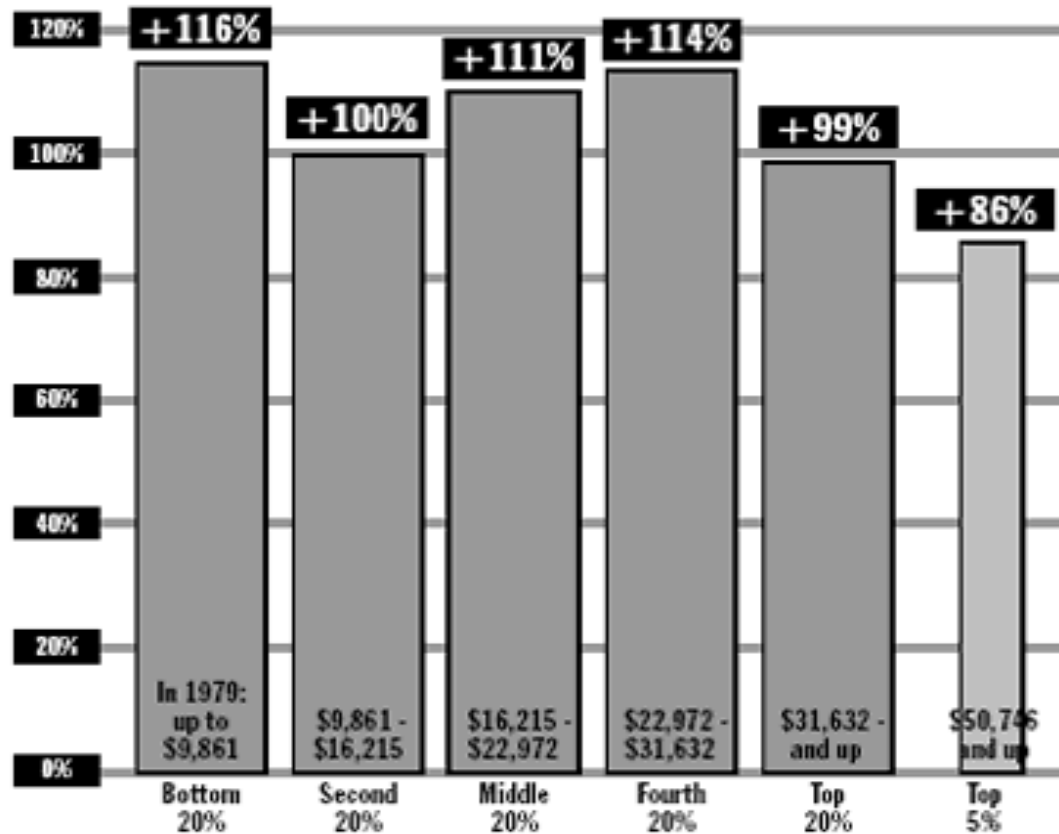




# Who Are the Poor: Poverty in the United States and the Current Economic Crisis

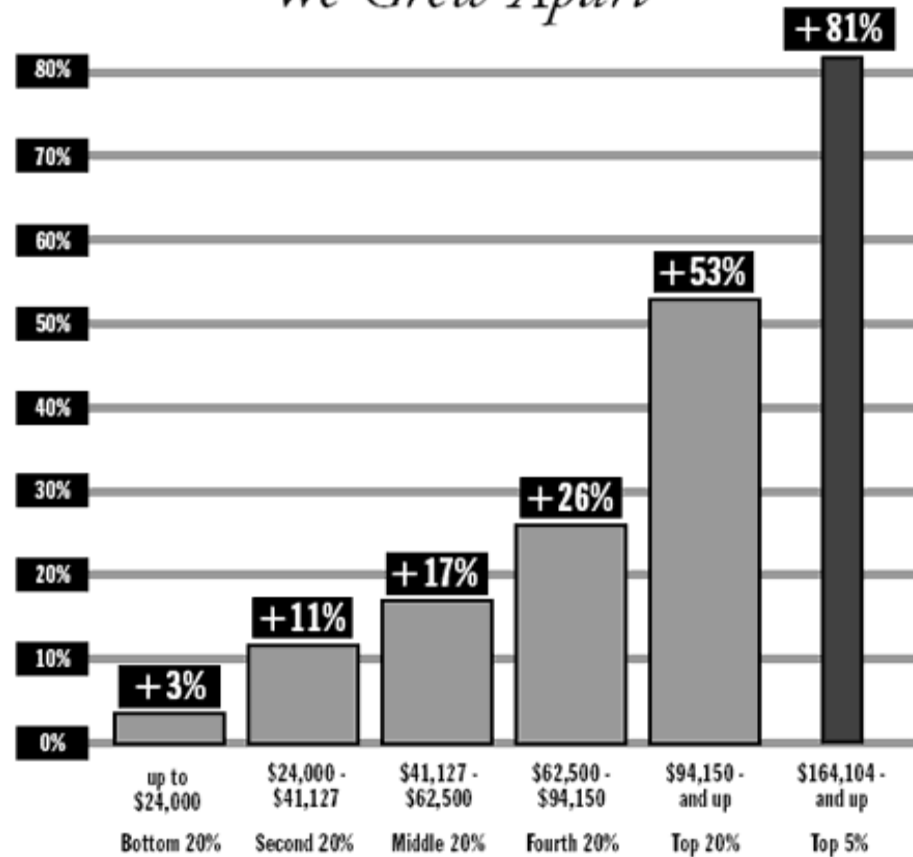
## 1947 to 1979 – Real Family Income Growth by Quintile & for Top 5%

*We Grew Together*

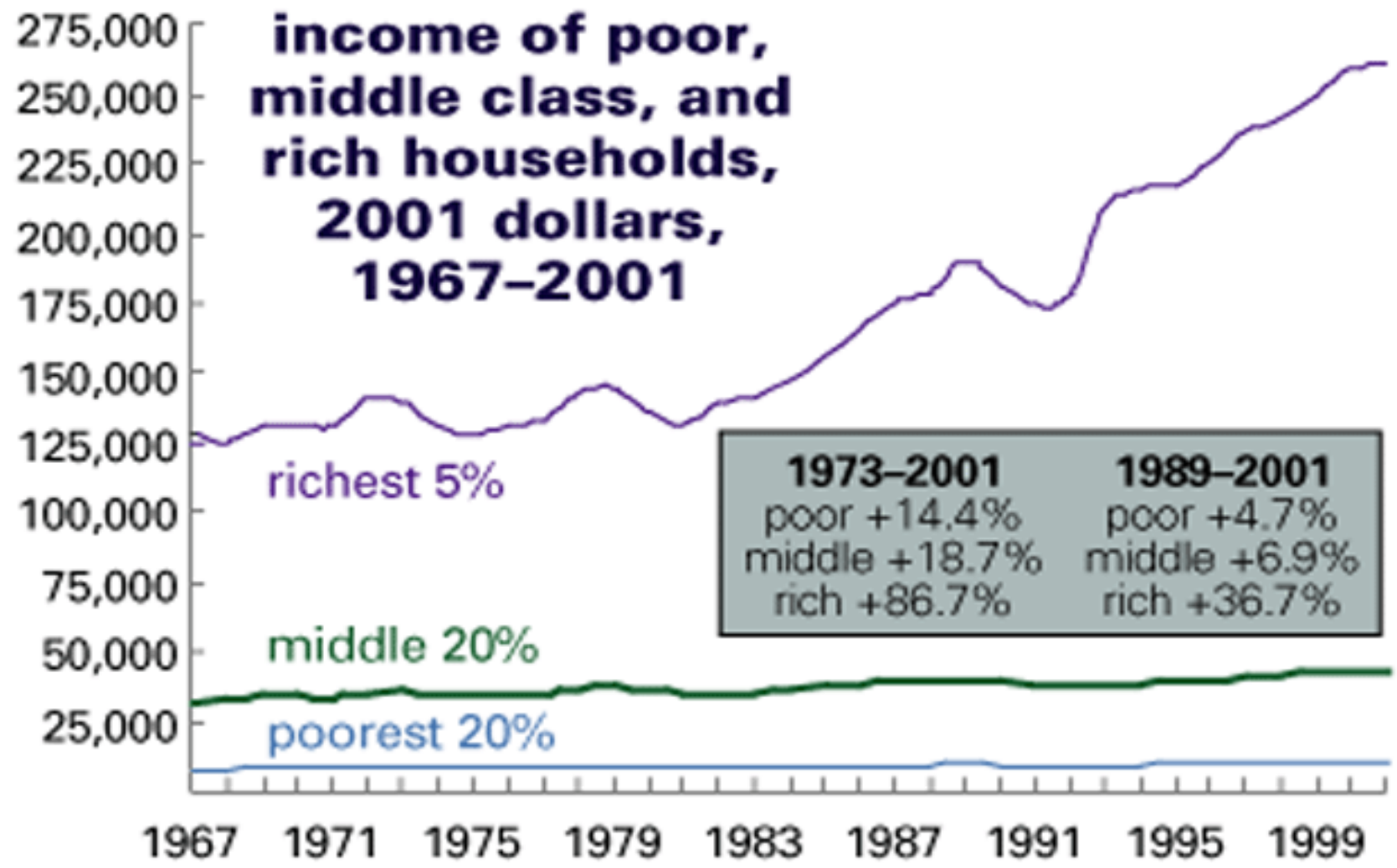


## 1979 to 2001 – Real Family Income Growth by Quintile & for Top 5%

*We Grew Apart*



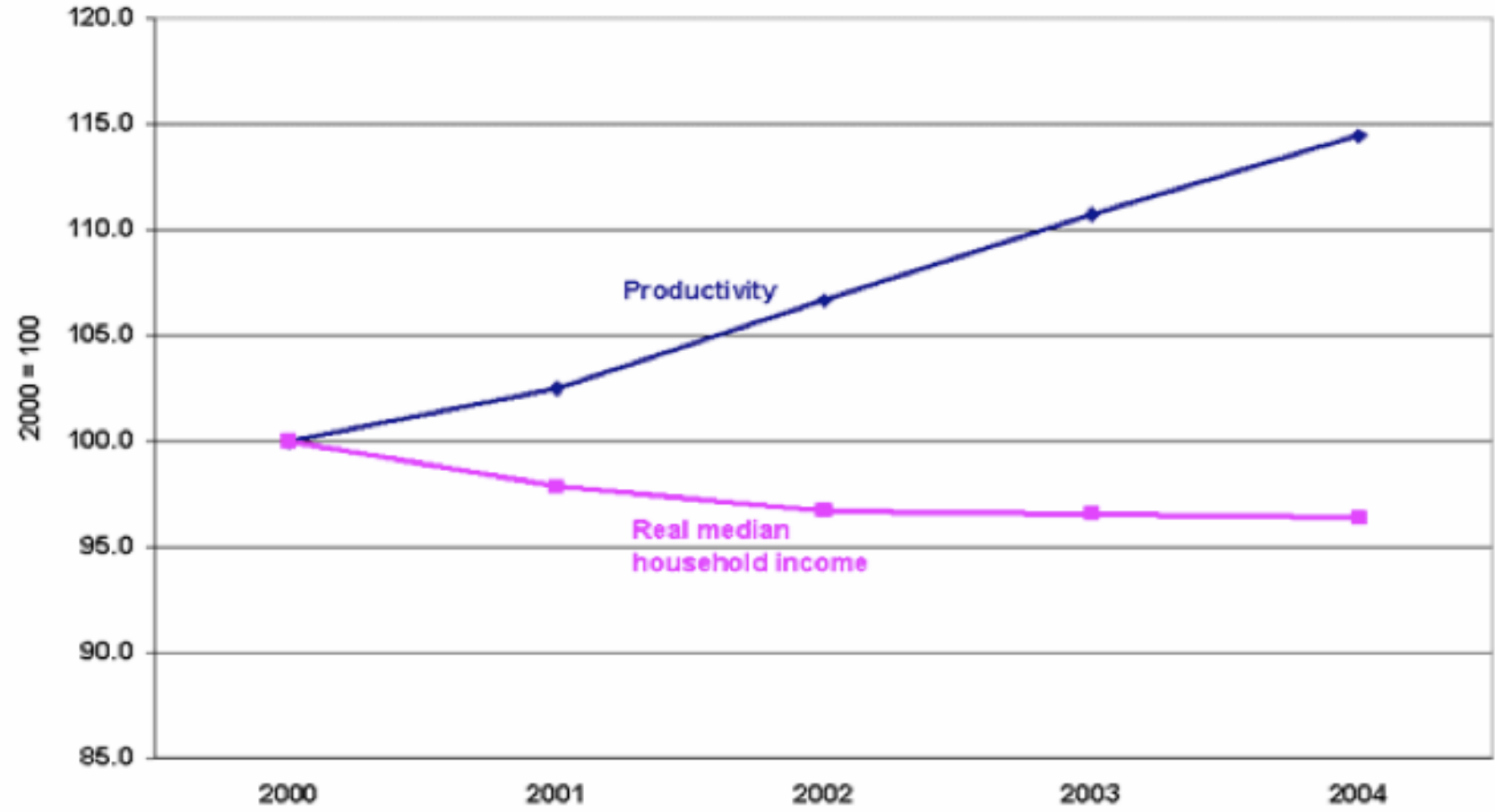
# income of poor, middle class, and rich households, 2001 dollars, 1967-2001



1973-2001	1989-2001
poor +14.4%	poor +4.7%
middle +18.7%	middle +6.9%
rich +86.7%	rich +36.7%



Productivity and median household income growth, 2000-04





# The Numbers

- The number of Americans living in poverty increased by 5.7 million between 2000 and 2007 to 37.3 million people
- In 2000, the U.S. poverty rate was 11.3% compared to 12.5% in 2007

Source: U.S. Census Report



# 2006 Poverty Rates by Race

- Hispanics 20.6 percent
- non-Hispanic whites 8.2 percent
- Blacks 24.3 percent
- Asians 10.3 percent



## The number of people in poverty across racial lines

- 9,128,060 Hispanics
- 18,535,760 non-Hispanic whites
- 9,166,982 Blacks
- 1,387,711 Asians



# 2006 Official Poverty Line

- For a family of four \$20,614
- For a family of three \$16,079
- For a family of two \$13,167
- For unrelated individuals \$10,294



# The Official Poverty Line

- The government's estimates of a minimal food budget
- multiplied by 3
- adjusted for inflation

Everyone whose income is below this "line" is considered to be living in poverty.



# Critique of the Poverty Line

- The way that the poverty line is calculated ignores the fact that a growing share of a low-income family's budget is spent on expensive necessities, such as health care, housing, and transportation and childcare.
- The cost of these necessities has risen much more rapidly than has the cost of food in the last 40 years.
- This suggests that the poverty line strongly underestimates the extent of impoverishment in America.



# Health Care



# Access to Health Care

Number of people without health insurance coverage:

- 2006 47 million (15.8 percent)
  - 8.7 million were children (11.7 percent)
- 2005 44.8 million (15.3 percent)
  - 8 million were children (10.9 percent)
  
- 42% of people in the U.S. of working age had either no or inadequate insurance in 2007, up from 35% in 2003 (Health Affairs, June 2008)



# The Health Insurance Crisis

- The fastest growing group of people without health insurance?
  - Those in households making \$50,000 - \$75,000
- Health care costs have outpaced increases in wage by a ratio of more than 3:1 since 2000 (Kaiser Family Foundation)
- Health care premiums have increased 78% since 2001, with the average employee contributing 143% more to their company-sponsored health insurance than he or she did in 2000. (Health Affairs and National Coalition on Health Care)



# Housing & Homelessness



# Housing Crisis

- 1 in 33 American homeowners are projected to lose their homes to foreclosure over the next several years due to subprime loans.
- More than 40.6 million homes are projected to drop in value – by as much as \$356 billion dollars over the next 2 years – because of nearby foreclosures

Source: Pew Charitable Trusts



# Homeownership

- The home mortgage debt of American households increased 73% between 2000 and 2007 (Federal Reserve Board)
- Homeowners cashing out equity in their homes to meet basic living expenses (Demos)
  - Households cashed out \$715 billion worth of home equity between 2001 and 2005
  - Home equity fell- meaning American homeowners now own less of their homes than they did in the 1970's



# Homelessness

- 3.5 million people (1.2% of the US population) are likely to experience homelessness in a given year
- Of those 3.5 million people, 1.35 million or 39% are children

(Source: National Law Center on Homelessness and Poverty, 2004)



# Homelessness

The two segments of the homeless population that are growing the fastest are:

- Families with children, who currently make up 33% of the homeless population
- Veterans, 40% of homeless men are veterans

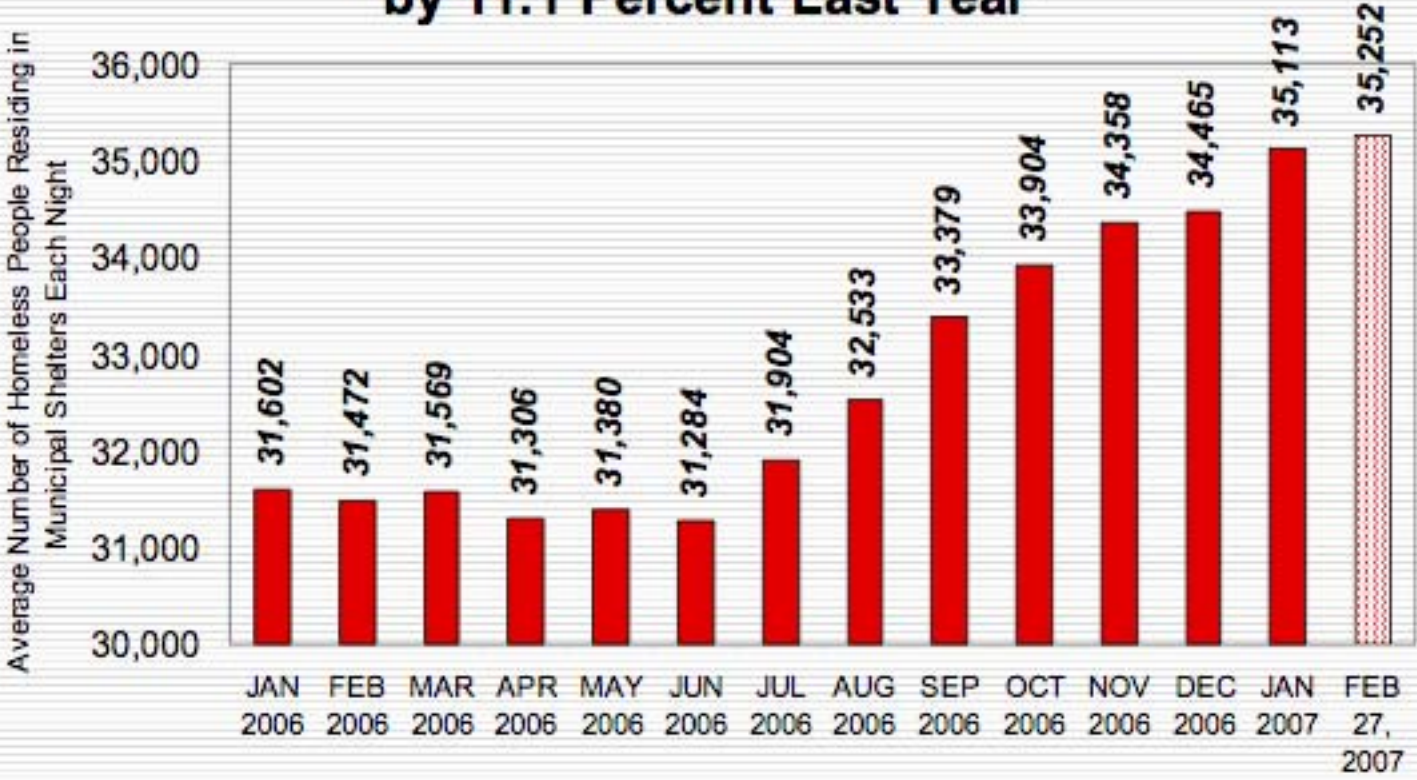
(Source: National Law Center on Homelessness and Poverty, 2004)



# State of the Homeless 2007

## Homeless Shelter Population Rising

### NYC Homeless Shelter Population Increased by 11.1 Percent Last Year





# Record Family Homelessness in New York City Last Year

- Number of New Homeless Families Entering Shelter Increased by 22.9 Percent Last Year
- Number of Homeless Families Moved to Permanent Housing Fell by 11.0 Percent Last Year
- City Policies Cut Back on Federal Housing Aid for Homeless Families

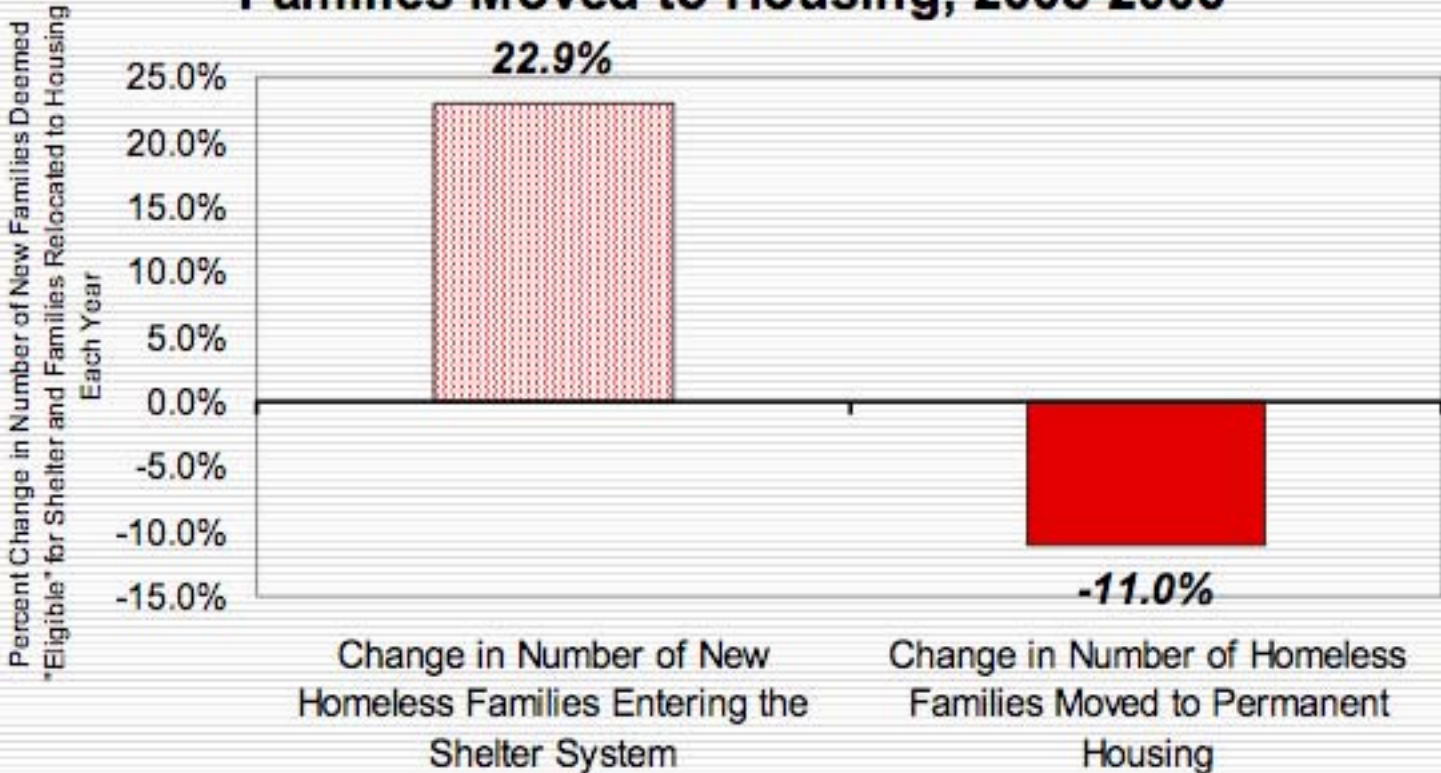
(Source: Coalition for the Homeless, 2007)



# State of the Homeless 2007

## More Homeless Families, Less Housing Aid

### More Families Entering Shelter and Fewer Families Moved to Housing, 2005-2006





Hunger



# The Scale of Hunger in the US

- More than 25 million Americans (1 in every 12) turned to the nation's largest network of food banks, soup kitchens and shelters for meals in 2006, up 9 percent from 2001, says the report by America's Second Harvest.
- Those seeking food included 9 million children and nearly 3 million senior citizens, the report says.



# Hunger & Underemployment

- When Lisa Koch asked several people at a Chicago soup kitchen to complete a survey of the people who eat there, she got a surprising response: "They asked how long it would take because they had to get back to work after lunch."
- A national survey of people eating at soup kitchens, food banks and shelters found that 36 percent came from households in which at least one person had a job.




# Hunger & Underemployment

- "Even though the economy might be changing, it isn't creating the kinds of jobs that allow people to make ends meet," said Koch of the Greater Chicago Food Depository.



# Who is Hungry?

- Second Harvest interviewed 52,000 people at food banks, soup kitchens and shelters across the country last year.
- "The face of hunger doesn't have a particular color, and it doesn't come from a particular neighborhood," said Ertharin Cousin, executive vice president of America's Second Harvest. "They are your neighbors, they are working Americans, they are senior citizens who have worked their entire lives, and they are children."




# United States Conference of Mayors 2006 Hunger and Homelessness Survey

- Officials in the survey cities estimate that during the past year requests for emergency food assistance increased by an average of 7 percent, with 74 percent of the cities registering an increase. Requests for food assistance by families with children increased by an average of 5 percent. Requests for emergency food assistance by elderly persons increased by an average of 18 percent during the last year, with 74 percent of the cities reporting an increase.



## United States Conference of Mayors 2006 Hunger and Homelessness Survey

- On average, 23 percent of the requests for emergency food assistance are estimated to have gone unmet during the last year. For families alone, 18 percent of the requests for assistance are estimated to have gone unmet. In 26 percent of the cities, emergency food assistance facilities may have to turn away people in need due to lack of resources.



## United States Conference of Mayors 2006 Hunger and Homelessness Survey

- Forty-eight percent of the people requesting emergency food assistance were members of families - children and their parents.
- Thirty-seven percent of the adults requesting food assistance were employed.



## United States Conference of Mayors 2006 Hunger and Homelessness Survey

- In 100 percent of the cities, families and individuals relied on emergency food assistance facilities both in emergencies and as a steady source of food over long periods of time.



## Food Crisis – food prices have skyrocketed in the last 8 years

- 4 dozen eggs: (2000) \$6.25 (2008) \$9.61  
an increase of 53.9%
- 6 lbs of hamburger: increased 51.3% since 2000
- 2 lbs of macaroni: increased more than 17% in the last year (June 2007 to May 2008)

Source: Center for American Progress



# Hunger in the Military

- About 25,000 families of servicemen and women are eligible for food stamps
- The most recent Defense Department report on the financial condition of the armed forces--from 1999--found that 40% of lower-ranking soldiers face "substantial financial difficulties."



# Hunger in the Military

- Frontline battle troops earn less than \$16,000 a year.
- According to the 2005 budget, “the extra pay our soldiers receive for serving in combat zones--about \$150 a month--will no longer count against their food stamp eligibility.”



# Employment Crisis and the Disparity of Wealth and Poverty



# Employment Opportunities

- 605,000 jobs have been lost since the beginning of 2008
- Unemployment rate stood at 6.1% in August 2008
- As of August 2008, 9.4 million people were unemployed in the U.S.
- From January 2005 through December 2007, 3.6 million workers were displaced from jobs they had held for at least 3 years

Source: Bureau of Labor Statistics



# Income disparities

- Average inflation adjusted income of top 1% of households has risen 42% since 2002
- Average inflation-adjusted income of bottom 90% of households has risen about 4.7%
- Average income gain of top .1% was 57.6% between 2002 and 2006
- Approximately 66% of total income gains since 2002 have accrued to the top 10% of households

Source: Center on Budget and Policy Priorities

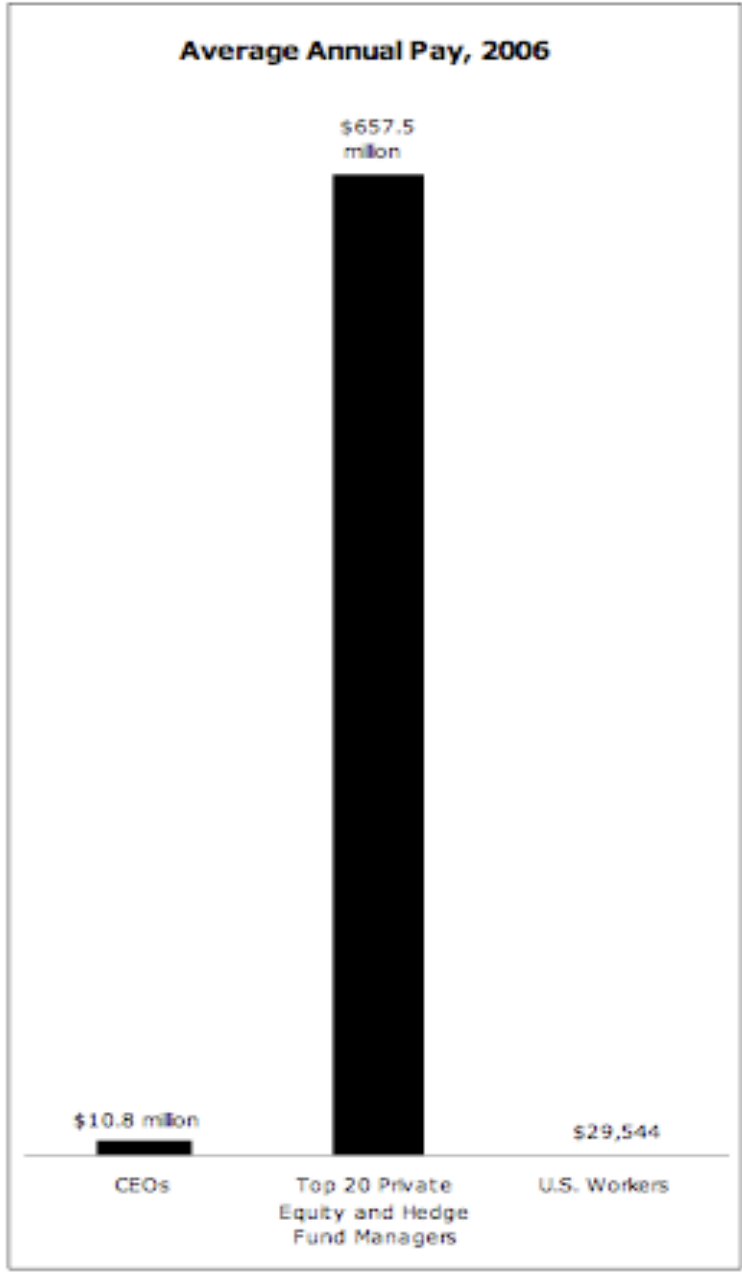


# The Pay Gap


- CEOs of large U.S. companies last year made as much money from just one day on the job as average workers made over the entire year.
- These top executives averaged \$10.8 million in total compensation, over 364 times the pay of the average American worker, a calculation based on data from an Associated Press survey of 386 Fortune 500 companies.



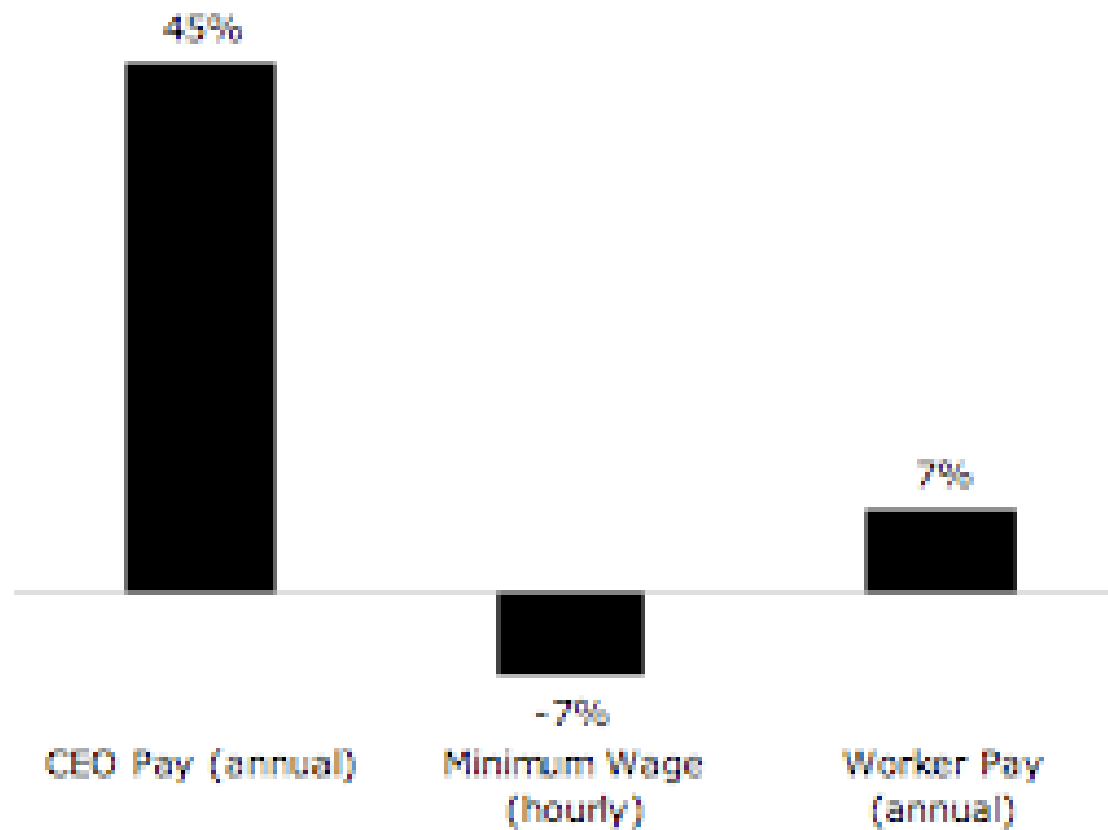
- The private equity boom has pushed the pay ceiling for American business leaders considerably further into the economic stratosphere.
- The top 20 private equity and hedge fund managers, Forbes magazine estimates, pocketed an average \$657.5 million, or 22,255 times the pay of an average U.S. worker.



Source: CEO Compensation and Board Diversity Study, 2006

- 
- Workers at the bottom rung of the U.S. economy have just received the first federal minimum wage increase in a decade.
  - But the new minimum wage of \$5.85 still stands 7 percent below where the minimum wage stood a decade ago in real terms. CEO pay, over that same decade, has increased by roughly 45 percent.

### Increase in CEO Pay, Worker Pay, and the Minimum Wage, Past Decade (adjusted for inflation)



Starting year: 2005. Includes minimum wage increase to \$5.85 in 2007.

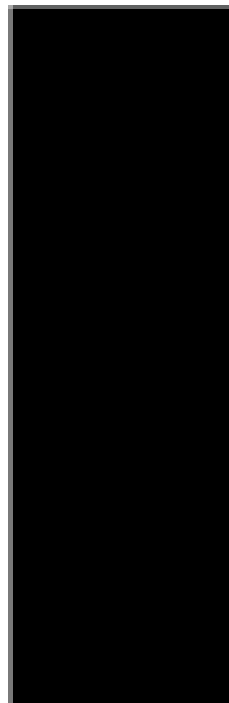


# U.S. vs Europe

- American business executives appreciably out-earn their European counterparts. In 2006, the 20 highest-paid European managers made an average of \$12.5 million, only one third as much as the 20 highest-earning U.S. executives took home last year.

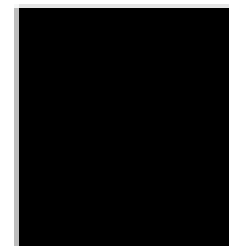
**Average Pay of the 20 Highest-Paid Executives in the U.S. and Europe, 2006**

\$36.4 million



U.S. Firms

\$12.5 million



European Firms



# Additional Trends Affected by Our Current Economy



# Higher Cost of Higher Education

- College has become exponentially more expensive. Tuition and fees at the average public 4 yr university has increased 76% since the 2000-2001 school year
- 2 out of 3 college graduates begin their careers with student loan debt amounting to \$19,300 for the median borrower.

Source: College Board



# Sick days, vacation, and life events

- 46 million private sector employees in the U.S. do not have a single paid sick day at work
- 86 million workers do not have paid leave to care for sick children or dependent adults or to bring them to a doctor

Source: Bureau of Labor Statistics and Institute for Women's Policy Research



# Retirement Security

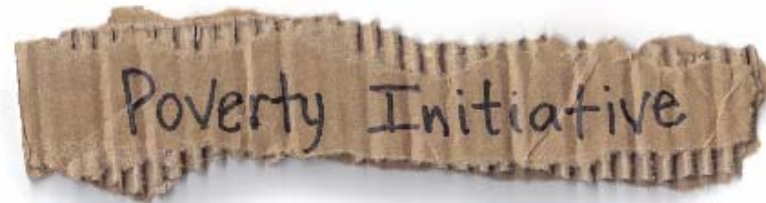
- In 2007, 1 in 3 American workers said they hadn't saved at all for their retirement
- Of those who are saving for retirement, half have saved less than \$25,000 so far

Source: Employee Benefits Research Institute



# Rising Debt

- Americans debt (primarily credit card debt and overdraft protection) is at a record high of \$956.9 billion – an increase of 70% from a decade earlier (Federal Reserve Board of Governors)
- The nation's personal savings rate dipped into negative territory in 2005 – the first time since the Great Depression. It has not risen above 1% of income since then. (U.S. Dept of Commerce Bureau of Economic Analysis)
- In 2004, a median debt-to-income ratio for middle-income families was 1.19 – meaning the typical family spent 19% more than they earned. (Pew Research Center)



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Presented by Charon Hribar and Erica Almiron  
For the Poverty Scholars Program Strategic  
Dialogue #1  
September 2008

Raising up generations of religious and community leaders  
committed to building a movement, led by the poor, to end poverty.