



Statement of John D. Podesta, CAP CEO and President, on the 2010 Census numbers

New Census Bureau data on income, poverty, and health insurance coverage document the ongoing, painful impact of the Great Recession on millions of families and underscore the urgent need to create jobs. Shrinking incomes, rising poverty, a record number of Americans without health insurance, and greater economic inequality as more and more families are simply left behind all undermine the strength of the middle class, our country's engine of economic growth.

Falling incomes hurt families and carry serious consequences for our fragile economic recovery. Declining incomes and rising poverty limit the demand for goods and services. This harms American businesses and decreases the incentive for firms to invest in new hires and job growth. Right now, businesses say that their biggest problem is having enough customers.

President Barack Obama has laid out a plan, the American Jobs Act, which will create millions of jobs, reduce unemployment, and strengthen our nation's middle class. It will invest in infrastructure and teachers, which will put people to work. It will help the long-term unemployed, supporting those hardest hit by the recession as well as local economies. These efforts should give those who have been pushed into poverty a fighting chance to climb back up into the middle class.

We know these policies will work. Expansions of unemployment insurance have already kept 1.6 million people in jobs each quarter during the recession, and they kept 3.2 million families out of poverty last year alone. Increased government investments in infrastructure saved or created 1.1 million jobs in the construction industry and 400,000 jobs in manufacturing by March 2011. Almost all of these jobs were in the private sector.

Today's numbers should be a wake-up call to Congress to act quickly. Yet even as 14 million languish in unemployment, conservatives are blocking efforts to create jobs. And even as 2.6 million more Americans fell into poverty, conservatives are proposing dramatic cuts to antipoverty programs—all while protecting tax cuts for millionaires and profitable corporations. That's just wrong.

The increase in the uninsured also underscores the importance of the Affordable Care Act: In a few short years, these uninsured Americans will have the insurance they are now going without. It is a tragedy that conservatives would rip this security out of their hands. Programs to protect health coverage should be safeguarded as policymakers lay out a plan to address our nation's fiscal challenges.

As the super committee takes up work to reduce the long-term deficit, this new data calls attention to the need to protect low-income families, maintain the health care expansions in the Affordable Care Act, and strengthen the middle class. This can only be accomplished by balancing spending cuts with revenue increases that ask millionaires and billionaires to pay their fair share. The poor and middle class didn't get us into this mess. They shouldn't bear the brunt of all the cuts.

Over the coming weeks, Congress must send a message that we will not stand by and tolerate a shrinking middle class as more families fall into poverty and lose their health care. We can and we must do better.



Census Data Underscore the Urgency of Enacting Job-Creation Measures

Millions of Americans Need Help Getting Back to Work

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Earlier today, the Census Bureau released the 2010 data on income, poverty, and health insurance in America. The numbers paint a bleak picture: American families continue to struggle with the long-lasting effects of the Great Recession. Family income has fallen to the lowest level since 1997 while the number of Americans living in poverty and without health insurance has risen to new highs—all at a time when millions continue to face foreclosure and job loss.

Today's data underscore the urgent need for Congress to pass the American Jobs Act, which would jump-start the economy and put millions of Americans back to work. As Congress seeks to pay for job-creation measures, the data tell an important story about the success of programs such as Social Security, unemployment insurance, and the earned income tax credit in keeping families out of poverty and preventing an even deeper rise in uninsurance rates. Rising need coupled with data on the efficacy of these and similar programs in preventing deeper hardship point toward pursuing a course in deficit reduction that creates jobs, protects struggling families, and does not further exacerbate rising poverty and inequality.

This analysis compares the newly released 2010 data on income, poverty, and health with that of 2009, illustrates the impact of the recession on American families, and makes policy recommendations to improve family economic security, well-being, and health.

Incomes decline for many groups in 2010

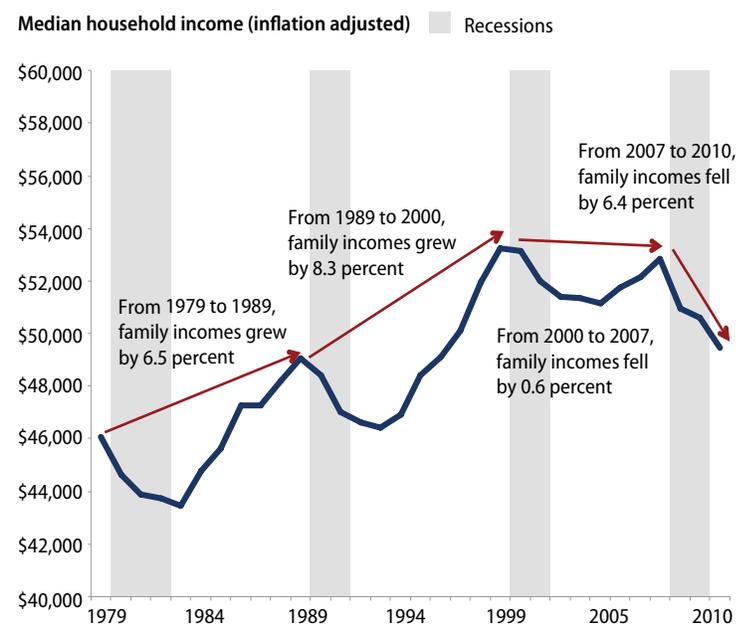
- The third year of the Great Recession left the typical household—which includes those living with and without family members—with an income of \$49,445, lower than at any point since 1996 in inflation-adjusted dollars. Meanwhile, the typical family in 2010 had an income of \$60,395, which is lower than at any time since

1997 in inflation-adjusted dollars. Incomes will continue to suffer until we bring down unemployment, which still stands at 9.1 percent.

- Household income fell by 2.3 percent between 2009 and 2010, and this followed a record-high fall of 3.6 percent between 2007 and 2008 (see Figure 1). Overall, household income has fallen by 6.4 percent since the recession began in December 2007.
- Minority demographic groups saw exceptionally large declines in household income between 2009 and 2010 (all are inflation adjusted). African American households saw their income fall by 3.2 percent to \$32,068 while Hispanic households saw their incomes fall by 2.3 percent to \$37,759, reflecting continued levels of high unemployment among these groups.
- Households headed by younger people saw the largest fall in household income. Between 2009 and 2010, incomes fell by 9.3 percent for families headed by someone aged 15 to 24, but there was no statistical difference in incomes for households headed by someone aged 35 to 44. Social Security helped maintain incomes for households headed by someone aged 65 years or over, as their incomes did not change between 2009 and 2010.
- Income inequality across households increased between 2009 and 2010. Households in the top 20 percent by income saw incomes fall by 0.7 percent, while those in the bottom 20 percent saw incomes fall by over 6 times as much—4.5 percent—in inflation-adjusted dollars. Figure 2 shows the change in average income between 2007 and 2010 that each fifth of the income distribution brought home. The Great Recession has pulled down family income sharply for all groups, but less so for those at the top.
- The number of men in the United States working year round, full time is now 56.4 million. This is sharply lower than in 2007, when 63.0 million men worked year round, full time. The number of women working year-round, full time is 42.8 million, also lower than in 2007 when it was 45.6 million. The share of men and women working year round, full time was at 53.5 and 40.4 in 2010 respectively. This represents a low for men not seen since 1984 and a low for women not seen since 1998.

FIGURE 1
Household income fell in 2010, to lowest level since 1996

Incomes, 1979 to 2010



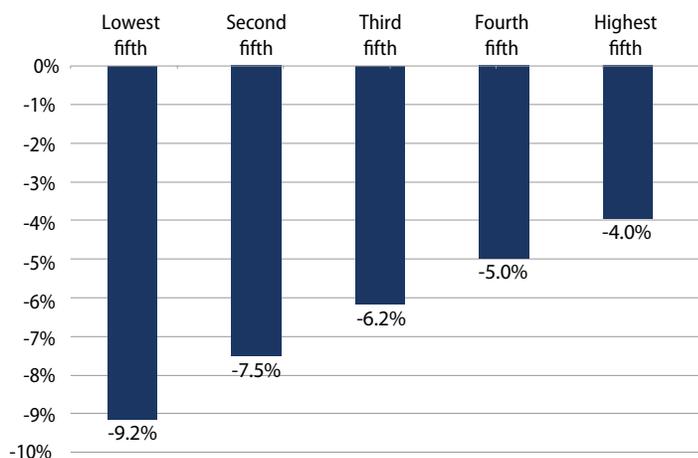
Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements, Table F6, available at <http://www.census.gov/hhes/www/income/data/historical/families/index.html>

- Those who have jobs have seen rising incomes. Both men and women who worked full time in 2010 saw their median earnings rise between 2009 and 2010. Women’s earnings rose by 1.8 percent while men’s rose by 1.7 percent during that period. As a result of rising earnings for women, the ratio of female to male pay increased from 75.7 in 2009 to 77.0 in 2010, although the change was statistically insignificant.

- High unemployment and underemployment have both significantly contributed to the sharp decline in income that millions of Americans experienced in 2010. The U.S. unemployment rate rose from 5.8 percent in 2008, to 9.3 percent in 2009, to 9.6 percent in 2010. The total number of unemployed has grown to more than 14 million as of August 2011. The economy saw falling work hours throughout 2010 for workers overall and a sharp rise in the number of workers who were working involuntarily part time because their employer cut their hours or because they could not find a full-time job.

FIGURE 2
Low-income households hit hard by recession

Percent change in income by quintile, 2007 to 2010



Source: "Historical Income Tables - Households," Table H-3, available at <http://www.census.gov/hhes/www/income/data/historical/household/index.html>.

More Americans in poverty in 2010 than ever recorded

- A total of 15.1 percent or 46.2 million Americans lived below the poverty line in 2010, as compared to 43.6 million in 2009. This means that poverty has gone up 8 of the past 10 years, rising even in the lead-up to the Great Recession as the economy was growing but the gains were not trickling down to workers. This is the largest number of people in poverty since the Census began keeping track in 1959.

- In 2010, over one-third (33.9 percent), or 103.6 million Americans struggled to make ends meet on low incomes, earning below approximately \$44,000 for a family of four (two times the poverty level), an increase of more than 3 million people from last year. As the number of Americans on low incomes has grown to a full one-third of our nation, so has the wealth concentrated in the top 1 percent of households. Over the past 30 years, the average income of the top 1 percent of households has quadrupled from \$347,000 to \$1.3 million in 2007 dollars (in after tax income), with the average tax cut for this group equaling \$97,000 last year.

- The data reveal that a record proportion of Americans (6.7 percent) lived in deep

poverty (below half of the poverty level) last year. This translates into 20.5 million Americans trying to get by with incomes of less than approximately \$11,000 for a family of four.

- Working families were not shielded from poverty, either. The poverty rate for people in families with one full-time, year-round worker was 9.5 percent in 2010, underscoring the low job quality for people working at poverty-level wages. As policymakers tackle job creation, these data highlight the need to focus on decent-wage jobs with family-supporting wages.
- A full 22 percent of children are below the poverty line, making them the most vulnerable age group, with more than one in four (25.4 percent) young children aged 0-5 living in poverty. These rates are particularly pronounced for minority children with more than one-third of African American (39.1 percent) and Latino (34.6 percent) children under 18 years old living in poor households last year.
- Communities of color and single-parent households also experienced disproportionate rates of poverty, as racial and ethnic disparities widened. While poverty rates for African Americans and Latinos rose by 1.6 and 1.3 percentage points respectively, poverty rates for non-Hispanic white grew by 0.5 percentage points and for Asian Americans, poverty actually declined by 0.4 percentage points. This translates into more than one in four African Americans (27.4 percent) and Hispanics (26.4 percent) in poverty last year, much higher than the rates for non-Hispanic whites and Asians, which are 9.9 percent and 12.1 percent respectively. Families with children headed by a female had poverty rates of 40.7 percent in 2010 compared to 38.5 percent in 2009.
- Poverty is not static. The Census presents a snapshot of how many people lived in poverty in a moment in time in 2010, but recent longitudinal data showed that in 2009, nearly a quarter (23.1 percent) of the population was in poverty for two or more months, but only 7.3 percent of the population was in poverty every month.

The number of uninsured is at an all-time high

- The number of people without health insurance reached an all-time high in 2010, growing to 49.9 million from 49.0 million Americans in 2009.
- The percentage of people with private health insurance was 64 percent, down from 64.5 percent in 2009.
- Approximately 1.5 million Americans lost their employer-provided health insurance and the percentage of Americans with employer-based coverage decreased to 55.3 percent in 2010 from 56.1 percent in 2009.
- The percentage of people covered by government insurance programs increased to 31

percent from 30.6 percent in 2009.

- Medicaid continues to serve as a key lifeline to millions of individuals as it grew to cover 48.6 million Americans, an increase of 800,000 people from 2009.
- Medicare grew to 44.3 million Americans, up from 43.4 million in 2009.
- Hispanics remained the least likely group to hold insurance coverage among major ethnic and racial groups, though percentages of uninsured decreased from 30.7 percent in 2010 from 31.6 percent in 2009.

Recommendations

Today's numbers underscore the need for Congress to focus on job-creation strategies to put 25 million Americans in need of full-time employment back to work. In addition, safety net programs help low-income Americans mitigate poverty, and they also boost demand in the economy, creating jobs and fostering economic growth that benefits all Americans.

The data provide further cause for Congress to act immediately to pass the American Jobs Act, which includes provisions such as:

- **Continuing federal jobless benefits for another year.** While unemployment remains high, one bright spot in the data is that unemployment insurance has continued to keep millions of Americans out of poverty during prolonged jobless spells. In 2010, extended unemployment benefits helped to keep 3.2 million Americans out of poverty, including 900,000 children. It is critical that Congress once again vote this fall to extend long-term unemployment benefits in order to keep millions of Americans from slipping into poverty and boost demand for American goods and services. In fact, it is estimated that unemployment benefits have kept an average of 1.6 million American workers in jobs every quarter during the recession.
- **Providing aid to states and localities as well as funding for school construction.** Since the beginning of the recession, nearly 300,000 local education jobs have been lost as state and local fiscal crises force massive layoffs that are offsetting any private-sector job growth. With more than one in five American children in poverty, we cannot afford to take teachers out of the classroom and allow school buildings to fall into disrepair. By providing aid to states and localities to maintain key personnel, and by investing in school infrastructure, the American Jobs Act will boost employment in the short run and make a big difference to America's low-income children in the long run.
- **Key investments for low-income and long-term unemployed workers.** Subsidized employment and summer job opportunities for low-income and long-term unemployed Americans, a payroll tax cut that will reach low- and moderate-income workers, and investments to rebuild our nation's infrastructure are also critical steps in tackling our

nation's high poverty rates and creating jobs. In fact, increased investments in infrastructure saved or created 1.1 million construction industry jobs and 400,000 manufacturing jobs by March 2011, with almost all of these jobs in the private sector. With an anemic labor market threatening to outlast the temporary aid measures currently in place, it is critical that Congress act with urgency to pass the American Jobs Act.

These numbers also make clear the need to protect low-income families as Congress seeks to pay for job-creation measures and tackle long-term budget deficits.

- The data reveal increasing poverty and declining incomes for the average American, But they also reveal the extent to which government programs lifted people out of poverty last year.
- Social Security kept 20.3 million of people out of poverty in 2010, for example. And while the official poverty measure does not incorporate the impact of tax policies, alternative census measures reveal that in 2010 the EITC kept 5.4 million people including 3 million children in working households out of poverty last year. Yet these programs are under consideration for cuts as the super committee seeks to find at least another \$1.2 trillion in deficit reduction.
- The super-committee holds its first hearing today. In light of today's numbers they should commit to long-term deficit reduction that does not exacerbate growing poverty and inequality.

Finally, the census numbers further underscore the importance of the Affordable Care Act. We can already begin to see the impact of this law in today's health insurance numbers despite the fact that the lion's share of ACA coverage provisions will not be in effect for a few years. However, one provision in particular that has been implemented is already proving its impact: In 2010, the ACA allowed young adults to stay on their parent's plan to the age of 26 and the percentage of young adults (18 – 24 year olds) with insurance increased to 72.8 percent in 2010 from 70.7 percent in 2009. This represents approximately 500,000 young adults who gained insurance coverage. Without the comprehensive health reform law, we will continue to experience increases in the number of people without insurance like the ones we see today.

Conservatives' plans for our health care system primarily consist of derailing the ACA and slashing vital programs such as Medicare and Medicaid. What today's numbers again demonstrate is that these

FIGURE 3

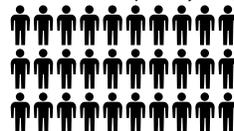
Keeping poverty in check

Government programs keep people out of poverty

The **Earned Income Tax Credit** kept

3 million

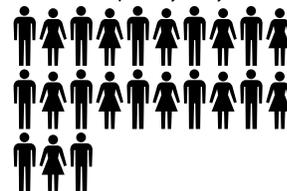
children out of poverty last year



Unemployment Insurance kept

2.3 million

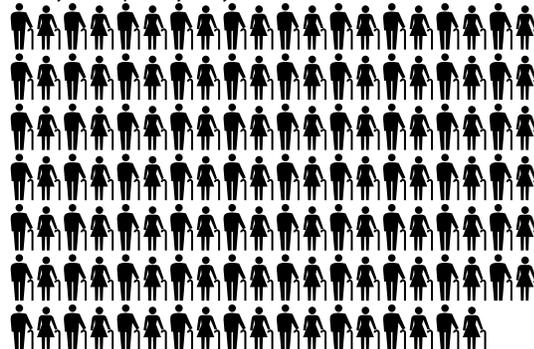
adults out of poverty last year



Social Security kept

13.8 million

elderly out of poverty last year



Source: U.S. Census Bureau, Current Population Survey, 2011 Annual Social and Economic Supplement. Unpublished data.

proposals will relegate millions of Americans to face bankruptcy when they get sick because they don't have health insurance. Those without insurance today hope to have the security of insurance in a few short years because the ACA will start covering 30 million or more Americans. It is that security that conservatives who want to undo the ACA want to shred apart.

In short, today's numbers should be a wake-up call for Congress to put laser-like focus on creating jobs and protecting the landmark Affordable Care Act. Investing in programs and policies to help low-income Americans and reverse a decade of growing poverty is an important strategy to boost employment and rebuild the middle-class.

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