The Costs of Poverty in Georgia

The human suffering and personal distress that poverty causes is clear. However, how poverty affects the State of Georgia’s economy is less clear. The unintended costs of poverty are not always evident when we look at Georgia’s economic situation. What is misunderstood is that poverty has long-term consequences that affect the state’s ability to realize its full human and economic potential. What is needed then is a better understanding of how poverty affects our state’s economy.

The University of Georgia’s Initiative for Poverty and the Economy has thus attempted to ask the difficult questions of what are the costs of poverty within the state of Georgia. What are the opportunities lost in Georgia because of the persistence of poverty and its related factors? What basic economic realizations would occur if we could somehow eliminate poverty and bring everyone in Georgia at least to the federal poverty threshold? How would Georgia rank on national scales in the absence of poverty? By asking the difficult questions, we can gain a better understanding of how poverty affects our state’s economy.

Here is what we found:

- In Georgia, more than 1 million people and 210 thousand families live in poverty.
- Nearly 500 thousand Georgians have incomes that are less than 50% of the federal poverty threshold.
- More than 1.7 million people have incomes less than 150% of the poverty threshold.
- If we could raise the income for those in poverty to the federal poverty threshold, $1.5 billion would be realized in additional income. That equates to $1,496 for every individual living in poverty, and $7,361 for every family.
- As educational attainment and poverty are highly correlated, if everyone over the age of 25 in Georgia obtained a high school diploma, an estimated $8.8 billion would be added to the state’s economy.1
- If that same population were to obtain a college degree, approximately $32 billion would be added to the state’s economy.
- If individual buying power for those living in Georgia’s persistently poor counties were increased to reflect that of the individuals living in Georgia’s non-persistently poor counties, individuals would spend an additional $206 million on food and beverages, $201 million on home loans, $52.2 million on household items, $106 million on entertainment, and $85.4 million on apparel.
- If we could somehow eliminate the poverty that exists in our persistently poor counties, our national standings in various human and economic indicators would increase dramatically. We would move upwards:
  - From 34th to 24th in percentage of population living in poverty;
  - From 49th to 40th in average SAT scores;
  - From 36th to 31st in physician rates;
  - From 22nd to 14th in per capita income;
  - From 38th to 33rd in percentage of adult population without a high school diploma; and
  - From 23rd to 13th in percentage of adult population with a college degree.

These numbers indicate just how important poverty alleviation is not only to our citizens, but also to the long-term economic vibrancy of the State of Georgia. For more information on the Initiative on Poverty and the Economy, contact Matt Bishop at mlbishop@uga.edu or at 706-542-6201.

1The source of all data presented is the U.S. Census Bureau, unless otherwise noted.
3Persistently poor v. non-persistently poor counties as defined in the Study on Persistent Poverty in the South report, “It’s a Matter of Wealth: Dismantling Persistent Poverty in the Southeastern United States.”