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HIGHLIGHTS FROM THE 2000 INCOME AND POVERTY ESTIMATES RELEASED BY CENSUS BUREAU

Sept. 25, 2001

The U.S. Census Bureau has just released its latest estimates of median income and poverty rates for the United States. These estimates are based on survey data collected in March of each year, and they refer to income for the previous year. Therefore, today's release is about income for calendar year **2000**, and does not reflect any subsequent downturn in the economy.

Highlights of the release:

- **Real median income (adjusted for inflation) did not change.** In 1999 it was at its highest level since measurement began in 1967, at about \$42,000 per household, but it did not continue to increase in 2000 (thus ending the trend of significant increases in each new year since 1993). Unlike the rest of the country, however, the Northeast did see an increase (3.9 percent) in median income in 2000. Median income in the Northeast is the highest in the country, at just over \$45,000 per household.
- **Real median earnings for men who work full-time, year round declined by 1.0 percent from 1999 to 2000, in spite of the continuing strong economy.** Median earnings for women who worked full time remained unchanged. The decline in men's earnings may have come at least in part from the fact that the strong economy increased opportunities for very low-skilled male workers, inducing more of them to work full time and thus lowering average wages for the group.
- **The overall poverty rate fell from 11.8 percent in 1999 to 11.3 percent in 2000** (see Table). This is the lowest rate (under the official poverty measure) since 1979. It means that the population living below the official poverty line now measures 31.1 million people. The official poverty line for a family of four was \$17,600 in 2000.
- **Poverty rates for children (those under age 18) also fell from 16.9 percent in 1999 to 16.2 percent in 2000—but they remain much higher than poverty rates for any other age group.** One in six American children remains poor.

- **While poverty rates for both blacks and Hispanics also fell, they remain much higher than those for whites.** For blacks, the poverty rate fell from 23.6 percent in 1999 to 22.1 percent in 2000. For Hispanics, the rate fell from 22.8 percent to 21.2 percent. In contrast, the overall poverty rate for white non-Hispanic persons was 7.5 percent, down from 7.7 percent in 1999 (See Figure).
- **Poverty rates for those in female-headed families also remain high, although they have also fallen somewhat since 1999.** In 2000, 24.7 percent of such families were officially poor, compared to 27.8 percent in 1999.

The official poverty measure has been widely criticized on a number of different grounds in recent years. Among the problems: the income measure it uses is based on pre-tax income, which means that the Earned Income Tax Credit (EITC) is not counted and income and payroll taxes are not deducted from income; non-cash benefits such as food stamps are also excluded from the income measure; there is no allowance for work expenses such as child care and transportation; and there is an automatic lowering of the poverty threshold by 10 percent for people over 65. The National Academy of Sciences issued a report in 1995 proposing new methods, and Census has been using some variants on those methods on an experimental basis.

Under these methodologically-improved methods of measuring poverty, the poverty rate for 2000 would be somewhat higher, and its decline since 1999 would be smaller. The full set of experimental poverty measures are not yet available, but **using the best measure the Census Bureau has produced so far would give a poverty rate of 11.7 percent, down from 11.9 percent under the same measure in 1999.** Census has a new report coming out in about 2 weeks that will give revised measures with much more detail.

Under the revised measure, the effects of poverty would be distributed somewhat differently over age groups, because of differences in the treatment of income sources and medical expenses and the elimination of the artificially-low threshold for the elderly. The poverty rate for children would be slightly lower, at 15.1 percent in 2000, but the rate for people over 65 would be dramatically higher—14.5 percent in 2000 rather than the 10.2 percent seen under the official measure.

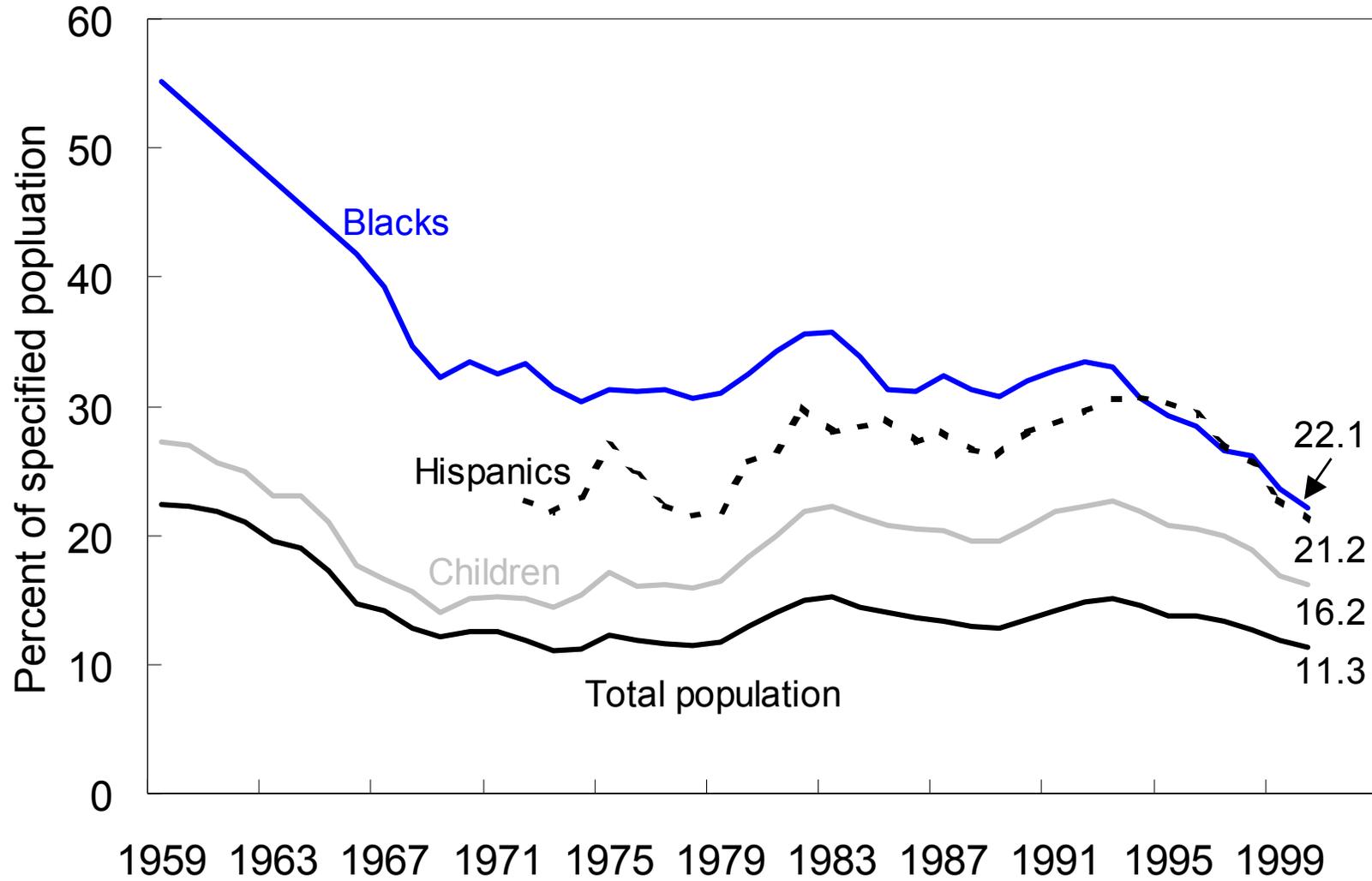
More details on the release can be seen at www.census.gov.

Official Poverty Rates, 1996 to 2000 (percent)

	Total	Blacks	Hispanics	White non-Hispanics	Children (under 18)	Female-headed households	Total under alternative method
1996	13.7	28.4	29.4	8.6	20.5	32.6	13.7
1997	13.3	26.5	27.1	8.6	19.9	31.6	13.3
1998	12.7	26.1	25.6	8.2	18.9	29.9	12.5
1999	11.8	23.6	22.8	7.7	16.9	27.8	11.9
2000	11.3	22.1	21.2	7.5	16.2	24.7	11.7

Source: U.S. Census Bureau, Department of Commerce

Official Poverty Rates in the United States



Source: U.S. Census Bureau, Department of Commerce