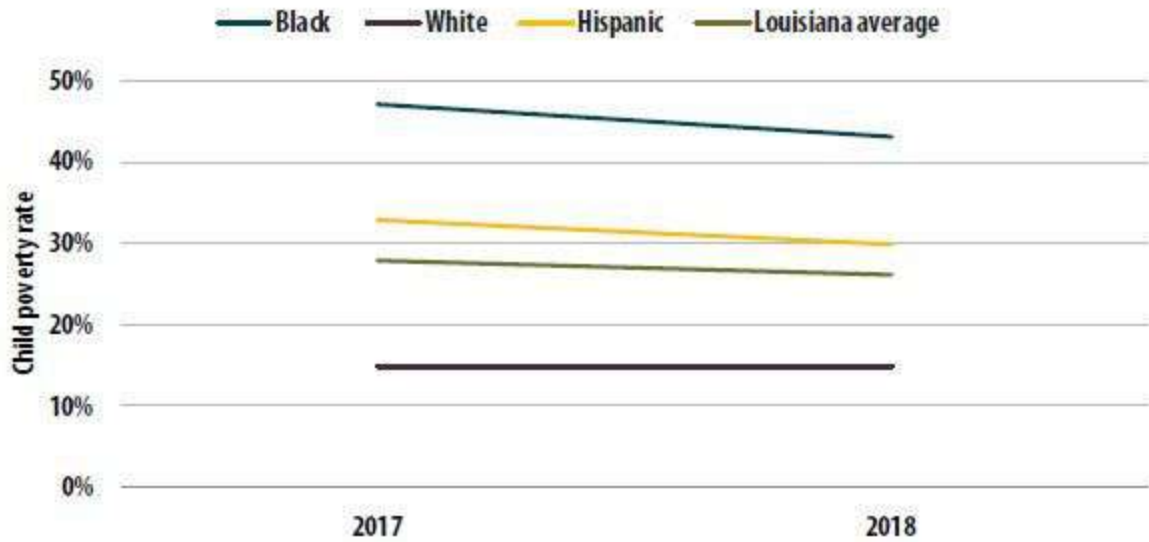
Child poverty in Louisiana remains unacceptably high, but is no longer the highest in the nation



Source: American Community Survey, 2018, 1-Year Estimates (Table DP03)

Child Poverty rate

Louisiana's drop in child poverty was likely the result of fewer children of color living below the poverty line

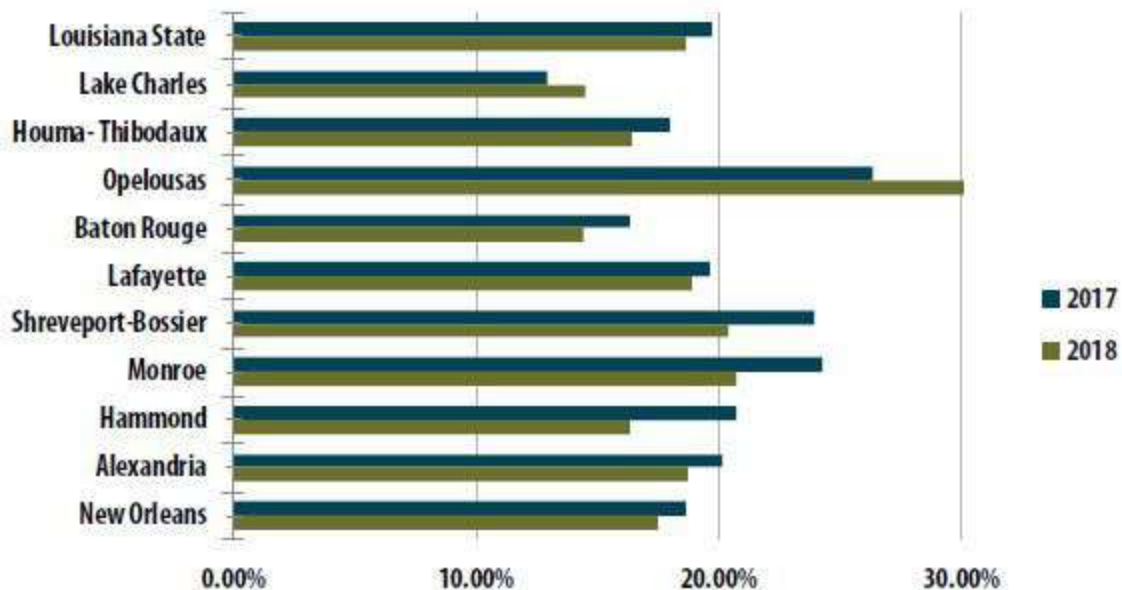


Source: American Community Survey, 1-Year Estimates (Tables B17001, B17001A, B17001B, B17001I)

Regional differences

Poverty rates vary widely among Louisiana's metro areas, as do the recent trends. While eight Louisiana population centers saw their poverty rate decrease in 2018, two cities - Opelousas and Lake Charles - are heading in the opposite direction. The increase in Opelousas is especially concerning, as it was already one of the poorest areas in Louisiana.

Louisiana poverty rate down overall, but up in some areas



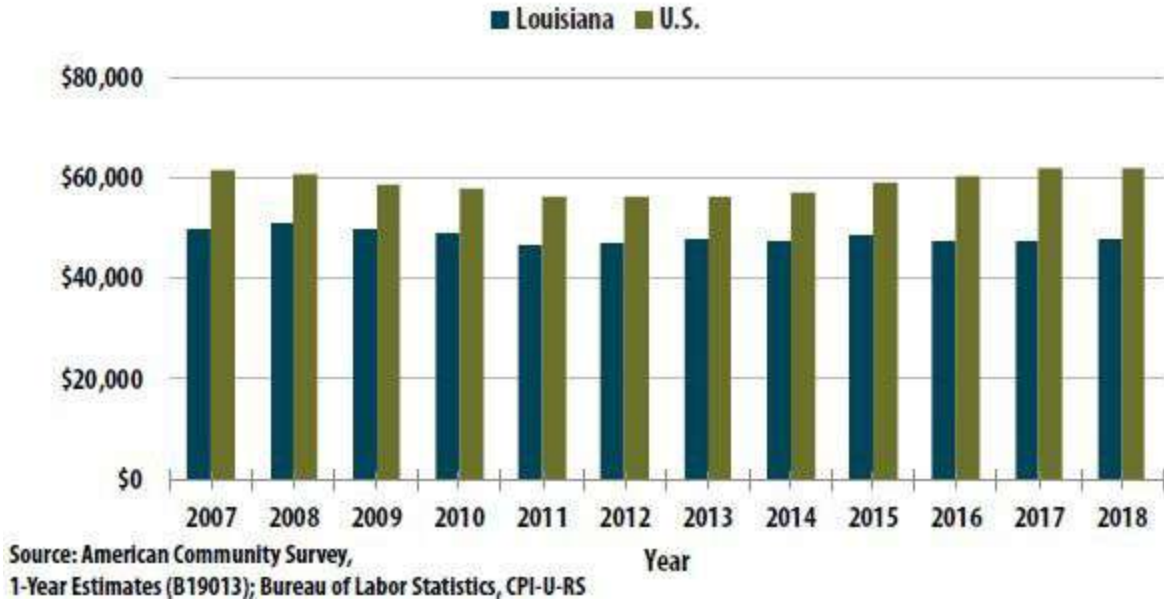
Source: American Community Survey, 1-Year Estimates (Table DP03)

Median

household income

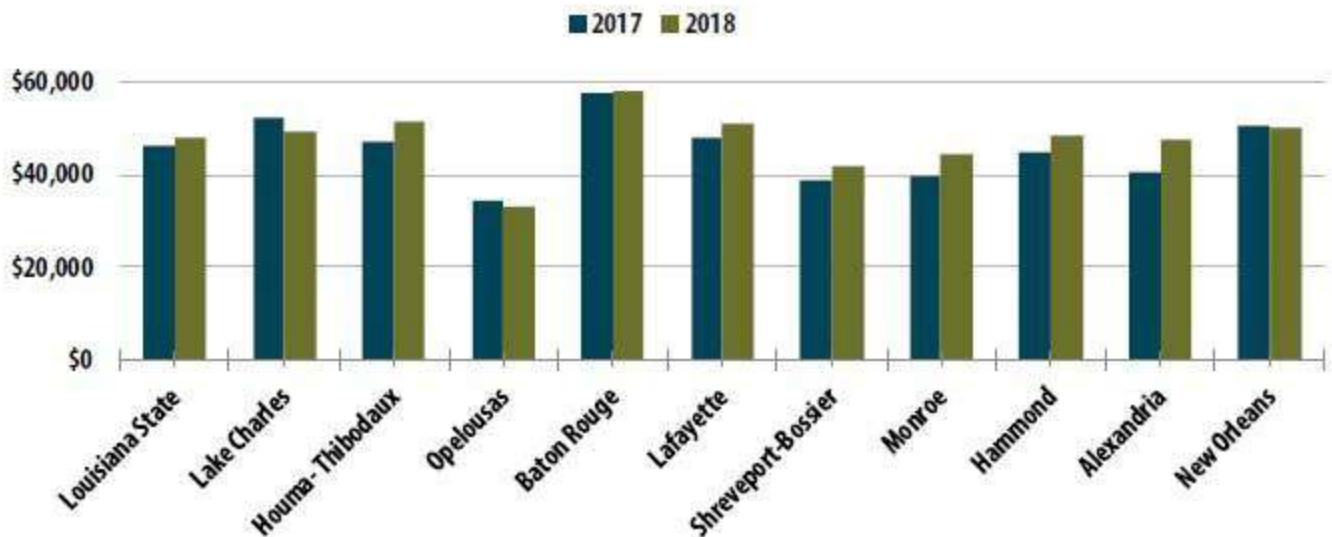
Median household income in Louisiana increased by \$1,760 to \$47,905 in 2018. But Louisiana household earnings are still below the pre-recession peak of \$49,686 in 2007 (in inflation adjusted dollars).

Median household income increases slightly in Louisiana and nation (Inflation adjusted values to 2018 dollars)



Median household income continues to vary widely by region. But every Louisiana metro area has a median household income below the national median income of \$61,937.

Median household income increased overall, but some areas falling behind



Source: American Community Survey, 1-Year Estimates (Table DP03)

Conclusion

While the latest numbers include some encouraging news for Louisiana, they also serve as an annual reminder of how far the state has to go before catching up with the rest of the country.

Poverty, inequality and racial disparities are partly the result of policy decisions made by the people we elect to office. If Louisiana wanted to lift more families out of poverty and into the middle class, it could do so by establishing a statewide minimum wage, and by allowing local communities decide on their own what wage and benefit levels are appropriate.

Increased investments in education - from high-quality early care and education for the youngest children, to more need-based financial aid for students who need help paying for college - also would help level the playing field and create more opportunities for low-income families and people of color. A comprehensive paid leave program could ensure that moms can spend time with their newborns, and adults can take time away from work to care for themselves or an ailing family member without facing financial catastrophe.

Continued investments in the state Earned Income Tax Credit, and ensuring access to safety net programs like the Supplemental Nutrition Assistance Program and Medicaid, helps keep millions of working families from slipping below the poverty line and into deep poverty. But these programs, too, can be strengthened at the state and federal level.

-By Stacey Roussel and Neva Butkus