

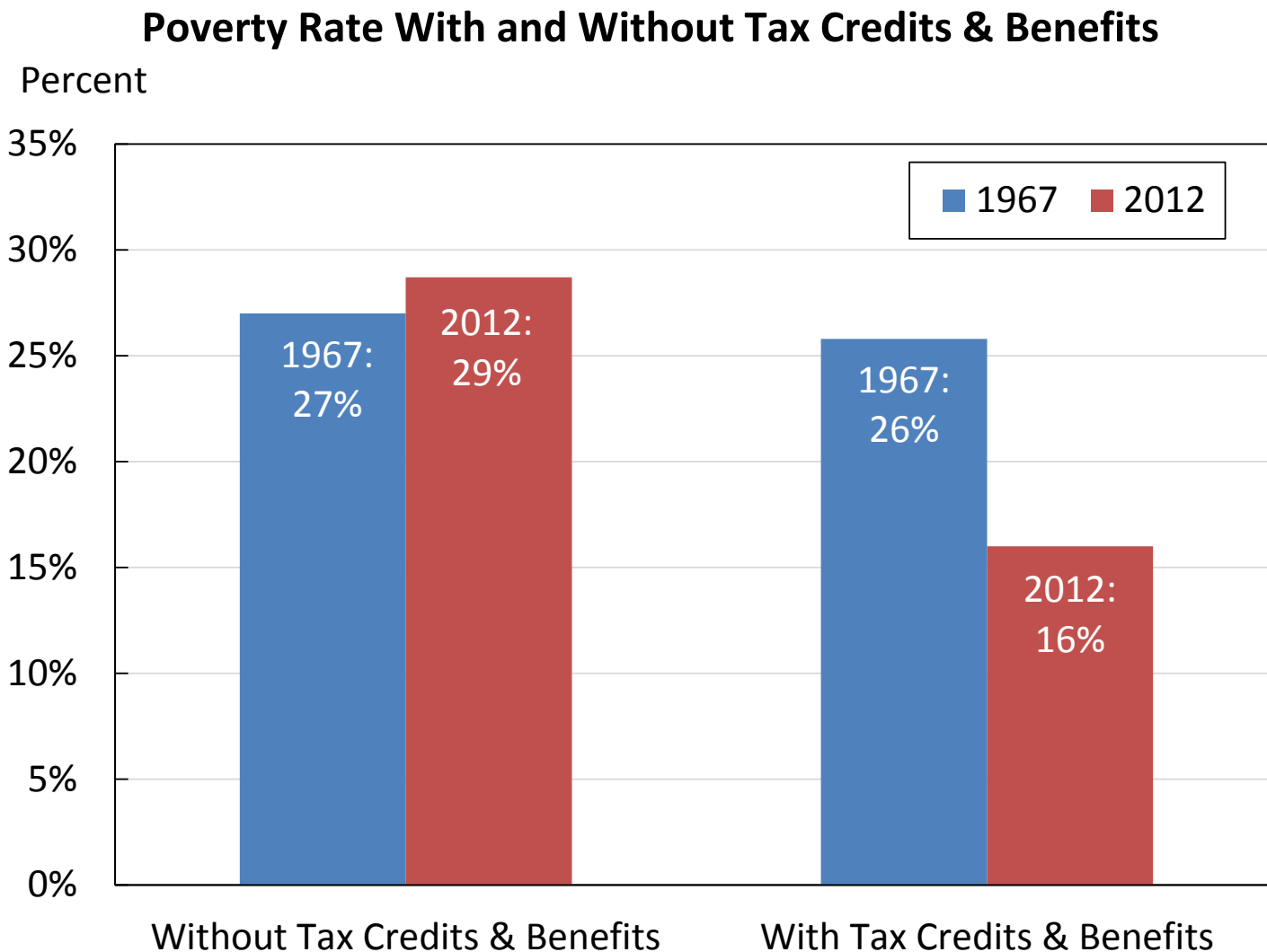
# Poverty and the Great Recession

**Betsey Stevenson, Member  
Council of Economic Advisers**



**January 30, 2014**

# The Poverty Rate Has Fallen Because of Policies Like the Earned Income Tax Credit and Nutrition Assistance, Not Wage Gains

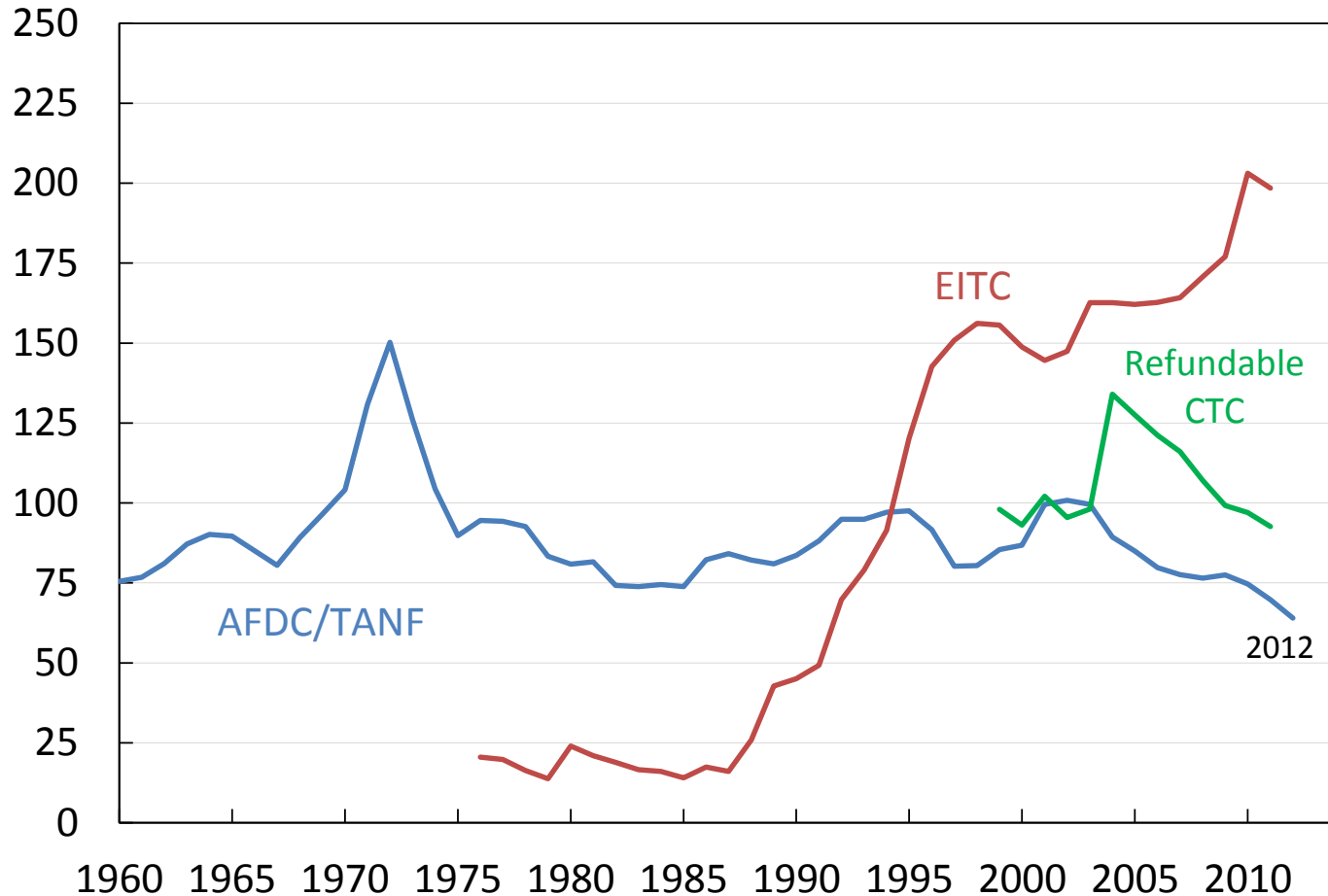


Source: Wimer et al. (2013).

# Anti-Poverty Measures Have Undergone a Large Shift to Increasing the Reward for Work

## Real Per Capita Expenditures on Selected Programs

2012 Dollars

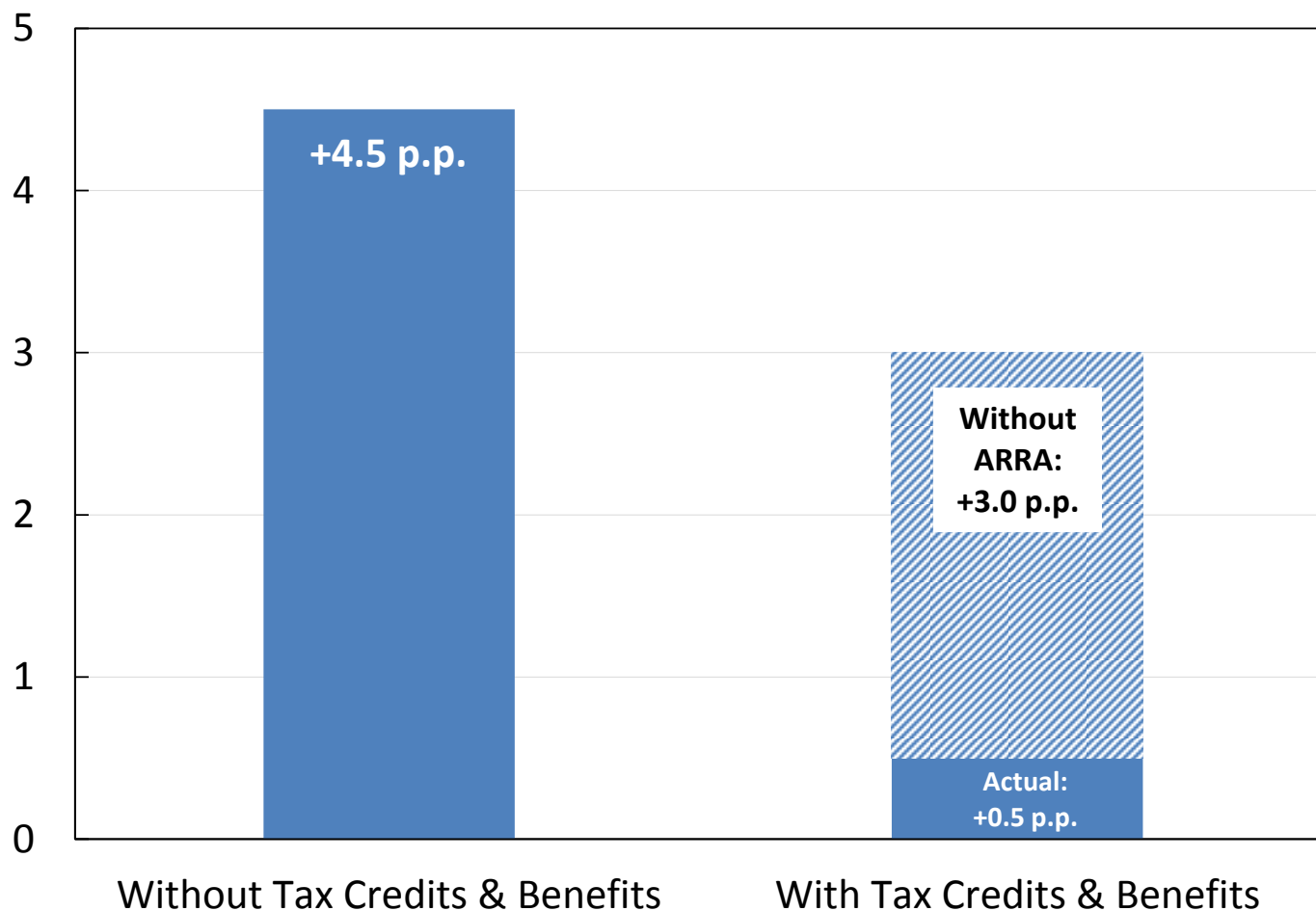


Source: Office of Management and Budget; CEA calculations.

# Recovery Act & Other Programs Prevented a Large Increase in Poverty in the Wake of the Great Recession

## Change in Poverty Rates Between 2007 and 2010

Percentage Points

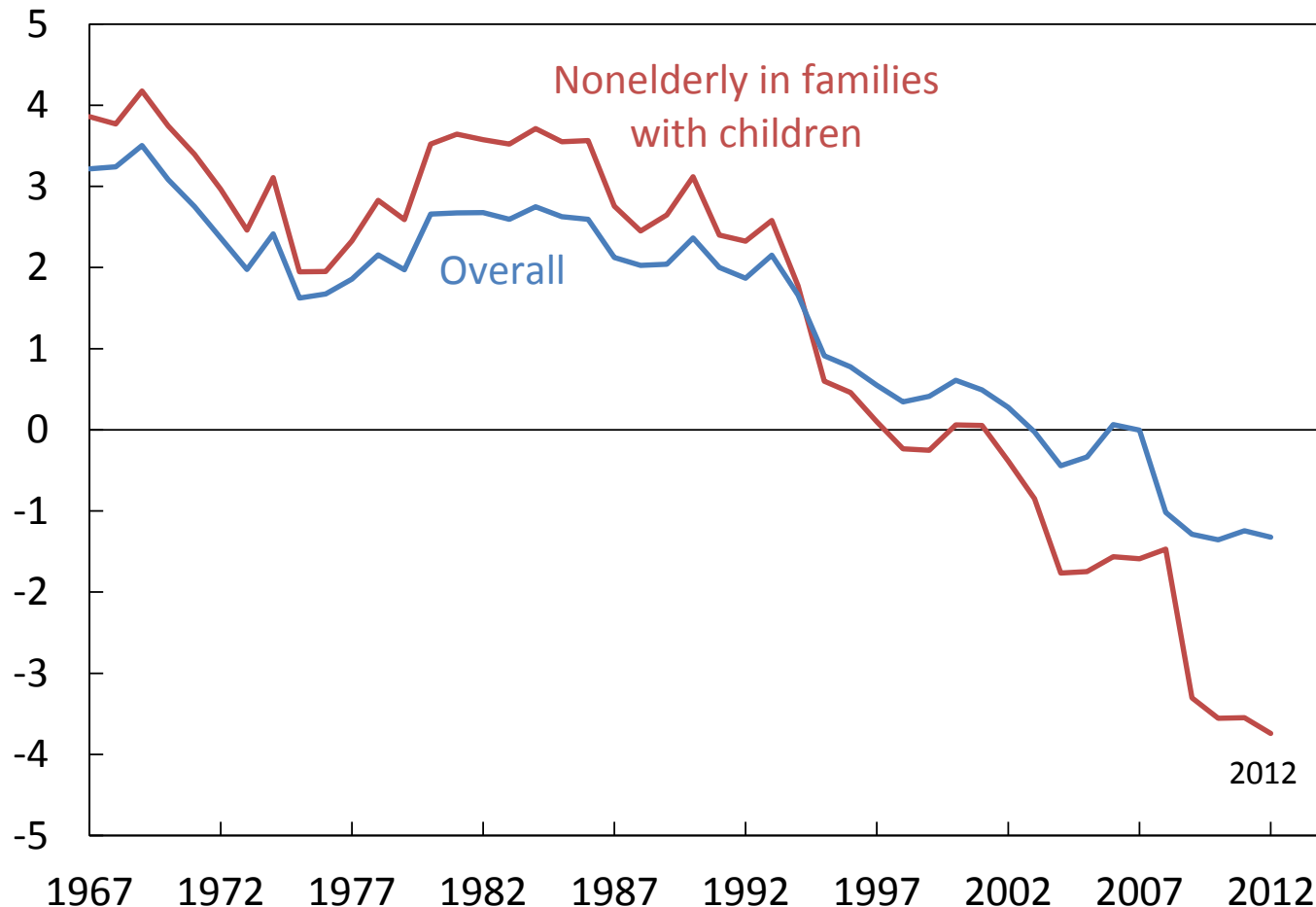


Note: Historical supplemental poverty measure (SPM) estimates are from Wimer et al. (2013). ARRA estimates are off the CPS using the SPM. Source: CEA calculations.

# The Tax System Used to Increase Poverty, Now it Reduces Poverty

## Increase (+)/Decrease(-) in the Poverty Rate Due to Taxes

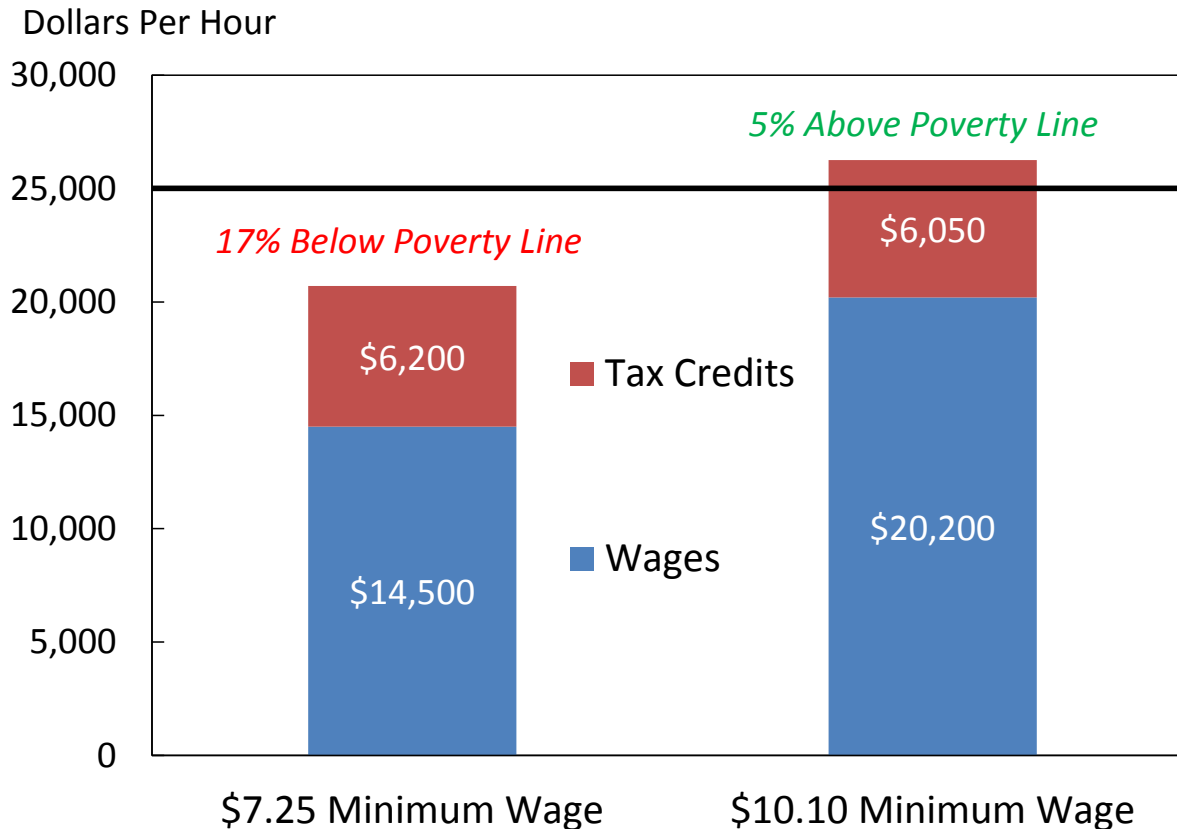
Percentage Points



Source: CEA calculations based on analysis provided by Wimer et al. (2013).

# A \$10.10 Minimum Wage in 2016 Would Raise a Family of Four With One Full-Time Worker Above the Poverty Line Counting Their Tax Credits

## Earnings of Full-Time Worker at Minimum Wage Relative to Poverty Line for Family of Four



Note: Based on projected *official* poverty threshold for a family of four in 2016. Does not include SNAP assistance.  
Source: CEA calculations.

**Increasing the minimum wage to \$10.10 by 2016 would raise an estimated 1.6 million people out of poverty and would raise incomes for 8.8 million people in poverty.**