

INCOME AND POVERTY IN COMMUNITIES OF COLOR

A Reflection on 2010 U.S. Census Bureau Data

Newly Released Statistics from the U.S. Census Bureau Show Unprecedented Poverty Rates and Historically Low Income Levels for Families of Color and Single Mothers

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The U.S. Census Bureau's recently released poverty and income data for 2010 highlight the need for increased social supports for working families, the allocation of additional funds to create quality jobs, and comprehensive education and training opportunities to help individuals and families disproportionately impacted by the recession recover.



INCLUSION.

On September 13, 2011, the U.S. Census Bureau released 2010 income, poverty, and health insurance coverage data indicating that the number of people living in poverty increased for the fourth consecutive year to 46.2 million¹—the largest number ever recorded in the 52 years for which poverty data is available.

The nation's official poverty rate rose from 14.3 percent in 2009 to 15.1 percent in 2010, and poverty rates for Blacks and Hispanics peaked at 27.4 percent and 26.6 percent, respectively. Single mothers also experienced a significant increase in poverty, with over 40 percent of all female-headed households with children under 18 living below the poverty threshold. These poverty rates are the highest in over a decade.

While poverty rates rose, incomes continued to fall. Median income levels declined for all racial groups from 2009 to 2010, with Black and Asian households experiencing the greatest percent change (-3.37 percent and -3.18 percent, respectively). Black and Hispanic households reported the lowest median income levels in 2010 of all racial and ethnic groups: median earnings amounted to just \$32,068 for Black households and \$37,759 for Hispanic households. In stark contrast, white median household earnings in 2010 amounted to \$53,640.

The U.S. Census Bureau's recently released statistics illustrate the devastating impact that the recent recession continues to have on the economic security of communities of color, despite being declared officially over by the National Bureau of Economic Research in June 2009. Targeted policies are needed at the federal and state levels to grow the nation's economy and create pathways out of poverty for millions of Americans.

POVERTY

Since the start of the recession, the number of individuals living in poverty has increased by 8.9 million (from 37.3 million in 2007 to 46.2 million in 2010). In 2010, the poverty threshold, or poverty line, was \$22,314 for a family of four. Over 15 percent of the population fell below this threshold in 2010.

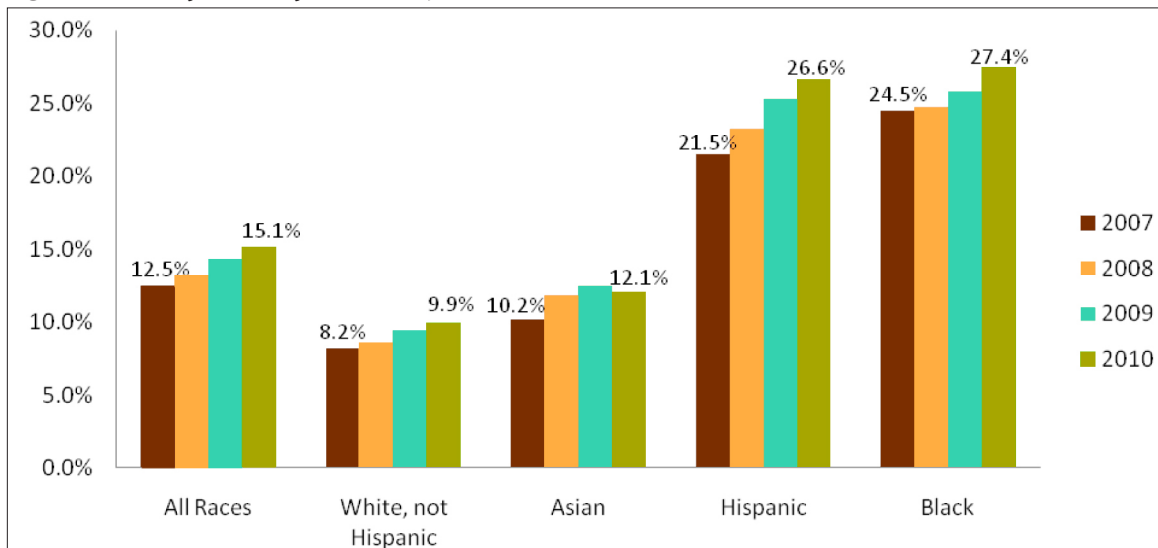
The number and percentage of people living below *half* of the poverty line—just \$11,157 for a family of four—also increased in 2010 to the highest level ever recorded: approximately 20.5 million, or 6.7 percent of the population. The percentage of people in deep poverty was significantly higher among some racial and ethnic minorities: 13.5 percent of all Blacks and 10.9 percent of all Hispanics had incomes this low in 2010, compared to 5.8 percent of Asians and 4.3 percent of whites.

Poverty and Race

Poverty rates for all racial and ethnic groups increased between 2007, the year that marked the beginning of the recession, and 2010, the first full year out of the recession. The increases occurred each consecutive year for all groups with the exception of Asians, whose poverty rate declined from 12.5 in 2009 to 12.1 in 2010. More than one in four Black and Hispanic people were poor in 2010, compared to approximately one in ten white people who lived below the poverty line.

Hispanics and Blacks experienced the greatest percent change in poverty rate over the course of the recession, with increases of 5.1 percent and 2.9 percent, respectively. In contrast, the poverty rate for whites increased only 1.7 percent from 2007 to 2010.

Figure 1. Poverty Rates by Race, 2007-2010²

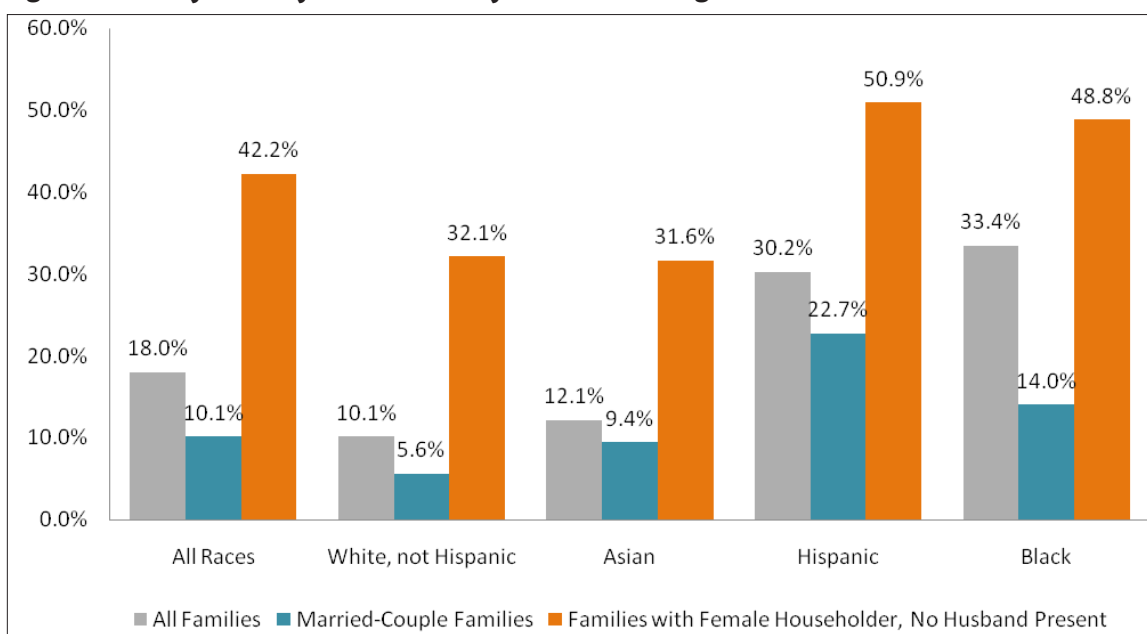


Poverty, Race, and Family Structure

The economic recession worsened the economic security of single mothers, especially Black and Hispanic single mothers, who hold the highest poverty rates of any family structure. In 2010, over 50 percent of Hispanic single mothers were poor—more than twice the rate of Hispanic married-couple families and nearly ten times the rate of white married-couple families.

Among all racial and ethnic groups, a greater percentage of Black and Hispanic families with children were poor than white or Asian families with children in the family structures illustrated in Figure 2. Over one third (33.4 percent) of all Black families with children were poor, compared to just 10 percent of white families.

Figure 2. Poverty Rates by Race and Family Structure Among Families with Related Children Under 18, 2010³

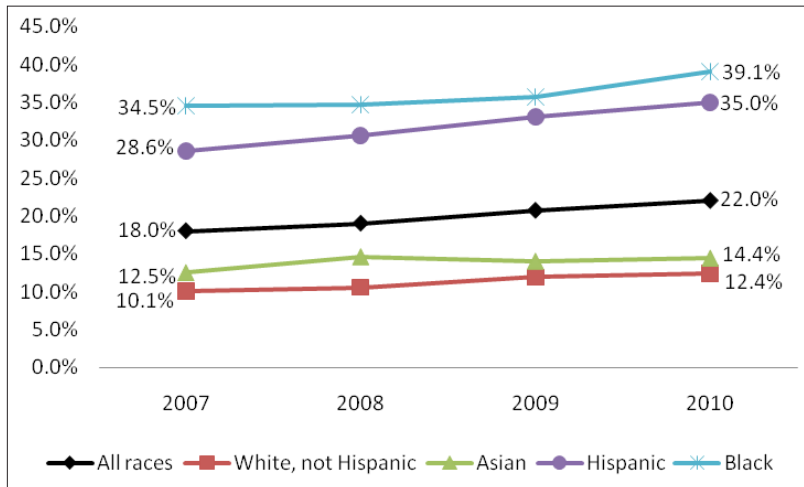


Poverty and Children

The share of all children in poverty rose to 22 percent in 2010, the highest child poverty rate since 1993. Nearly 40 percent of all Black and Hispanic children fell below the poverty line in 2010, compared to fewer than 15 percent of white and Asian children. Asian children, whose poverty rate dropped 0.6 percent between 2008 and 2009, were the only racial group that did not experience an increase in poverty every consecutive year between 2007 and 2010.

Racial disparities in child poverty rates have existed for decades. The gap between racial and ethnic groups widened during the course of the recession, with the percentage of Hispanic and Black children living in poverty growing at a much higher rate than their white and Asian counterparts. The share of Hispanic children below the poverty line increased 6.4 percent between 2007 and 2010, compared to 1.9 percent among Asians and 2.3 percent among whites.

Figure 3. Poverty Rates for All Children Under 18 by Race, 2007-2009*



INCOME

Income and poverty are closely linked, with wage disparities fueling the disproportionately high poverty rates for racial and ethnic minorities. The median income for all households in 2010 was \$49,445, a decline of 2.3 percent from 2009. Since 2007, the year that marked the beginning of the economic recession, median household income has declined 6.4 percent.

While the economic impact of the downturn reaches across race and class, the magnitude of the continued income decline varies widely. Women workers and families of color receive only a fraction of the earnings reported by other groups, and a colossal gap between the lowest and highest income quintiles continues to persist. In 2010, real household income at the 90th percentile (\$138,900) was over ten times that of the 10th percentile (\$11,904).

Household Income and Race

In 2010, both white and Asian households earned more than the nation's median (\$49,445), while Black and Hispanic households trailed at significantly lower levels. The annual income reported for Black households (\$32,068) was merely half that of Asian households (\$64,308) in 2010.

Since the start of the recession in 2007, median household income declined 2.0 percent for whites, 7.2 percent for Hispanics, 7.5 percent for Asians, and 10.1 percent for Blacks. The year 2010 marked the first full year out of the recession, but the declared recovery has not translated to concrete economic gains for any racial group. All racial and ethnic households experienced a decline in household income from 2009 to 2010, with Asian households reporting the greatest percentage decline of 3.4 percent.

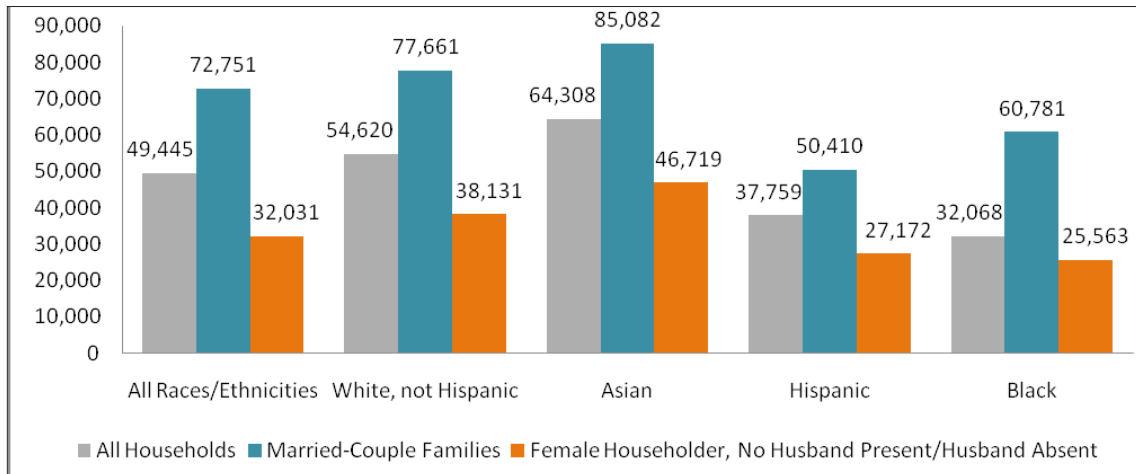
Table 1. Median Household Income by Race, 2007-2010⁵

	2007	2008	2009	2010	Percent Change from 2007 to 2010	Percent Change from 2009 to 2010
All	\$52,823	\$50,939	\$50,599	\$49,445	-6.39%	-2.28%
White, not Hispanic	\$55,752	\$56,232	\$55,360	\$54,620	-2.03%	-1.34%
Asian	\$69,511	\$66,467	\$66,550	\$64,308	-7.49%	-3.37%
Hispanic	\$40,673	\$38,393	\$38,667	\$37,759	-7.16%	-2.35%
Black	\$35,665	\$34,651	\$33,122	\$32,068	-10.09%	-3.18%

Household Income, Race, and Family Structure

Married-couple family households of all races and ethnicities reported higher median incomes of \$72,751 in 2010, while female-headed households reported drastically lower earnings of \$32,031, a trend that persisted across race. Black and Hispanic households reported the lowest income levels in the household types illustrated in Figure 4, with Black female-headed households earning just \$25,563—the lowest median income of any household type and racial or ethnic group.

Figure 4. Median Household Income by Race and Type of Household, 2010⁶



Wage Disparities, Race, and Gender

Gender wage disparities among workers persisted in 2010, with a gap greater than \$10,000 between the median income levels of men and women working full time throughout the year. The female to male earnings ratio among full time, year-round workers rests at 77 percent as it did in 2009. Wage disparities remain more pronounced for women of color, with Black women earning 62 cents and Hispanic women earning 54 cents for every dollar earned by a white man.

Table 2. Median Earnings of Full Time, Year-Round Workers Age 15 and Over by Race and Sex, 2010⁷

	Men	Women	Female Earnings as a Percentage of Male Earnings Within Same Race/Ethnicity	Female Earnings as a Percentage of White Male Earnings
All Races/Ethnicities	\$47,715	\$36,931	77.4%	71.2%
White, not Hispanic	\$51,865	\$40,270	77.6%	77.6%
Asian	\$51,838	\$41,309	79.7%	79.6%
Hispanic	\$31,408	\$27,992	89.1%	54.0%
Black	\$36,803	\$32,290	87.7%	62.3%

The wage gap is even greater when considering all workers, including part-time and seasonal workers. Among all workers, women earn just 72 cents for every dollar paid to a man. Black and Hispanic women workers receive 61 cents and 48 cents, respectively, for every dollar earned by a white man.

Table 3. Median Earnings of All Workers Age 15 and Over by Race and Sex, 2010⁸

	Men	Women	Female Earnings as a Percentage of Male Earnings Within Same Race/Ethnicity	Female Earnings as a Percentage of White Male Earnings
All Races/Ethnicities	\$36,676	\$26,552	72.4%	63.8%
White, not Hispanic	\$41,594	\$28,464	68.4%	68.4%
Asian	\$41,526	\$31,381	75.6%	75.4%
Hispanic	\$24,615	\$20,160	81.9%	48.5%
Black	\$28,639	\$25,385	88.6%	61.0%

The negative impact of the persistent wage gap for women of color is exacerbated by lower lifetime earnings overall, occupational segmentation, and unequal access to assets and other wealth builders. Aligning the income distribution with the gender composition of the workforce is needed now more than ever to ensure economic security, opportunity, and prosperity for all.

Conclusion and Recommendations

The U.S. Census Bureau's recently released poverty and income data for 2010 highlight the need for increased social supports for working families, the allocation of additional funds to create quality jobs, and comprehensive education and training opportunities to help individuals and families disproportionately impacted by the recession recover. Specifically, the Network recommends the following:

- 1. Expand and strengthen the nation's safety net system.** Safety net and entitlement programs extend a critical line of income support to families in or near poverty. In 2010, unemployment insurance benefits kept 3.2 million Americans out of poverty. Similarly, more than 20 million Americans would have fallen below the poverty threshold in 2010 without Social Security income.
- 2. Invest heavily in job creation.** The recession resulted in notable declines in the number of full time, year-round workers with earnings. The number full time, year-round workers decreased by 6.6 million for men and 2.8 million for women, leading to heightened job insecurity, higher rates of unemployment or underemployment, and a greater need for investments in job creation.
- 3. Create and enforce policies and legislation to counter racial and gender discrimination in the labor market.** Affirmative action programs, antidiscrimination laws, and federal and state resources should be utilized to increase the representation and promote the advancement of racial and ethnic minorities in the workforce, particularly in targeted middle- or higher-wage occupations that offer workers greater economic security.
- 4. Support comprehensive education and training opportunities for people who are poor, low-income, and economically disadvantaged.** Education and training programs should prepare workers to enter occupations and fields with greater opportunities for career advancement and growth. Training programs and initiatives should include soft- as well as hard-skill development and focus on employment maintained over time rather than placement alone.

The nation needs a bold set of new policies and initiatives rooted in today's economic reality to penetrate this seemingly impenetrable national crisis. Sound investments in job creation, social safety net programs, and early links to the labor market are critical to creating pathways out of poverty for over 46 million Americans.

(Endnotes)

¹ All poverty and income statistics cited in this brief are derived directly from the detailed Census Bureau poverty and income data for 2010 available at www.census.gov or are Network tabulations of the data. Only tables and figures will be cited separately throughout the brief.

² U.S. Census Bureau, Historical Poverty Tables, *Table 2. Poverty Status, by Family Relationship, Race, and Hispanic Origin*, available at <http://www.census.gov/hhes/www/poverty/data/historical/people.html> (last accessed September 15, 2011).

³ U.S. Census Bureau, Current Population Survey, 2011 Annual Social and Economic Supplement, *POVo3. People in Families with Related Children Under 18 by Family Structure, Age, Sex, Iterated by Income-to-Poverty Ratio and Race*, available at http://www.census.gov/hhes/www/cpstables/032011/pov/newo3_100.htm (last accessed September 15, 2011).

⁴ U.S. Census Bureau, Historical Poverty Tables, *Table 3. Poverty Status, by Age, Race, and Hispanic Origin*, available at <http://www.census.gov/hhes/www/poverty/data/historical/people.html> (last accessed September 15, 2011).

⁵ U.S. Census Bureau, Current Population Reports, *Income, Poverty, and Health Insurance Coverage in the United States: 2010, Table A-2. Households by Total Money Income, Race, and Hispanic Origin of Householder: 1967 to 2010*, available at <http://www.census.gov/prod/2011pubs/p60-239.pdf> (last accessed September 13, 2011).

⁶ U.S. Census Bureau, Current Population Survey, 2011 Annual Social and Economic (ASEC) Supplement, *Table HINC-02. Age of Householder—Households, by Total Money Income in 2010, Type of Household, Race, and Hispanic Origin of Householder*, available at http://www.census.gov/hhes/www/cpstables/032011/hhinc/newo2_000.htm (last accessed September 14, 2011).

⁷ U.S. Census Bureau, Current Population Survey, 2011 Annual Social and Economic Supplement, *Table PINC-05. Work Experience in 2010—People 15 Years Old and Over by Total Money Earnings in 2010, Age, Race, Hispanic Origin, Sex*, available at http://www.census.gov/hhes/www/cpstables/032011/perinc/newo5_000.htm (last accessed September 13, 2011).

⁸ Ibid.