

2010 Poverty Data: Why the Numbers Matter

Indivar Dutta-Gupta
Policy Advisor

Brookings Institution - Poverty and Income in 2010: A
Look at the New Data and What the Numbers Mean –
Washington, DC
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2010 Poverty Data: Why the Numbers Matter **Overview**

Poverty Matters

- Poverty is associated with hardships
- Poverty is associated with long-term harm

Policy Matters

- Tax and transfer system reduces poverty
- Policy has reduced damage of recession

What's Next?

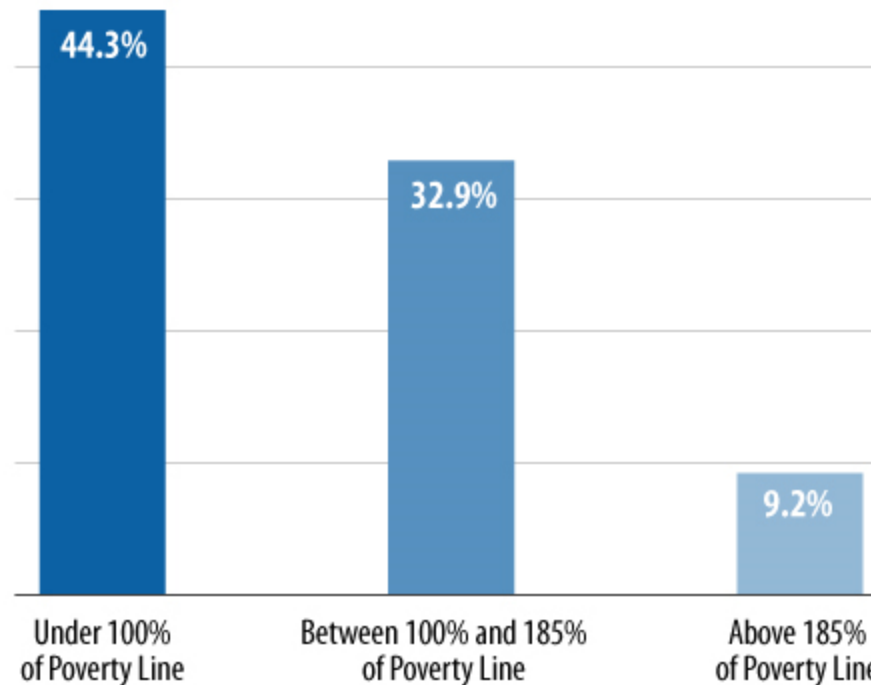
- Unemployment forecasts are discouraging
- More should be done

2010 Poverty Data: Why the Numbers Matter

Poverty Matters

Poverty Status Highly Correlated with Food Insecurity for Households with Children

Prevalence of Food Insecurity in Households with Children by Poverty Level

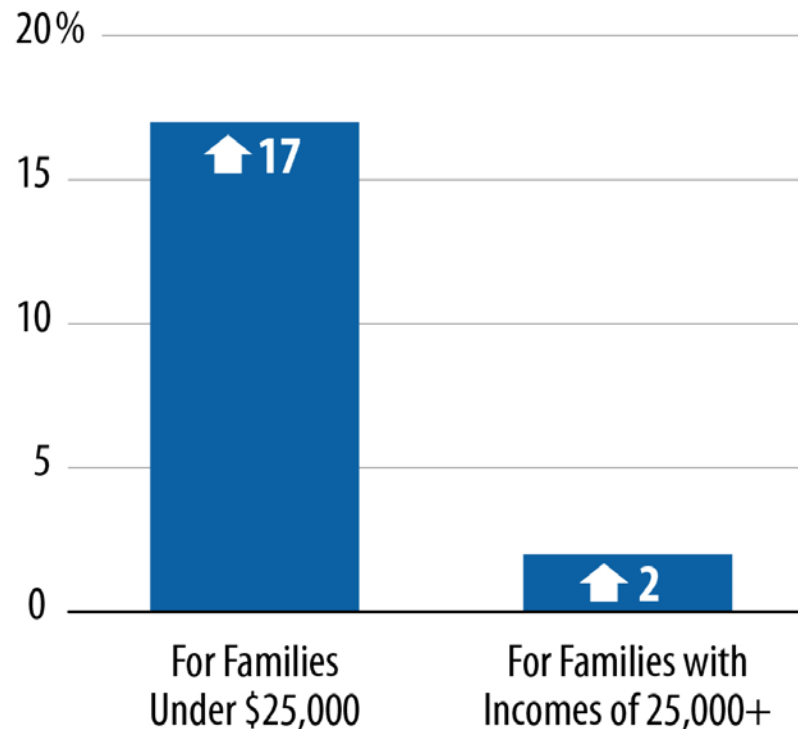


Source: USDA, Household Food Security in the United States in 2010

Poverty Matters

Boosting Incomes Among Poorest Families Associated with Increases in Young Children's Earnings as Adults

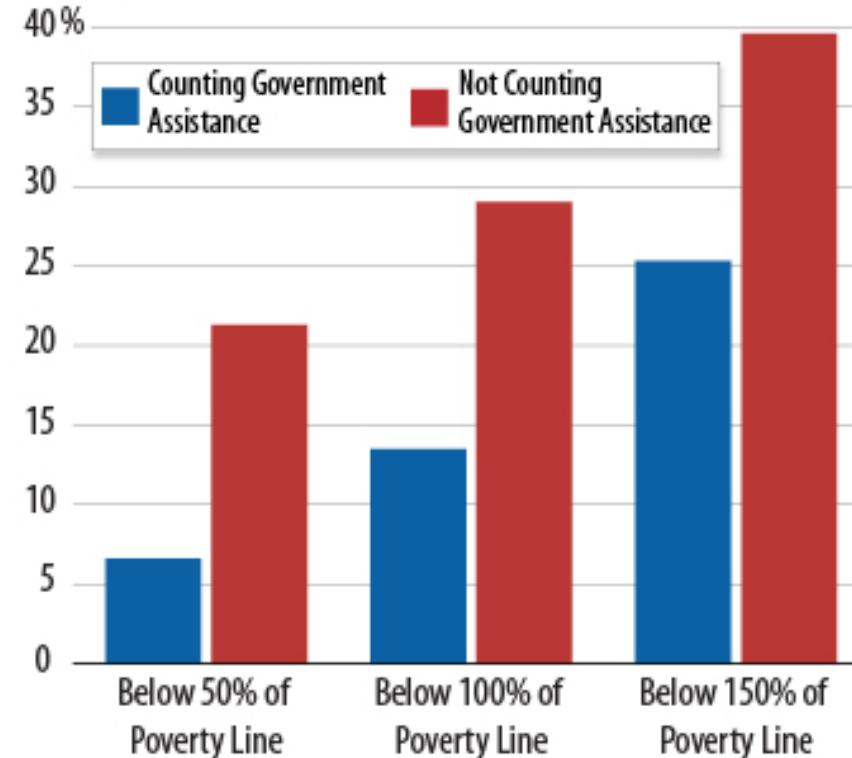
Effect of \$3,000 annual income increase during early childhood (ages 0-6) on child's later earnings



Policy Matters

Public Programs Keep Millions Out of Poverty

Share of Population

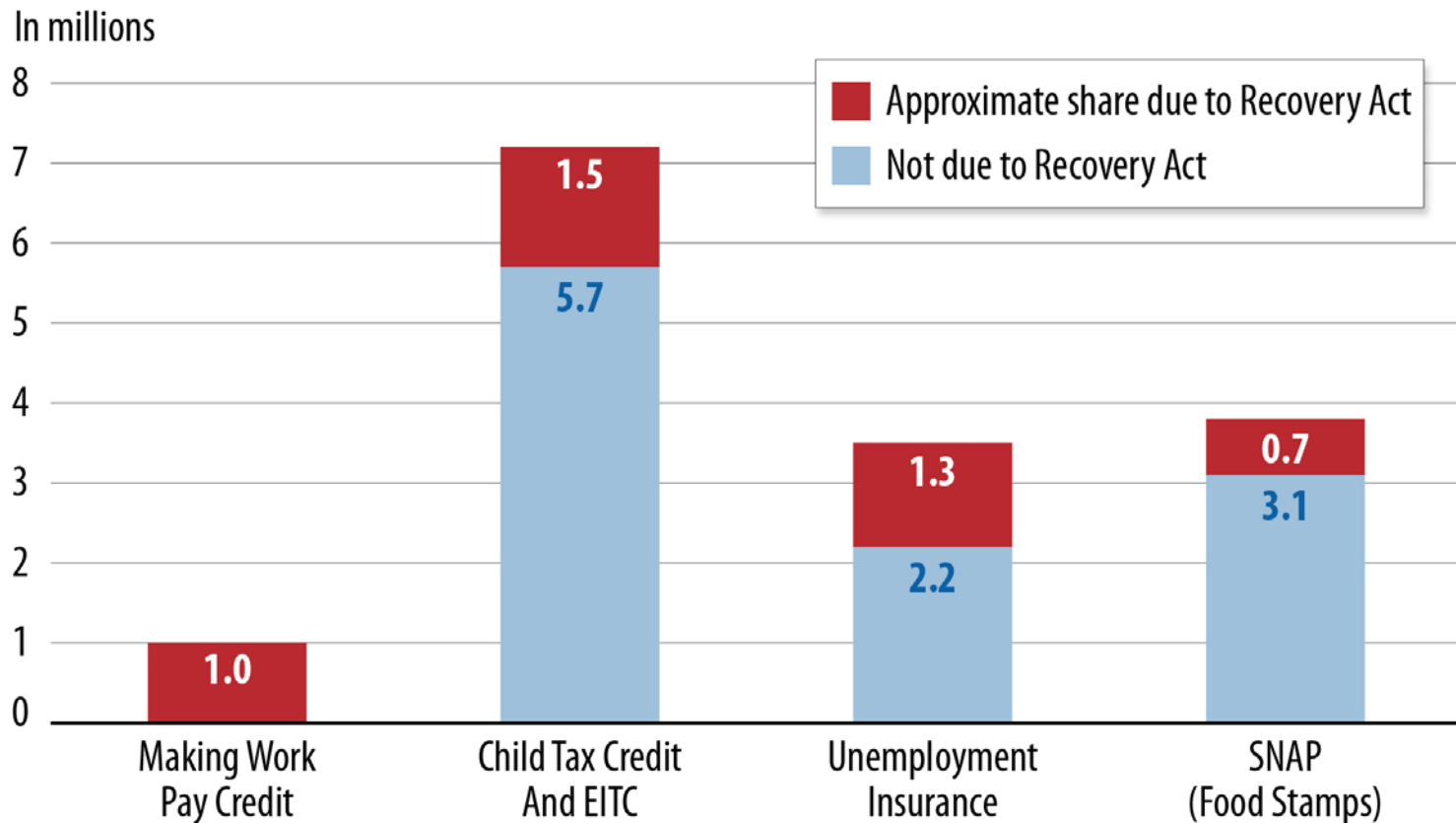


Source: Ben-Shalom, Moffitt, and Scholz. "An Assessment of the Effectiveness of Anti-Poverty Programs in the United States"

Center on Budget and Policy Priorities | cbpp.org

Policy Matters

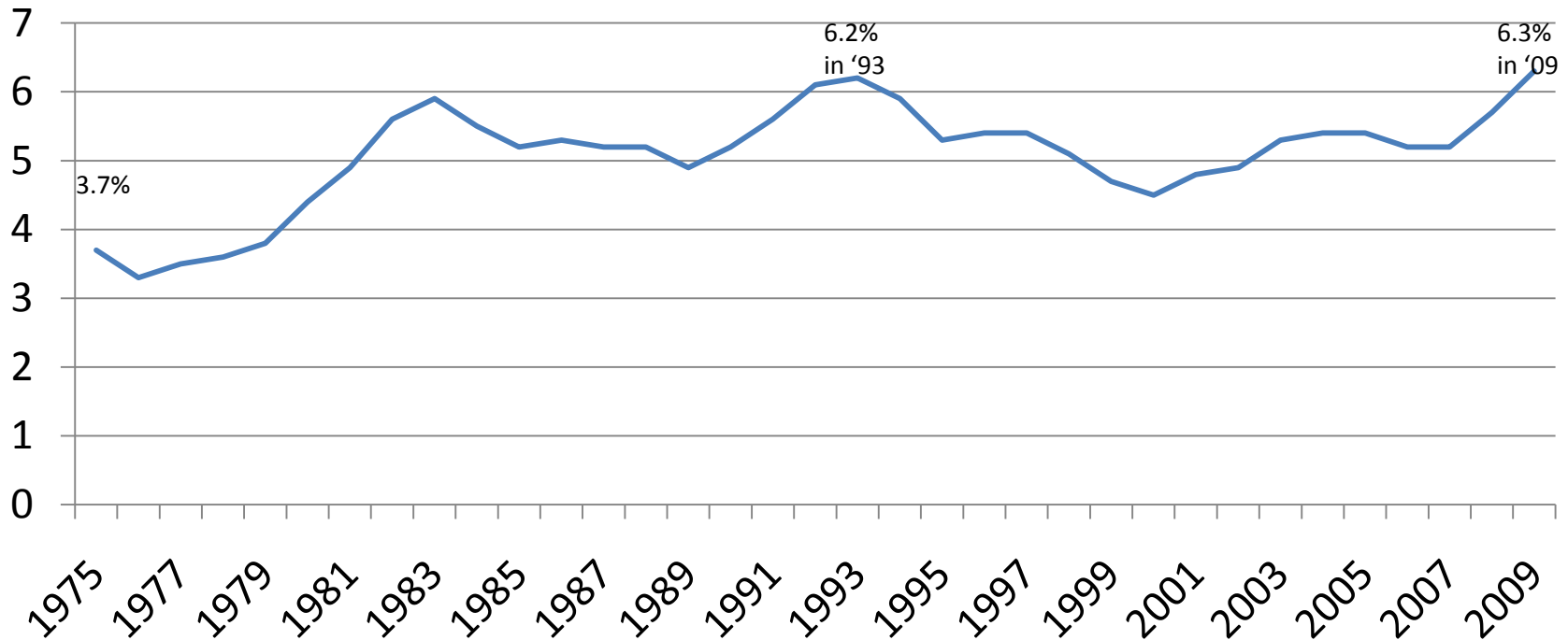
People Kept Above Poverty Line by Selected Public Programs in 2009



Source: CBPP analysis of Census Bureau, BLS, and Bureau of Economic Analysis data.

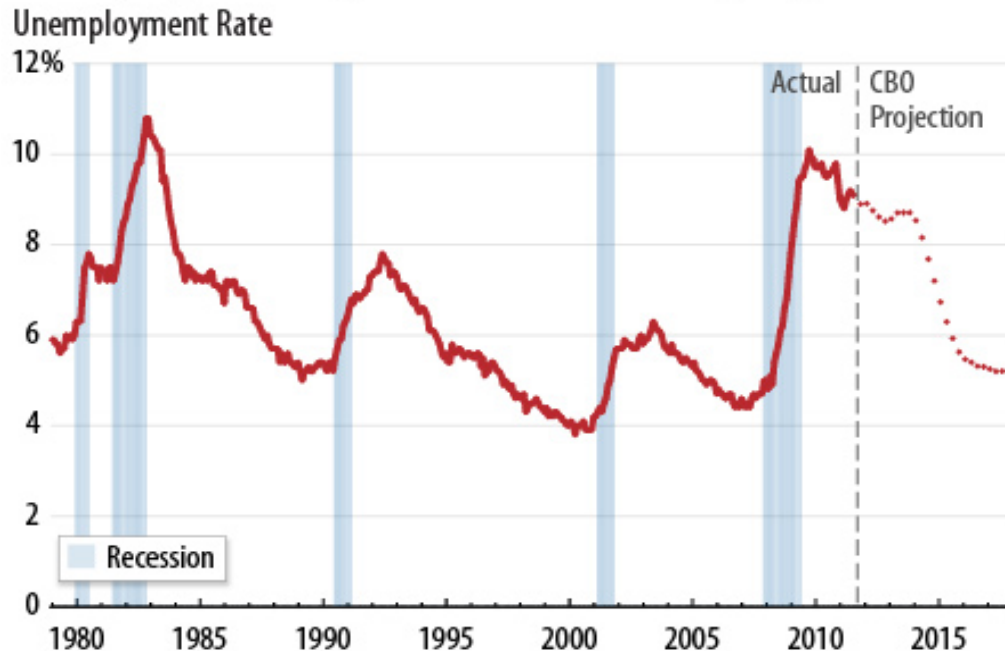
Policy Matters

**In 2009, a Record High Percentage of Americans Had Cash Income Below
Half of the Official Poverty Line**



What's Next?

Unemployment Expected to Remain Very High Into 2014



Sources: data from Bureau of Labor Statistics and National Bureau of Economic Research; Congressional Budget Office projections

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Unemployment Rate Forecasts

(4th Quarter):	2010	2011	2012	2013	2014
CBO	9.6 (Actual)	8.9	8.7	8.7	7.9
OMB Alternative		9.1	9	8.5	7.8
Blue Chip		9	8.5	N/A	N/A
Federal Reserve*		8.75	8	7.25	

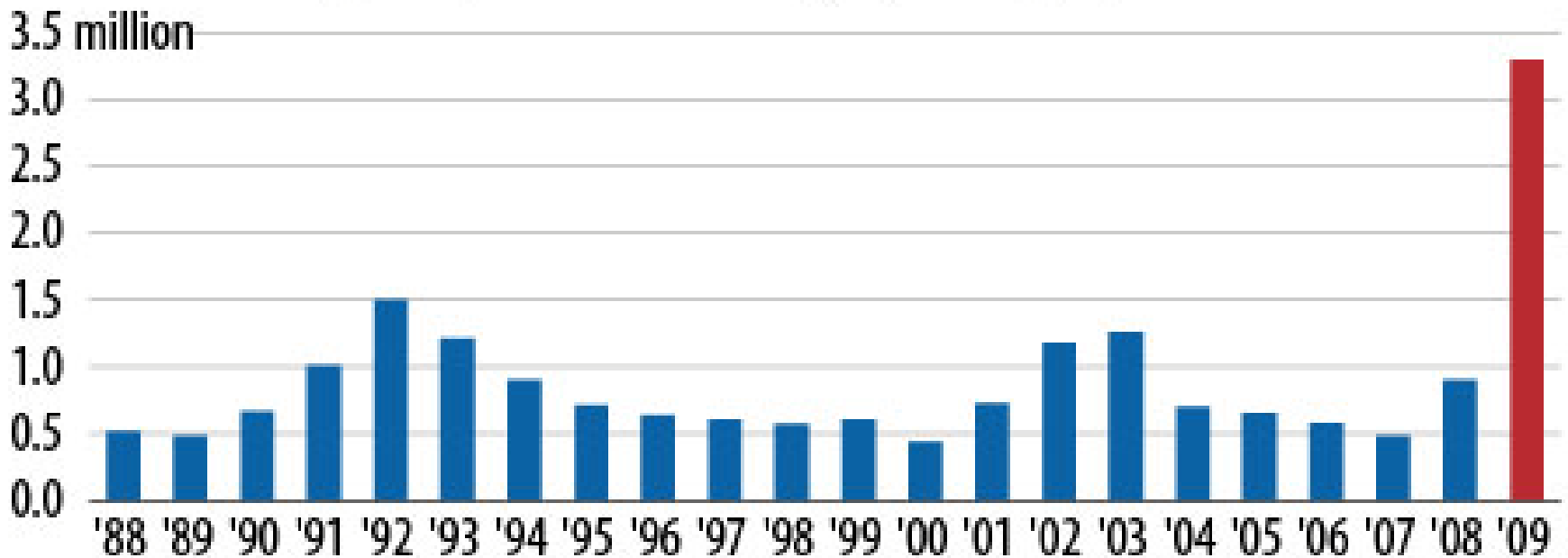
*mid-point of central tendency

What's Next?

- Extend UI benefits & payroll tax cut

What's Next?

Number of People Kept Out of Poverty by Unemployment Insurance



Source: U.S. Census Bureau.

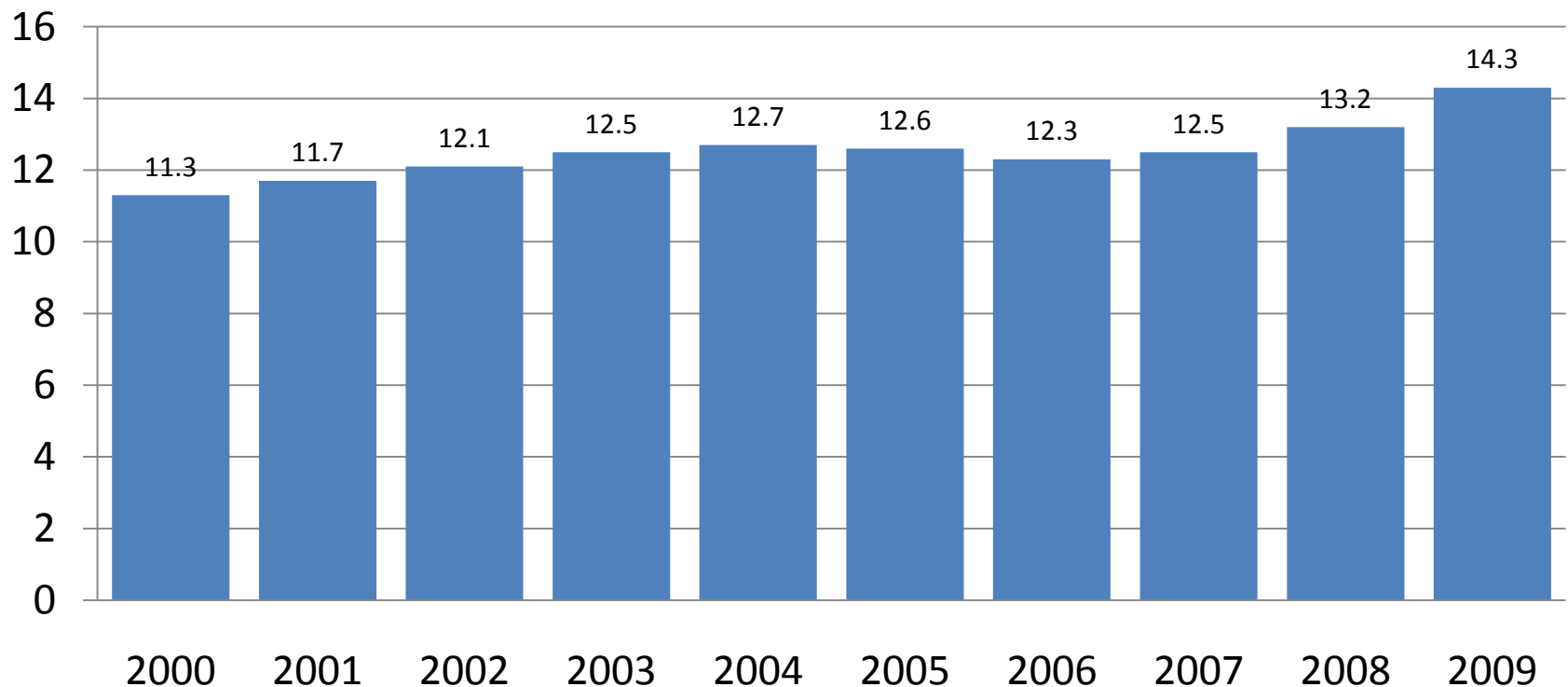
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What's Next?

- Extend UI benefits & payroll tax cut
- Create and save jobs, especially for those with otherwise limited employment prospects

What's Next?

The Poverty Rate Was Trending Upward for Most of the Last Decade



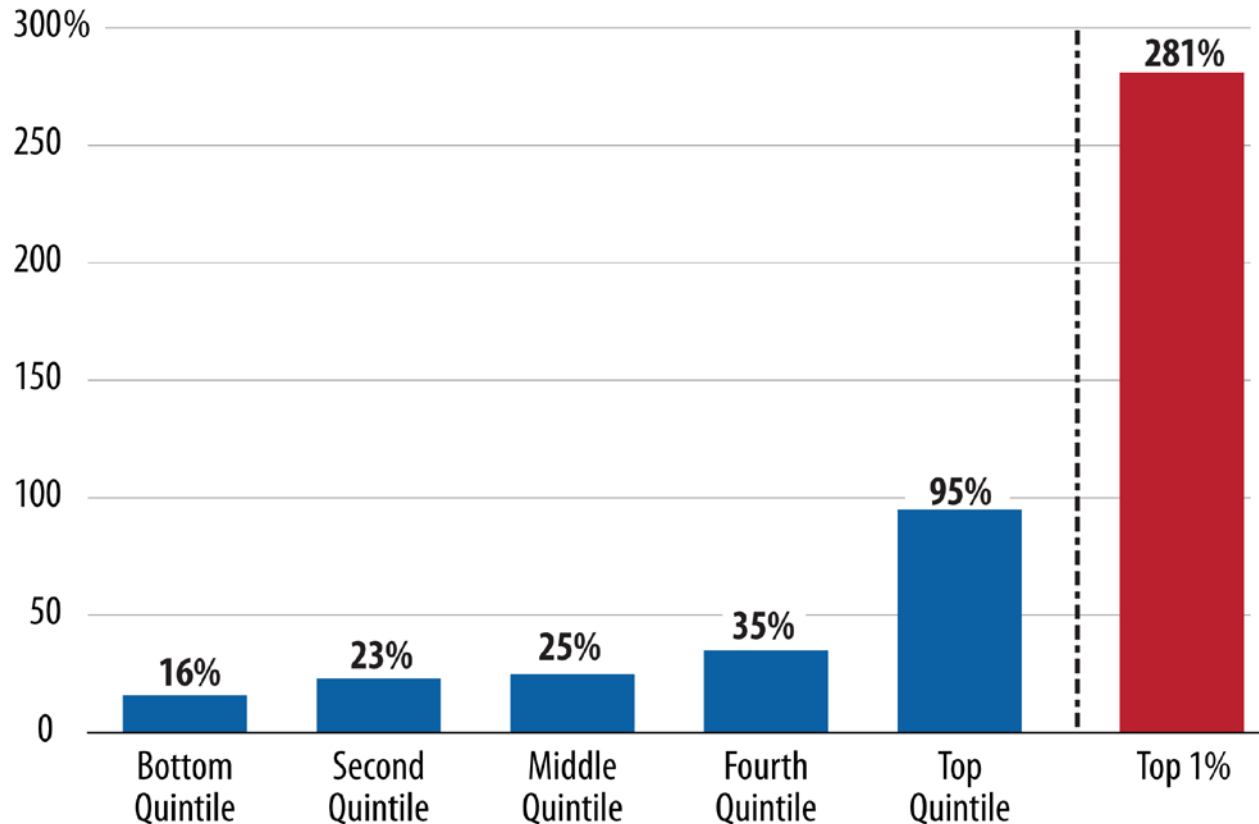
What's Next?

- Extend UI benefits & payroll tax cut
- Create and save jobs, especially for those with otherwise limited employment prospects
- Deficit reduction should not increase poverty or inequality

What's Next?

Income Growth has been Very Uneven Recently

Percentage Change in After-Tax Income, 1979-2007

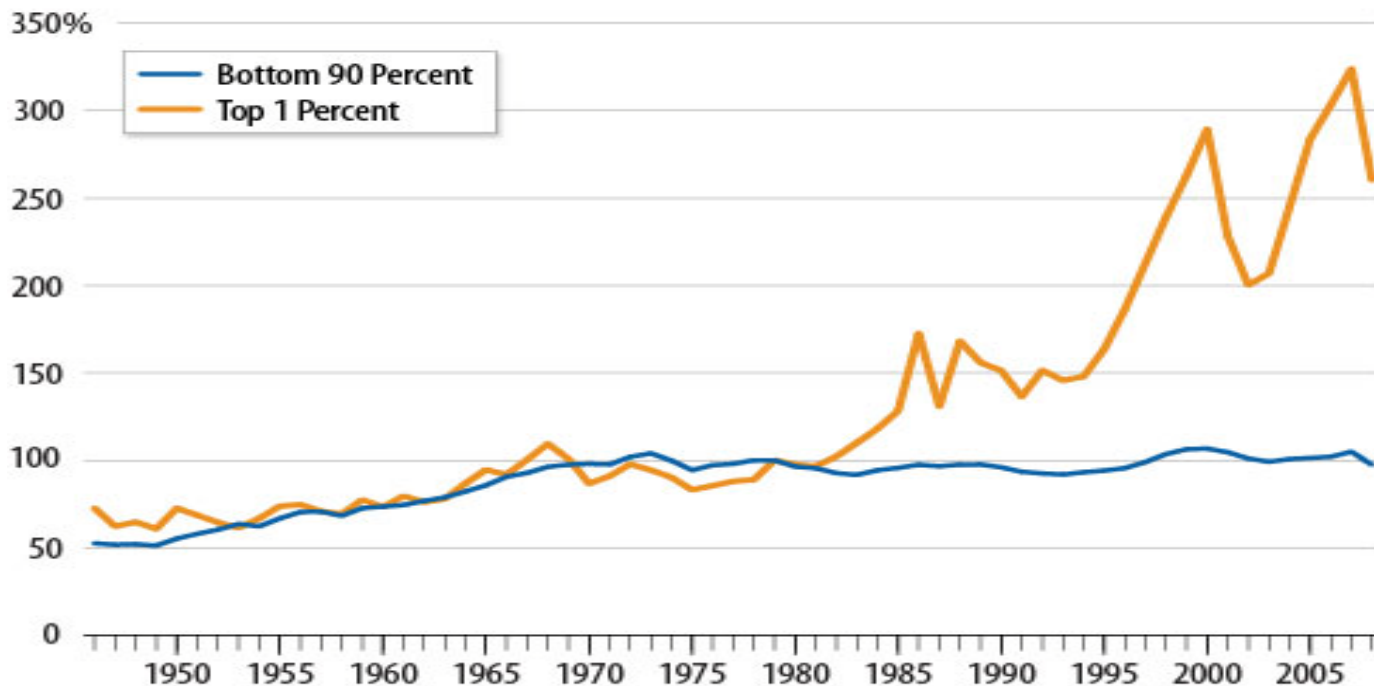


What's Next?

Income Growth Was Not Always Uneven

Uneven Distribution of Gains Contrasts with Earlier Era, When Growth Was Widely Shared

Average income between 1946 and 2008, as a percent of 1979 level



Source: CBPP calculations based on data from Piketty and Saez.

Indivar Dutta-Gupta

Policy Advisor

Federal Fiscal Policy

Center on Budget and Policy Priorities

820 First Street NE, Suite 510

Washington, DC 20002

+1 (202) 325-8788

www.cbpp.org

www.offthechartsblog.org

dutta-gupta@cbpp.org