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

We find:

- The poverty rate in Maryland increased from 12.0% in 1976 to 14.5% 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 Maryland poverty rate by 7.8 percentage points.
- The role of taxes and transfers in Maryland has grown from 3.5 percentage points in 1976 to 7.8 percentage points in 2014, which highlights the growing importance of government programs in reducing poverty in the state.

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 Maryland and the nation.

Poverty rates in Maryland have generally increased over time, from 12.0% in 1976 to 14.5% 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 Maryland, the role of the safety net has also grown over time. In 2014, taxes and transfers reduced poverty in Maryland by 7.8 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).
In 1976, the child poverty rate in Maryland before counting taxes and transfers was 15.4%. Including taxes and transfers reduced the poverty rate for children in 1976 to 14.3%.

By 2014, taxes and transfers reduced child poverty substantially. Before counting taxes and transfers, the child poverty rate in Maryland was 22.6%. After counting taxes and transfers, the child poverty rate falls to 15.8% in Maryland.

In 1976, the working-age adult poverty rate in Maryland before counting taxes and transfers was 11.1%. Including taxes and transfers reduced the poverty rate for working-age adults in 1976 to 9.5%.

By 2014, taxes and transfers reduced working-age adult poverty substantially. Before counting taxes and transfers, the working-age adult poverty rate in Maryland was 17.2%. After counting taxes and transfers, the working-age adult poverty rate falls to 13.7% in Maryland.

In 1976, the elderly poverty rate in Maryland before counting taxes and transfers was 53.9%. Including taxes and transfers reduced the poverty rate for elderly adults in 1976 to 23.9%.

By 2014, taxes and transfers reduced elderly poverty substantially. Before counting taxes and transfers, the elderly adult poverty rate in Maryland was 45.2%. After counting taxes and transfers, the elderly poverty rate falls to 16.5% in Maryland.

*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*