

Nearly 1 in 6 Americans in poverty, Census says

WASHINGTON (AP) — The ranks of the nation's poor have swelled to a record 46.2 million — nearly 1 in 6 Americans — as the prolonged pain of the recession leaves millions still struggling and out of work. And the number without health insurance has reached 49.9 million, the most in over two decades.

The figures are in a Census Bureau report, released Tuesday, that offers a somber snapshot of the economic well-being of U.S. households for last year when joblessness hovered above 9 percent for a second year. The rate is still 9.1 percent at the start of an election year that's sure to focus on the economy and President Barack Obama's stewardship of it.

The overall poverty rate climbed to 15.1 percent, from 14.3 percent the previous year, and the rate from 2007-2010 rose faster than for any similar period since the early 1980s when a crippling energy crisis amid government cutbacks contributed to inflation, spiraling interest rates and unemployment. For last year, the official poverty level was an annual income of \$22,314 for a family of four.

Measured by total numbers, the 46 million now living in poverty are the most on record dating back to when the census began to track in 1959. The 15.1 percent tied the level of 1993 and was the highest since 1983.

Broken down by state, Mississippi had the highest share of poor people, at 22.7 percent, according to calculations by the Census Bureau. It was followed by Louisiana, the District of Columbia, Georgia, New Mexico and Arizona. On the other end of the scale, New Hampshire had the lowest share, at 6.6 percent. The share of Americans without health coverage rose from 16.1 percent to 16.3 percent — or 49.9 million people — according to Census Bureau revisions. The increase was due mostly to continued losses of employer-provided health insurance in the weakened economy.

Congress passed a health overhaul last year to address rising numbers of the uninsured. While the main provisions don't take effect until 2014, one aspect taking effect in late 2010 allowed young adults to be covered under their parents' health insurance until age 26.

The uninsured rate for adults 18 to 24 actually declined last year, from 29.3 percent to 27.2 percent, noted Brett O'Hara, chief of the Health and Disability Statistics branch at the Census Bureau. That was the only age group that posted a decrease, and he said "the law change certainly could be a factor."

For last year, the median — or midpoint — household income was \$49,445, down 2.3 percent from 2009. The poor include Nekisha Brooks, 28, of Fort Washington, Md., who lost her job as a customer service representative for AT&T several months ago in a round of layoffs. Raising five young children, she is now on food stamps and partly leaning on friends and family for help.

"It's hard on the kids," Brooks said, describing how her family has had to cut back on clothing and restaurant outings. "I've been putting in job applications every day and calling around, from housekeeping to customer service to admin or waitresses, but nobody seems to be hiring right now."

Bruce Meyer, a public policy professor at the University of Chicago, cautioned that the worst may be yet to come in poverty levels, citing in part continued rising demand for food stamps this year as well as "staggeringly high" numbers in those unemployed for more than 26 weeks. He noted that more than 6 million people are in the category of long-term unemployed and more likely to fall into poverty, accounting for more than two out of five currently out of work. The latest numbers, which cover Obama's second year in office, offer political fodder for both parties as Obama seeks to push a new \$447 billion plan for

creating jobs and stimulating the economy. The plan includes a proposed Social Security payroll tax cut and an extension of unemployment benefits.

Obama is urging Congress to pay for the new spending largely by increasing taxes on the wealthy, which Republicans have emphatically rejected.

According to the report, the gap between the rich and poor widened last year, at least based on some measures. For instance, income fell for the wealthiest — down 1.2 percent to \$180,810 for the top 5 percent of households. But the bottom fifth of households — those making \$20,000 or less — saw incomes decline 4 percent.

Other measures pointed to a longer-term widening of income inequality but with little change in 2010.

On Tuesday, the Census Bureau also noted the impact of government safety-net programs on the poor. It estimated that new unemployment benefits passed in 2009 — which gave workers up to 99 weeks of payments after layoffs, and didn't run out for most people until this year — lifted 3.2 million above the poverty line. Social Security kept about 20.3 million — seniors as well as working-age adults receiving disability payments — out of poverty.

“If these programs are cut back in the future, poverty rates are likely to rise even more,” Meyer said.

At the same time, the working-age population — ages 18 to 64 — showed some of the biggest hits in poverty, rising from 12.9 percent to 13.7 percent. Working-age Americans now represent nearly 3 out of 5 poor people and are at the highest level since the 1960s when the war on poverty was launched.

Young adults, in particular, struggled. Median income for those ages 15-24 fell 9 percent to \$28,322. For those 25-34, nearly 6 million “doubled up” in households with parents and friends to save money, up 25 percent from before the recession. For that group, the poverty rate was at 8.4 percent; but the rate would have risen to 45.3 percent if their parents' incomes weren't taken into account.

“It's pretty bad for young people,” said Harry Holzer, a professor of public policy at Georgetown University.

“They are cushioning the blow in several ways by living with others and going to school longer, but eventually they will have to enter the labor market and find a very inhospitable place.”

Last year saw a third year of increases in Americans without health insurance, lifting the total number to the highest since the government began tracking the figures in 1987. The number of people covered by employment-based health plans declined from 170.8 million to 169.3 million, although those losses were partially offset by gains in government health insurance such as Medicaid and Medicare.

Other census findings:

—Poverty rose among all racial and ethnic groups except Asians. The number of Hispanics in poverty increased from 25.3 percent to 26.6 percent; for blacks it rose from 25.8 percent to 27.4 percent and for Asians it was flat at 12.1 percent. The number of whites in poverty rose from 9.4 percent to 9.9 percent.

—Child poverty rose from 20.7 percent to 22 percent.

—Poverty among people 65 and older was statistically unchanged at 9 percent, after hitting a record low of 8.9 percent in 2009.

The official poverty level is based on a government calculation that includes only income before tax deductions. It excludes capital gains or accumulated wealth, such as home ownership.

As a result, the official poverty rate takes into account the effects of some stimulus programs passed in 2009, such as unemployment benefits, as well as jobs that were created or saved by government spending. It does not factor in noncash government aid such as tax credits and food stamps.

Next month, the government will release new supplemental poverty numbers for the first time that will factor in food stamps and tax credits as well as everyday costs such as commuting. Preliminary census estimates show a decline in child poverty based on the new measure but increases in poverty among working-age Americans as well as those 65 and older due to rising out-of-pocket medical costs.