AFRICAN AMERICAN FAMILIES ARE BEING SQUEEZED

With mounting job losses, stagnating wages, rising prices, and a collapsing housing market, most Americans are feeling the strains of a weak economy. For African Americans and their families, these problems are compounded by unemployment that is double that of whites. Now more than ever we need a new direction in economic policy, aimed at restoring broad-based growth, reducing the high costs of energy and health care, improving retirement security, and increasing prosperity for <u>all</u> Americans.

African American Families Are Being Squeezed By Rising Expenses. Median African American family income is lower than median family income overall, so rising costs eat up a larger share of their family budgets. Between 2000 and 2006, African American families saw median family income fall by 2.9 percent, to $39,367, a loss of $1,192.* Since 2000, the average price of gasoline has increased 145 percent to $4.06 per gallon, the average family health insurance premium has jumped 41 percent to $11,765, and the average cost of child care for two children is now $1,041 per month. [U.S. Census Bureau, Current Population Survey, available here; Energy Information Administration, available here; U.S. Department of Health and Human Services, available here; National Association of Child Care Resource & Referral Agencies, available here.]

Wage Growth Has Stalled For African American Workers. During the 2000s economic recovery, African American workers' inflation-adjusted wages grew at an annual rate of only 0.2 percent, after having grown four times as much (0.8 percent) per year during the 1990s recovery. For all workers, inflation-adjusted wages grew by 0.3 percent annually, far less than productivity, which grew by 2.6 percent per year. [U.S. Department of Labor, Bureau of Labor Statistics, available here and JEC analysis.]

African Americans Are Now Losing Jobs. After years of lackluster employment gains, the economy is now shedding jobs: African Americans have lost 55,000 jobs since December 2007. African American unemployment rose from 8.2 percent in 2000 to 9.2 percent in 2008. Unemployment for African Americans is almost twice as high as unemployment for whites (4.9 percent) and is slightly higher than unemployment for Hispanics (7.7 percent). There are now 1.6 million African American workers unemployed—277,000 more than when President Bush took office. [U.S. Department of Labor, Bureau of Labor Statistics, available here.]

The Subprime Mortgage Crisis Is Impacting African American Homeowners. On the Bush Administration's watch, unregulated mortgage originators were given financial incentives to sell risky, unaffordable subprime mortgages to vulnerable borrowers. Evidence suggests that those lenders targeted minority, elderly and female borrowers. During the subprime boom, African American home-buyers were nearly three times more likely than whites to receive a high cost home loan. The Joint Economic Committee estimates the number of U.S. subprime foreclosures will total 2 million by the end of 2009; a disproportionate share will likely be African American homeowners. [ACORN Fair Housing, available here; JEC April 2008 Impact of Subprime Foreclosures report, available here.]

One-in-Four African Americans Were Living in Poverty in 2006. Nationwide, 9.0 million African Americans – or 24.3 percent of the African American population – were living below the poverty line in 2006, up from 22.5 percent in 2000. One third (33.4 percent) of African American children were living below the poverty line, nearly three times the total national poverty rate of 12.3 percent. There were 196,000 more poor African American children in 2006, compared to 2000. [U.S. Department of Commerce, Bureau of the Census, available here; JEC August 29, 2007 Fact Sheet on Poverty, available here.]

1 Million More Uninsured African Americans Since 2000. In 2006, 7.7 million African Americans (20.5 percent) had no health insurance and 11.4 million African American children (14.1 percent) had no health insurance. Across the country, the number of all Americans without health insurance totals 47 million (15.8 percent of the population), up 8.6 million since 2000. [U.S. Department of Commerce, Bureau of the Census, available here and here; JEC August 29, 2007 Fact Sheet on Health Insurance Coverage, available here.]

* All dollar values (except gas prices, which are current) are in 2007 CPI-U-RS adjusted dollars.