US Census Bureau report: 40 million living in poverty

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The overall poverty rate in the US rose to 13.2 percent in 2008, as workers across all sectors of the economy became jobless and increasing numbers of families were forced into destitution, according to a new government report. Real median household income also declined by 3.6 percent.

The report released Tuesday, part of the US Census Bureau's American Community Survey, is the most recent to measure the recession's impact on working class families and the poor. Based on the changes between 2007 and 2008, the first full year of the recession, its findings do not reflect increases in poverty and joblessness this year as the consequences of the crisis have become even more acute.

The official poverty rate of 13.2 percent in 2008 was up from 12.5 percent in 2007. This figure translates into 39.8 million people in poverty across America. The official poverty level is set at $22,000 annually for a family of four with two children or $12,000 for an individual, an absurdly low threshold. This means that far more people than indicated by the survey do not have adequate resources to pay for food, shelter, medical care and other basic necessities.

The poverty rate rose across virtually all demographic groups. Poverty among Hispanics climbed from 21.5 percent in 2007 to 23.2 percent in 2008. Non-Hispanic whites saw poverty rise from 8.2 percent in 2007 to 8.6 percent in 2008, while poverty among Asians was up from 10.2 percent in 2007 to 11.8 percent in 2008. African-Americans were the only group where poverty remained statistically unchanged at a staggering 24.7 percent, or about one in four people.

The Census Bureau reported a rise in poverty in 31 states and the District of Columbia. Two of the four most populous states—California and Florida—saw poverty rates rise by 1 percent, to just over 13 percent in each state.

Connecticut saw the largest increase in poverty, rising to 9.3 percent, with an additional 1.4 percent of the state's population living in poverty. Connecticut's proximity to Wall Street, the center of the financial collapse, contributed to the state's poverty as spending cuts by bankers and other financial employees in the New York City suburbs were reflected in declines in income for the lowest paid workers.

William Frey, a demographer at the Brookings Institution, commented in an interview, "People don't go from being a CEO or a hedge fund manager into poverty, but there is a trickle-down effect when these groups of people start to cut back on their spending. In many places, the first people to go when things get tight are the lowest-earning workers."

Michigan, which has been devastated by the collapse of the auto industry, is the only state that has seen poverty increase for two years in a row, with the rate now standing at 13 percent. The industrial states of Pennsylvania and Indiana also saw significant increases in poverty, along with Oregon and Hawaii.

The South remained the most impoverished, at 14.3 percent, up slightly from 14.2 percent in 2007. Mississippi, with 21.2 percent in poverty, saw the highest rate of any state, while poverty in Kentucky, West Virginia and Arkansas hovered around 17 percent.

The Midwest poverty rate rose to 12.4 percent from 11.1 percent the previous year. The West saw the largest increase in poverty, up by 1.5 percent, rising from 12 percent in 2007 to 13.5 percent. The Northeast, which saw an increase in poverty in 2007, saw the rate remain statistically unchanged, at 11.6 percent in 2008.

The rate of poverty among America's children is alarming, with 19 percent—14.1 million children—affected in 2008, up a full percentage point from a year earlier. This rate increased in 26 states and in Washington, DC. Children in families headed by a single female suffered the highest rates of poverty: 43.5 percent of those under

18 years of age live in poverty, while 53.3 percent of children under 6 years are poor.

Increasing numbers of families, both the jobless and workers facing shrinking hours and paychecks, are turning to food pantries and the Food Stamp program. Food Stamp use in 2008 jumped 13 percent to nearly 9.8 million US households, led by Louisiana, Maine and Kentucky. Two cities—Pharr, Texas, and the former General Motors production center, Flint, Michigan—each had more than a third of their residents on food stamps. Families with two or more workers accounted for 28.4 percent of food stamp recipients in 2008, up 1.5 percent from 2007.

Following three years of annual income increases, real median income declined in the US by 3.6 percent between 2007 and 2008, falling from $52,163 to $50,303. The Midwest and South saw the biggest declines in median income, 4 percent and 4.9 percent respectively.

The gap between the richest and poorest Americans is also widening as the economic crisis ravages household budgets. An Associated Press analysis of the Census Bureau statistics shows that the wealthiest 10 percent of Americans, those making $138,000 or more a year, earned 11.4 times the $12,000 made by individuals living below the poverty line in 2008. In 2007, the richest 10 percent made 11.2 times more.

The jump in poverty and income inequality comes as the job market continues to shrink, even as government and economic analysts speak of a turnaround. According to US Labor Department figures from July, job seekers now outnumber openings six to one, with only 2.4 million full-time, permanent jobs open while 14.5 million people are officially unemployed and looking for work.

Many companies remain cautious about hiring new workers in the uncertain economic environment. Having trimmed back workers' hours and laid off temporary workers, even if businesses do expand in the future they are likely to increase output by increasing the workload on existing employees.

Heidi Shierholz, an economist at the Economic Policy Institute, told the *New York Times*, "They have tons of room to increase work without hiring a single person. For people who are out of work, we do not see signs of light at the end of the tunnel."

From December 2007 through July 2009, job openings have declined in every area of the country: 45 percent in the West and South, 36 percent in the Midwest, and 23 percent in the Northeast. According to the *Times*, since the end of 2008 virtually every sector of the economy has been hit by the collapse in job openings, which have shrunk 47 percent in manufacturing, 37 percent in construction, 22 percent in retail, and 21 percent in education and health services.

While it is estimated that the government could spend in excess of $23 trillion to bail out the banks, and hundreds of billions to pursue its military conquests in Iraq and Afghanistan, nothing of any substance is being done to help the millions of Americans being plunged into joblessness and poverty.

The National Employment Law Project, an advocacy group, estimates that 400,000 Americans nationwide could exhaust their unemployment benefits by the end of September and 1.4 million long-term unemployed could stop receiving checks by the end of the year.

In some states, such as California, where the unemployment rate hit 12.2 percent in July—the highest level since 1940—workers laid off early in the recession have received three extensions on the regular 26 weeks of benefits, bringing them to a maximum of 79 weeks of payments.

The US House recently passed a $1.4 billion bill to provide another 13 weeks of jobless benefits in high unemployment states like California. The legislation still faces a vote in the Senate. The extension in benefits, however, would not cover many of the newly unemployed, or those yet to lose their jobs.

In California, for instance, hundreds of thousands who filed claims after June 14 of this year would be eligible for no more than 39 weeks of benefits. A House bill that would have provided longer extensions through 2010 was scrapped because it would have cost $70 billion, a price tag the lawmakers were unwilling to authorize.