

## **NELP Statement on 2010 Poverty and Income Data**

### **Millions Saved From Poverty Due to Unemployment Insurance, Social Security; Household Incomes Fall as Wages Decline**

The number of people living in poverty in the U.S. rose to 46.2 million in 2010, with 15.1 percent of the American public living below the official poverty line. Four straight years of increases in the U.S. poverty rate have put the number of people in poverty at a 52-year high that reflects not only the severity of the last recession and ongoing jobs crisis, but also more than a decade of slow job growth and low wages. The National Employment Law Project noted today that the troubling poverty figures would be even higher in the absence of programs like unemployment insurance and Social Security, which collectively kept 23.5 million Americans out of poverty in 2010.

“The unacceptable number of families living in poverty is a result of a painfully weak economic recovery and high unemployment, as well as years of policy decisions that have tilted income and wealth towards the wealthiest individuals at the expense of working and middle class Americans,” said **National Employment Law Project Executive Director, Christine Owens**. “Without essentials like Social Security and unemployment insurance, we would have even more Americans living in poverty – which underscores yet again why these programs must be maintained to rebuild the economy.”

Today’s [release](#) from the Census Bureau shows that in 2010, unemployment insurance kept 3.2 million people out of poverty, including 0.9 million children. Social Security kept 20.3 million people out of poverty, including 13.8 million seniors.

The Census report also reflected the recession’s downward pressure on wages for those who are employed. Real median household income in 2010 was \$49,445, down 2.3 percent from 2009. The Bureau of Labor Statistics [reports](#) that the percentage of hourly-paid workers earning the federal minimum wage or less rose to 6.0 percent in 2010, up from 4.9 percent in 2009.

While the Great Recession and the subsequent unemployment crisis dramatically increased the number of Americans living in poverty, the 2010 increase also reflects a larger trend in which the poverty rate has risen in 8 out of the last 10 years as a result of slow job growth and low wages.

[A recent analysis](#) by the National Employment Law Project finds that while the majority of jobs lost during and after the recession were in mid-wage occupations, roughly three-quarters of the jobs added since job growth resumed are in low-wage occupations like cashiers and food preparation. Moreover, workers in lower-wage occupations (with median wages under \$13.52) have seen a 2.3 percent decline in real wages.

Data released today shows while the poverty rate among seniors did not differ from last year, the poverty rate among working age people 18-64 increased to 13.7 percent in 2010 from 12.9 percent the year prior. The poverty rate among children rose to 22.0 percent from 20.7 percent.

Federal, state and local governments can take action to help reverse these trends:

### **Create Good Jobs**

The [jobs deficit](#) of more than 11.2 million jobs—a figure that combines the nearly 6.9 million jobs lost since the start of the recession in late 2007 with just under 4.4 million jobs needed to account for growth in the working-age population since that time — underscores the pressing need for job creation.

“The president and the Congress must work together to enact measures that put people back to work quickly, pay family-supporting wages, and lift the burden of recession from millions of hard-hit workers,” stated **Owens**. “We need forward-looking investments in areas like infrastructure and clean energy, as well as in areas that build the skills of tomorrow’s workforce, such as early childhood education.”

### **Reauthorize Federal Unemployment Insurance Programs**

Federal unemployment insurance programs, which include Emergency Unemployment Compensation and Extended Benefits, are [set to expire](#) at the end of this year. More than seven million people currently receive unemployment insurance, which has been critical for families as well as the economy. Unemployment insurance is widely understood to be an important economic stabilizer during economic downturns: Every one dollar of unemployment insurance generates up to \$1.90 in economic activity, according to the Congressional Budget Office. Over the past five decades, Congress never allowed emergency unemployment insurance to expire when the unemployment rate was higher than 7.2 percent.

### **Raise the Minimum Wage**

The federal minimum wage is currently \$7.25 an hour, or \$15,000 per year for a full-time worker, while the poverty rate for a family of three was \$17,374 in 2010. Congress has acted only three times in the past decade to raise wages for the lowest paid workers in our economy, but if the minimum wage had kept up with inflation over the past 40 years, it would be over \$10 an hour. Eighteen states and the District of Columbia have recognized the federal minimum wage level is insufficient and have raised their state minimum wage rate. More information about the minimum wage can be found at [raisetheminimumwage.org](http://raisetheminimumwage.org).

### **End Wage Theft**

Along with strengthening the minimum wage, wage standards must be enforced. A survey of more than 4,000 low-wage workers conducted by the National Employment Law Project and its partners in 2008 found that a quarter of workers had been paid less than the minimum wage in the preceding week, and three quarters who worked overtime were denied overtime pay. The average losses due to wage theft were about \$2,600 from annual earnings of roughly \$17,000. In order to stop wage theft, states and cities must strengthen wage laws, and all levels of government must boost enforcement of these laws and penalties for breaking them.

For more information visit [www.nelp.org](http://www.nelp.org).

*The National Employment Law Project is a non-partisan, not-for-profit organization that conducts research and advocates on issues affecting low-wage and unemployed workers.*

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