



# Poverty and Income in 2009

## And the Policy Response

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September 28, 2010  
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# Poverty: A Very Bad Year

- Poverty rate (14.3) highest since 1994
- Largest 1-year poverty increase since 1980
- One in five children
- “Deep” poverty highest on record
  
- Income “steady” (\$49,777) but lowest since 1997

... WOULD HAVE BEEN MULTIPLE TIMES  
WORSE WITHOUT GOVERNMENT RESPONSE

# Double Whammy: Poverty Rose in Recovery *and* Recession

	2001 to 2007	2007 to 2009
<b>People in Poverty</b>	+ 4.4 million*	+ 6.3 million*
<b>Poverty Rate</b>	+ 0.8 pts*	+ 1.8 pts*
<b>Child Poverty Rate</b>	+ 1.7 pts*	+ 2.7 pts*
* Change is statistically significant		

# Real Median Income Fell for Working-Age Households In Recovery and Recession

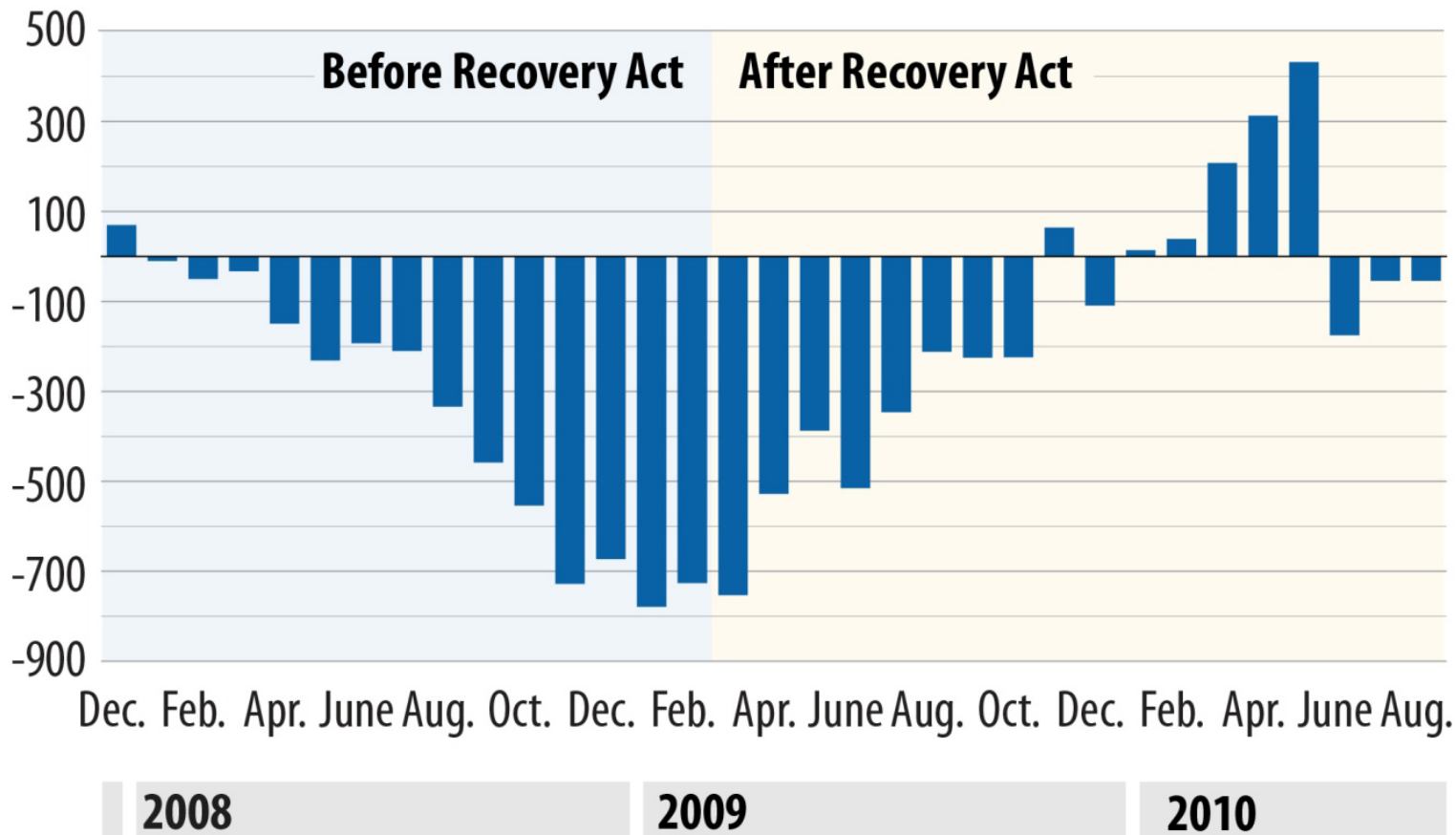
	2001 to 2007	2007 to 2009
<b>All Households</b>	+ \$778*	- \$2,188*
<b>Households Age 18-64</b>	- \$1,107*	- \$2,674*
* Change is statistically significant		

# Recovery Act

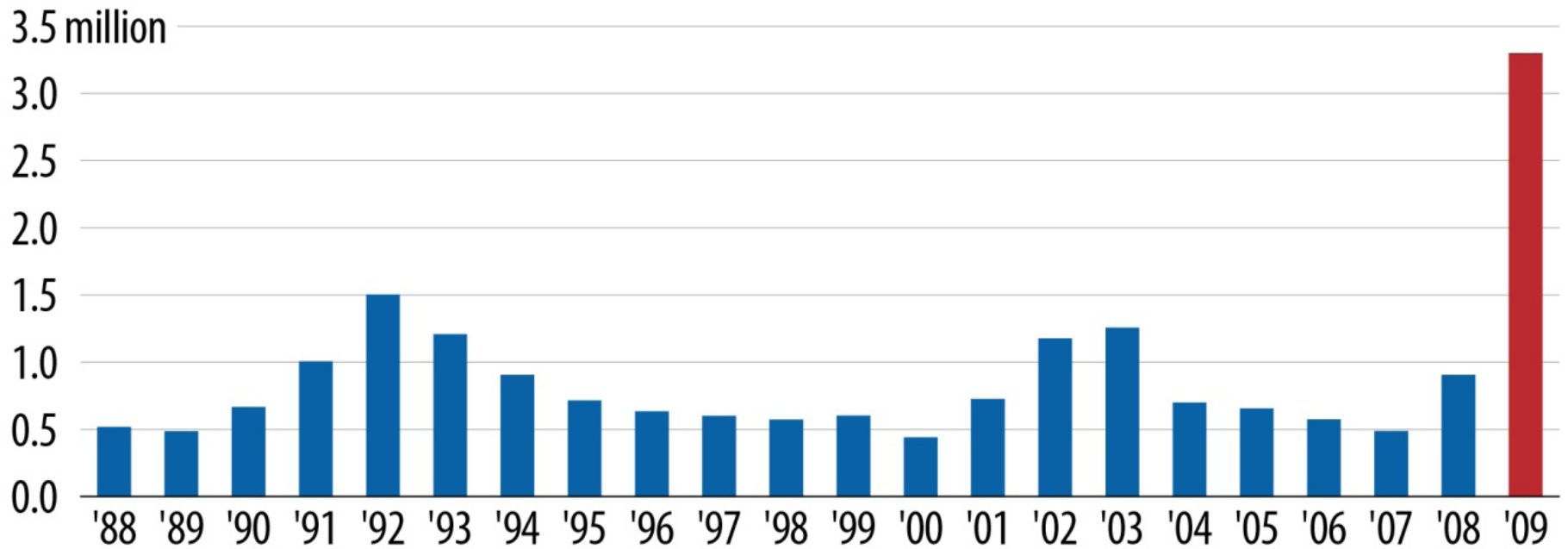
- 0.9 to 1.9 million net jobs by late 2009 (CBO)
  - e.g, TANF jobs fund
- Direct assistance targeted broadly, e.g.:
  - Unemployment benefits
  - \$400-800 MWP tax credits for most workers
  - Child Tax Credit (+\$1,400 for min-wage family)
  - \$250 for certain retirees, vets, disability

# Labor Market Collapse Stopped After Passage of Recovery Act

Monthly change in nonfarm employment, in thousands (seasonally adjusted)



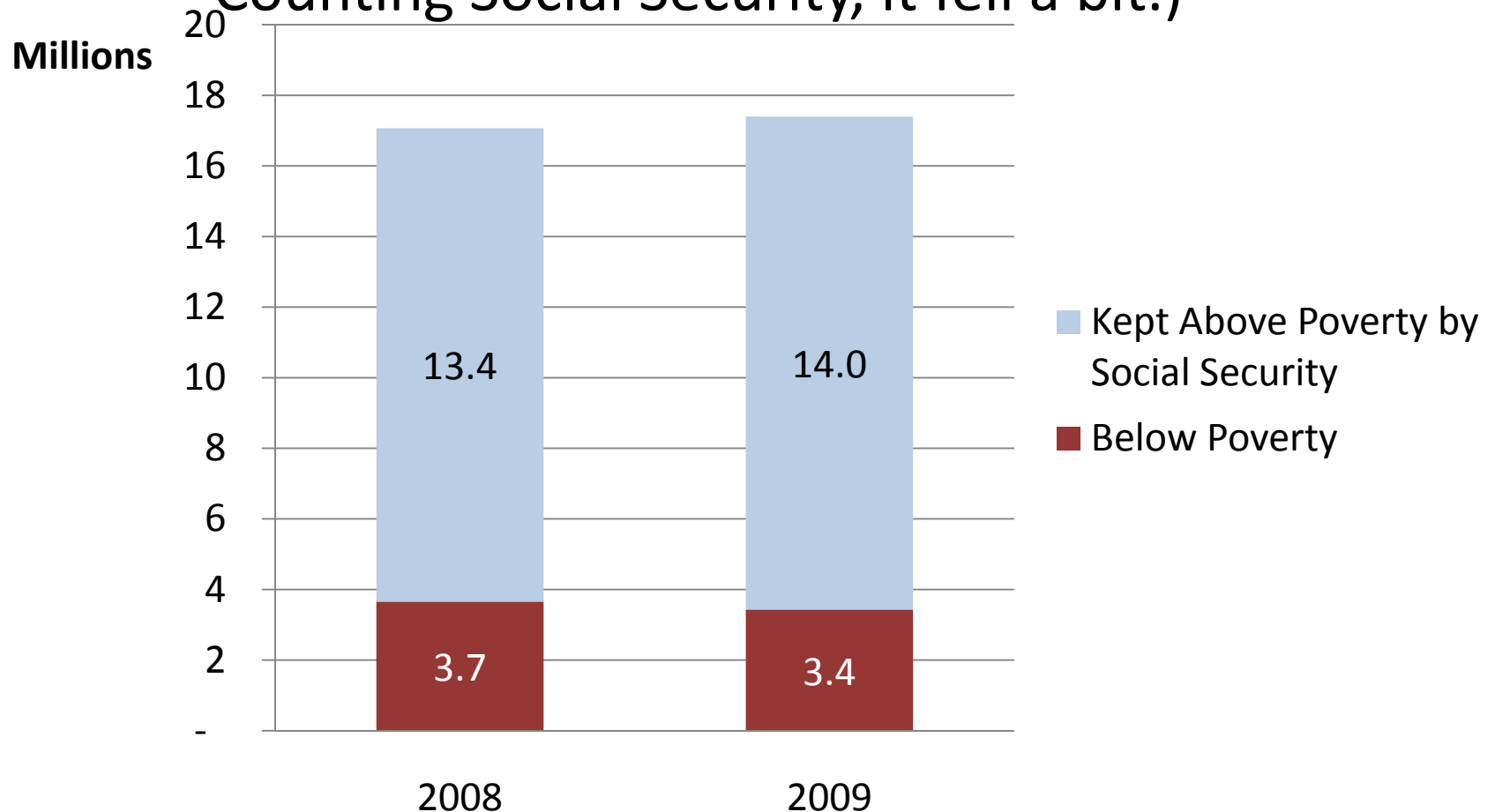
# UI Kept an Unprecedented 3.3 Million People Above Poverty Line in 2009



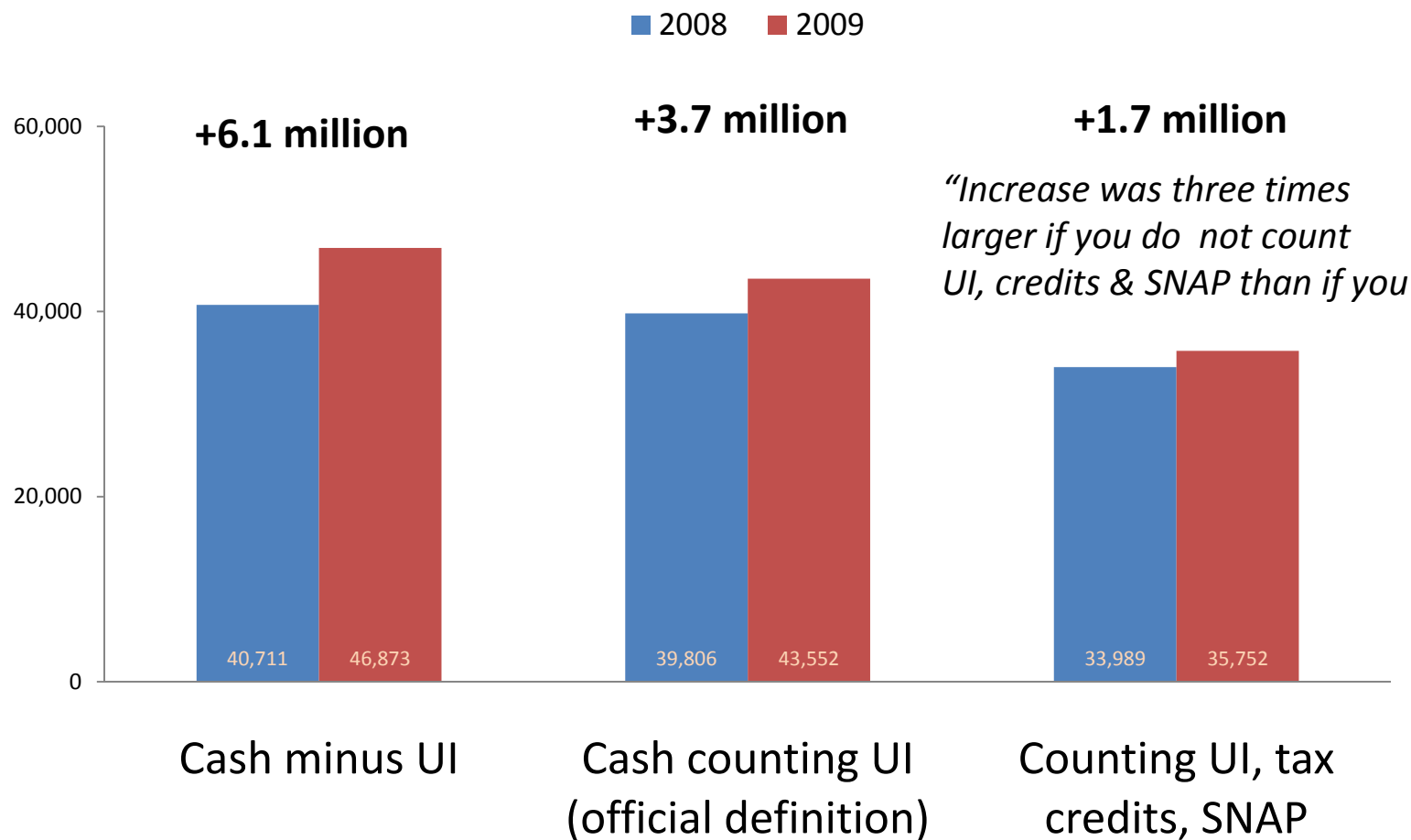
# Social Security's Impact on Poverty for People Age 65 and Older

(Not counting Social Security, elderly poverty rose a bit.

Counting Social Security, it fell a bit.)



# Increase in People Below the Poverty Line from 2008 to 2009 Using Alternative Definitions of Income



# The Challenge

- TANF Jobs Fund (250,000 jobs) expires Sept 30
- UI provisions expire Nov 30
- Tax credits expire Dec 31
  
- History: Pre-transfer poverty likely to stay high or rise through 2011
  
- Poverty could rise significantly in 2011