



FACT SHEET: INCOME AND POVERTY IN 2010

JOINT ECONOMIC COMMITTEE

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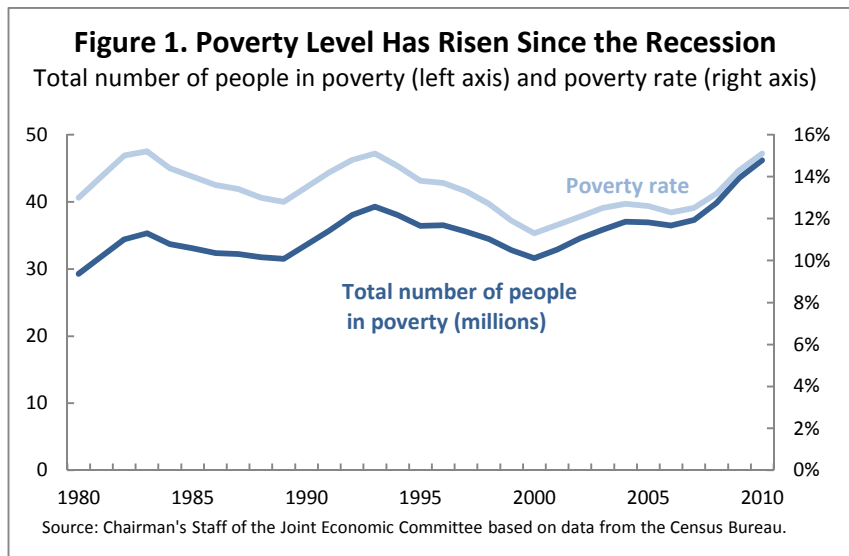
A RECORD NUMBER OF AMERICANS ARE LIVING IN POVERTY, 2.6 MILLION ADDED TO THE POVERTY ROLLS IN 2010

Highlights from the Census Bureau's Update on Poverty and Household Income in the United States

The recent recession and the ongoing weakness in labor markets are putting increased pressure on American households: median household income fell in 2010 and the poverty rate increased. An additional 3.2 million individuals would have been living in poverty last year if not for unemployment insurance benefits. Further extensions of those unemployment benefits, as well as other government action, may be needed as the unemployment rate has remained extraordinarily high so far this year.

The number of Americans living in poverty now stands at 46.2 million, an increase of 8.9 million since 2007. That figure has increased significantly since 2000, and has accelerated since 2007, before the start of the recent recession. For a couple with two children the poverty threshold is \$22,113 for 2010.

The national poverty rate is now at 15.1 percent, an increase of 2.6 percentage points since 2007, just prior to the start of the recent recession. The poverty rate has increased each year between 2007 and 2010, at a rate that was over 2.5 times the increase that occurred in the three years following the much-less-severe 2001 recession (**Figure 1**). The 2010 figure is up 0.8 percentage point over 2009. The share of people living with income below 50 percent of the poverty threshold rose to 6.7 percent in 2010, a 1.5 percentage point increase over 2007 and the highest level on record.



One in five children lives in poverty. The poverty rate for all children under the age of 18 was 22.0 percent in 2010, an increase of 1.3 percentage points over 2009. Since 2007, the child poverty rate has increased 4.0 percentage points. There were 16.4 million children under the age of 18 living in poverty in 2010.

As the labor market has remained weak, the poverty rate among younger Americans has increased. The poverty rate among people 18 to 64 years old was 13.7 percent in 2010, a 2.8 percentage point increase since 2007. The largest increase was among people age 18 to 24, whose poverty rate went from 17.3 percent in 2007 to 21.9 percent in 2010. A combination of Social Security benefits and increased labor force participation has helped mitigate the number of people over 65 who are in poverty. According to the Census Bureau, without Social Security included in measures of monetary income, an additional 14 million individuals over 65 would be living in poverty in 2010.

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The number of working poor has increased by 1.7 million since 2007. There were 10.7 million workers in poverty in 2010, up from 9 million in 2007. That increase was almost entirely among those who worked less than full-time, year round, among whom the poverty rate was 15.0 percent in 2010.

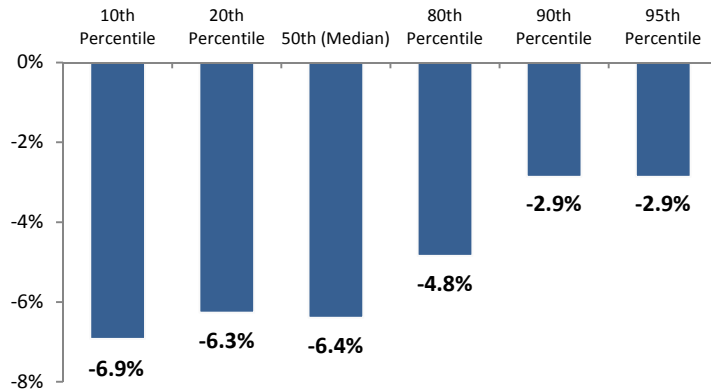
Blacks and Hispanics are more likely to be living in poverty. The poverty rate is 27.4 percent for blacks and 26.6 percent for Hispanics. Since 2007, the poverty rate among Hispanics has increased significantly, rising by 5.1 percentage points. For blacks, the increase was 2.9 percentage points, for Asians it was 1.9 and for non-Hispanic whites the increase was 1.7 percentage points.

Since 2007, household income declined the most for those at the bottom and middle of the income distribution. Median household income adjusted for inflation declined from about \$53,000 in 2007 to \$49,000 in 2010, a 6.4 percent reduction (**Figure 2**). The reduction was also significant among poor families at the 10th percentile in income (a 6.9 percent decline), as well as middle class families at the 80th percentile in income (a 4.8 percent decline).

Minorities have experienced the largest drops in median household income since 2007. Real median household income has declined across all major racial groups since 2007, just prior to the recent recession (**Figure 3**). The decline was 10.1 percent for blacks, 7.5 percent for Asians, 7.2 percent for Hispanics, and 5.4 percent for non-Hispanic whites.

Figure. 2 Household Income Down for All Income Groups Since 2007

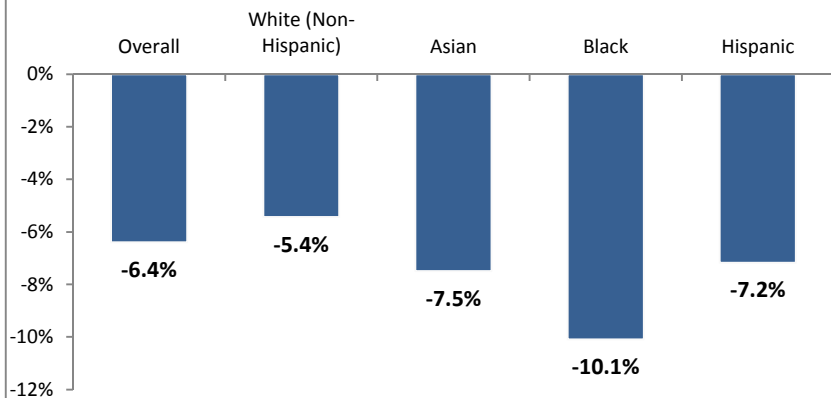
Change in percentile of household income, 2007-2010



Source: Chairman's Staff of the Joint Economic Committee based on data from the Census Bureau.

Figure. 3 Household Income Has Declined Since 2007

Change in real median household income by race, 2007-2010



Source: Chairman's Staff of the Joint Economic Committee based on data from the Census Bureau.