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Millions More Thrust Into Poverty

Decade of Headway in Household Income Erased, Census Data Find

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A new comprehensive economic survey shows that the recession has plunged 2.6 million more Americans into poverty, wiped out the household income gains of an entire decade and pushed the number of people without health insurance up to 46.3 million.

The grim economic statistics unveiled Thursday in the Census Bureau's annual report on income, poverty and health insurance are destined to grow bleaker. Since the data were collected in the spring, millions of people have lost their jobs.

"When the numbers come out next year at this time, I expect them to look even worse," said Robert Greenstein, executive director of the left-leaning **Center on Budget and Policy Priorities**.

The statistics reflect the toll the recession has taken on the nation since the downturn officially began in December 2007.

The nation's poverty rate rose to 13.2 percent in 2008, up from 12.5 percent in 2007, the Census Bureau data showed. That was the first significant increase since 2004 and the highest level in 11 years.

In all, 39.8 million Americans were living in poverty in 2008, defined as an income of \$22,025 for a family of four. The last time there were that many poor people was 1960, although the nation's population was smaller then.

Almost one in five children younger than 18 are living in poverty, with the total number rising from 13.3 million in 2007 to 14.1 million in 2008.

In a measure of the breadth of the decline, median household income -- the amount earned by a family at the exact center of the income scale -- sank 3.6 percent in 2008: from \$52,163 to \$50,303. In 1998, at the height of the tech stock boom, the comparable income was \$51,295. All the figures were adjusted for inflation.

The drop in median household income was the first in four years. It had stagnated for four years after the terrorist attacks of Sept. 11, 2001.

"We've basically seen a lost decade," said Lawrence Katz, an economist at Harvard University. "We had a plutocratic boom. Then we have egalitarian recessions. Taken together, only the top ends up growing, on average. For the typical American family, the 2000s have been a disaster."

The income loss is the largest one-year decline on record, said Lawrence Mishel, president of the liberal **Economic Policy Institute**, tracing it to the number of people shifting from full-time jobs to part-time work.

Although incomes went down for all races, Hispanics experienced some of the biggest losses. Income declined 5.6 percent for Hispanic households, 4.4 percent for Asians, 2.8 percent for African American families and 2.6 percent for non-Hispanic whites. Hispanics and Asians also showed the biggest increases in poverty rates.

The decline was felt mostly keenly by people born outside the United States. Native-born households showed a 3.5 percent income drop, compared with 5.3 percent for the foreign-born, which encompasses naturalized citizens and people in the country legally and illegally.

"What it shows is that they're on the most tenuous rungs of the ladder," said William Frey, a demographer with the Brookings Institution. "When the economy gets shaken, they're the first to get jettisoned."

People in their prime earning years, between ages 45 and 54, took the biggest hit during the past two years. Their median income of \$64,349 was down almost \$5,000, or 7 percent. Everyone younger, plus those 55 to 64, lost 2 percent.

People over 65 were the only group not showing a loss of income. Nothing in the statistics, however, reflects the loss of wealth caused by the stock market's decline.

The survey also showed that one million fewer people were covered by private health insurance, continuing an eight-year decline. The number of people without health insurance rose from 45.7 million in 2007 to 46.3 million last year, a figure that would have been higher if the drop in those who get insurance through their jobs had not been largely offset by government-provided insurance.

In one of the report's few bright spots, the number of uninsured children was down from 8.1 million in 2007 to 7.3 million last year. It was the lowest number and rate since the data were first collected in 1987.

The interpretation of Census Bureau data can be contentious. The poverty threshold has been adjusted for inflation, but it doesn't account for a raft of factors, including differences between rural regions in the center of the country and expensive cities on the coast and the growing cost of cellphones, housing and health care. The income data don't figure in tax credits or food stamps.

