Economic Policy Institute

Income, Poverty, and Health Insurance Coverage in the US: 2008

Economic Context

Wednesday, September 2, 2009; CHN Webinar

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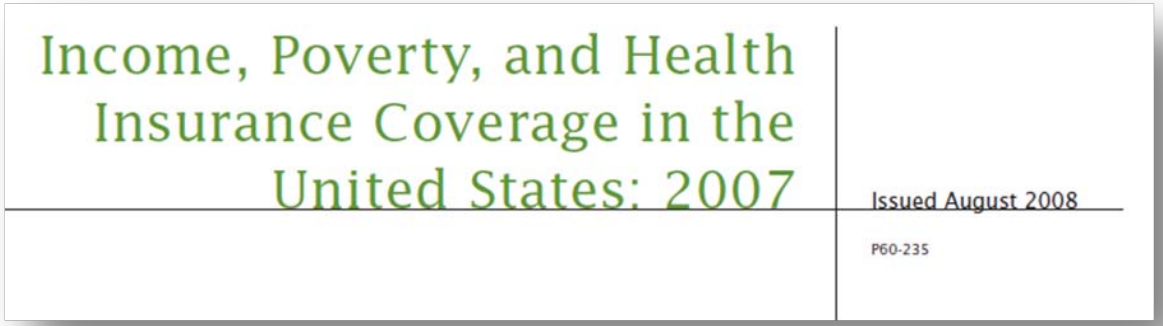
Overview

- What to expect of Sept 10 release
- Economic projections for 2010 and impact on poverty

Data Coverage

- Data to be released on September 10 will be for <u>2008</u>
  - Here's last year's report title: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Issued August 2008

P60-235

- The economy has deteriorated significantly since then.
  - Current situation is worse than this report will show

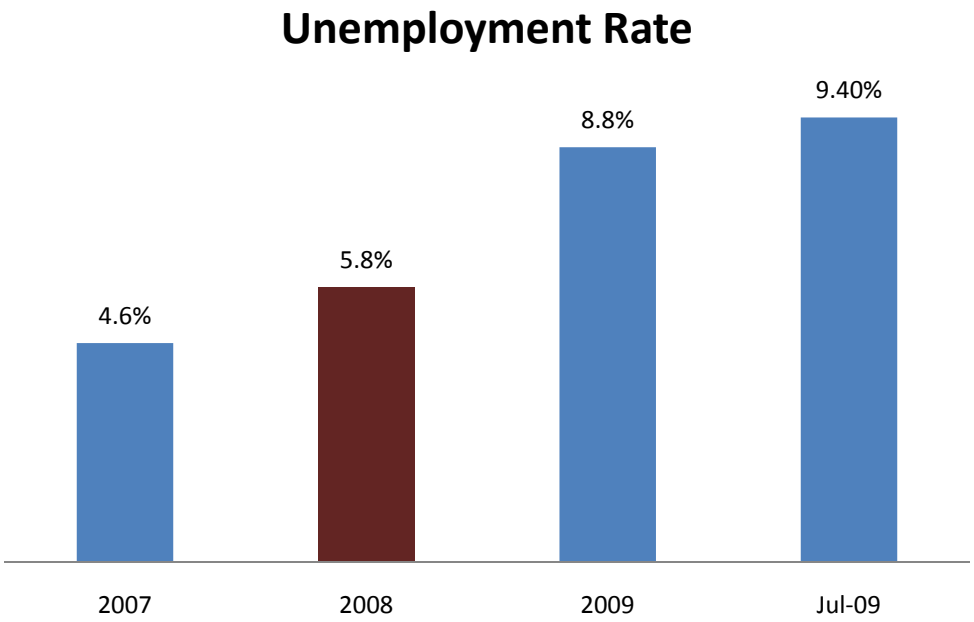
Overall

- In the 2008 report (to be released on the 10th)
  - Poverty will likely rise slightly
  - Median incomes likely to stagnate (and may fall)
    - Low inflation in 2008 (esp. at the end) may stem inflation-adjusted losses
  - Number of uninsured will almost certainly increase

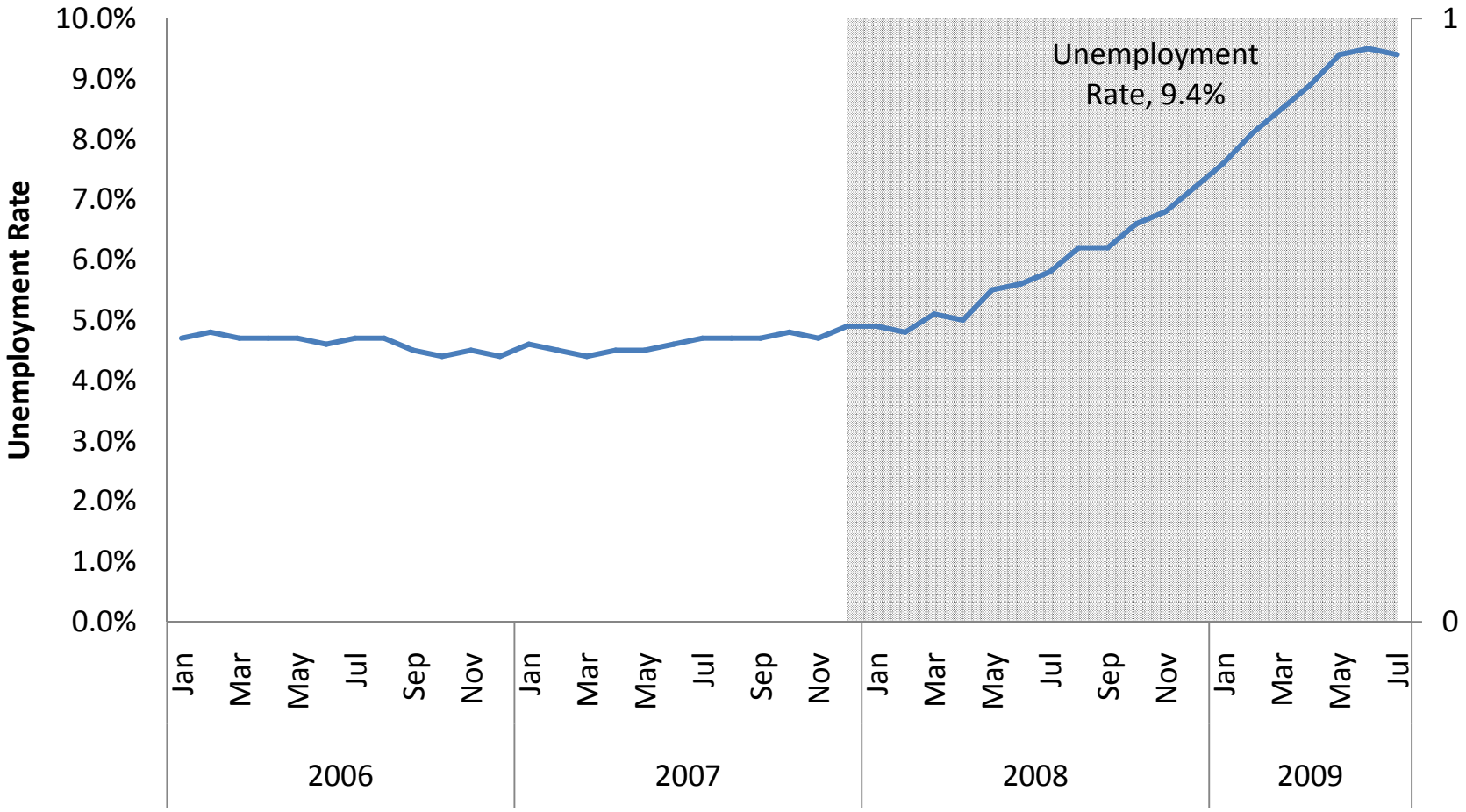
- However, this will understate the deterioration in incomes and poverty since then:
  - the economic downturn has accelerated since ‘08.

Unemployment

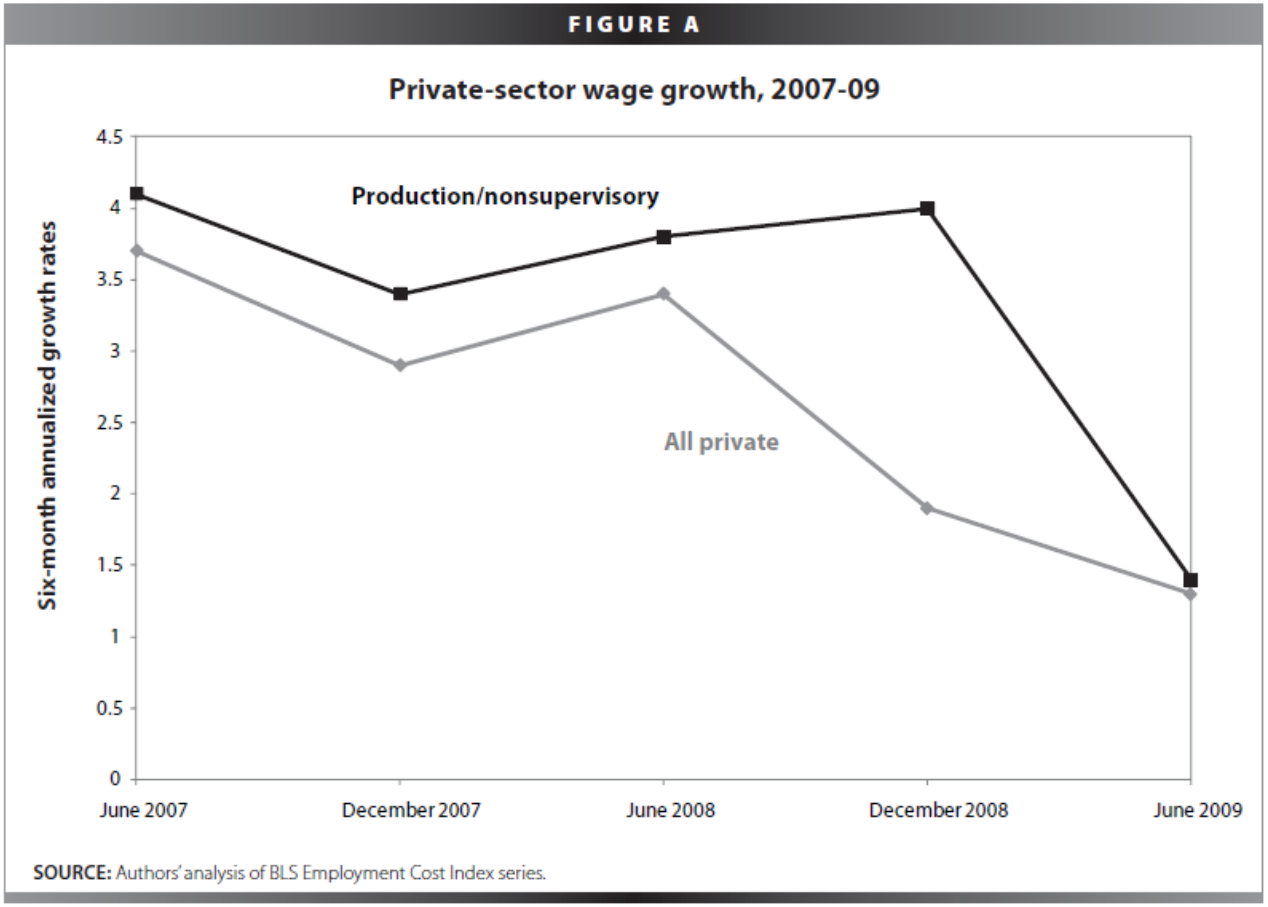
- In 2008, unemployment averaged 5.8%.
- This year (so far) unemployment has averaged 8.8%



Unemployment rate 2006-2009



Wage growth declines



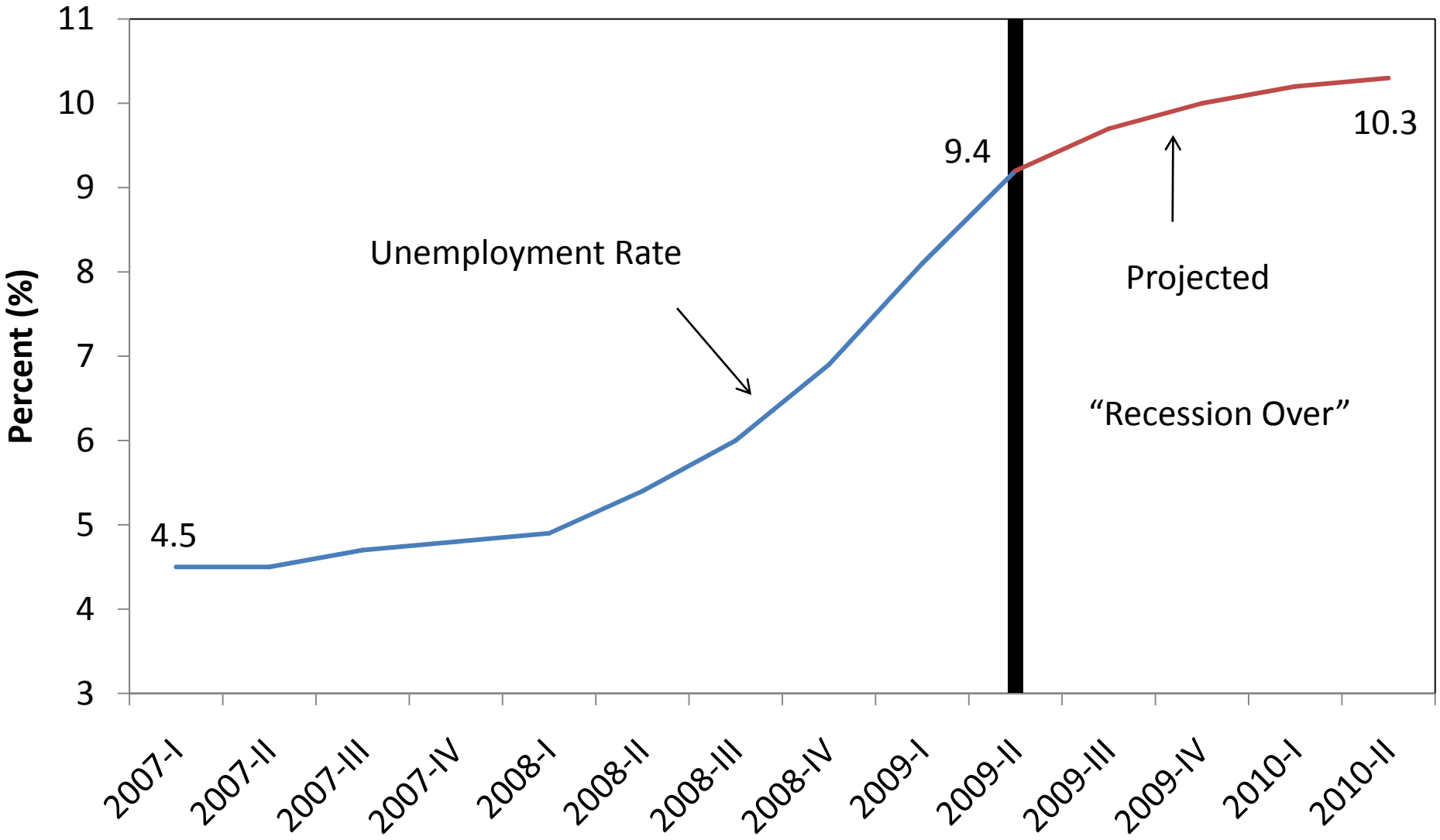
No-so-wild speculation

- The poverty and income numbers will be worse than 2007.
  - Downturn widespread; so too will be the impact across race, ethnic, gender, age groups.
  - Children, certain racial groups always hit harder (see below).

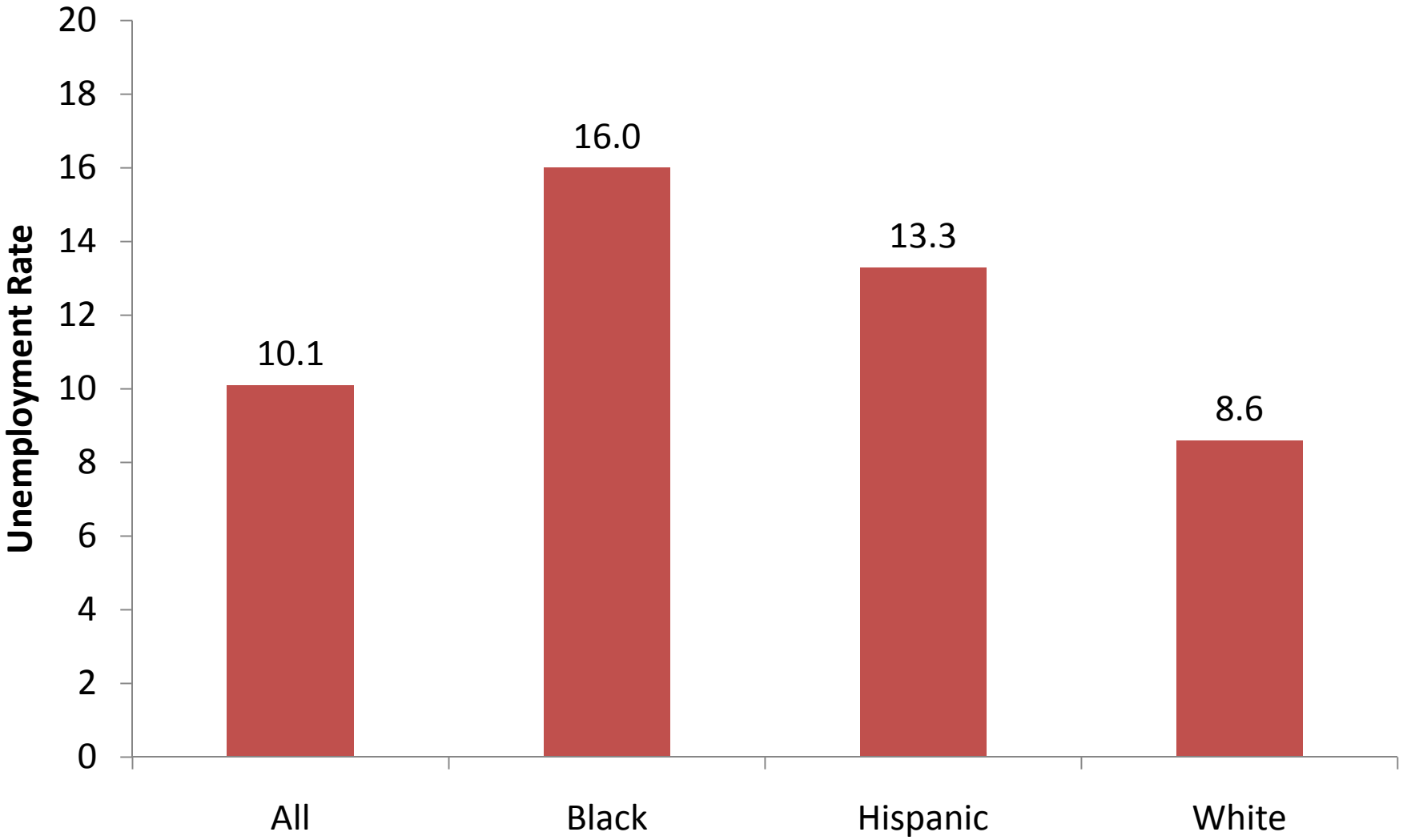
Looking into 2009-10

- Higher unemployment
- Wage stagnation
  - (and real wage declines in 09)
  - Inflation low in 08, but picked up since then
- Long-term unemployed (6+ months) at highest level in 70 years.
- Underemployment growing

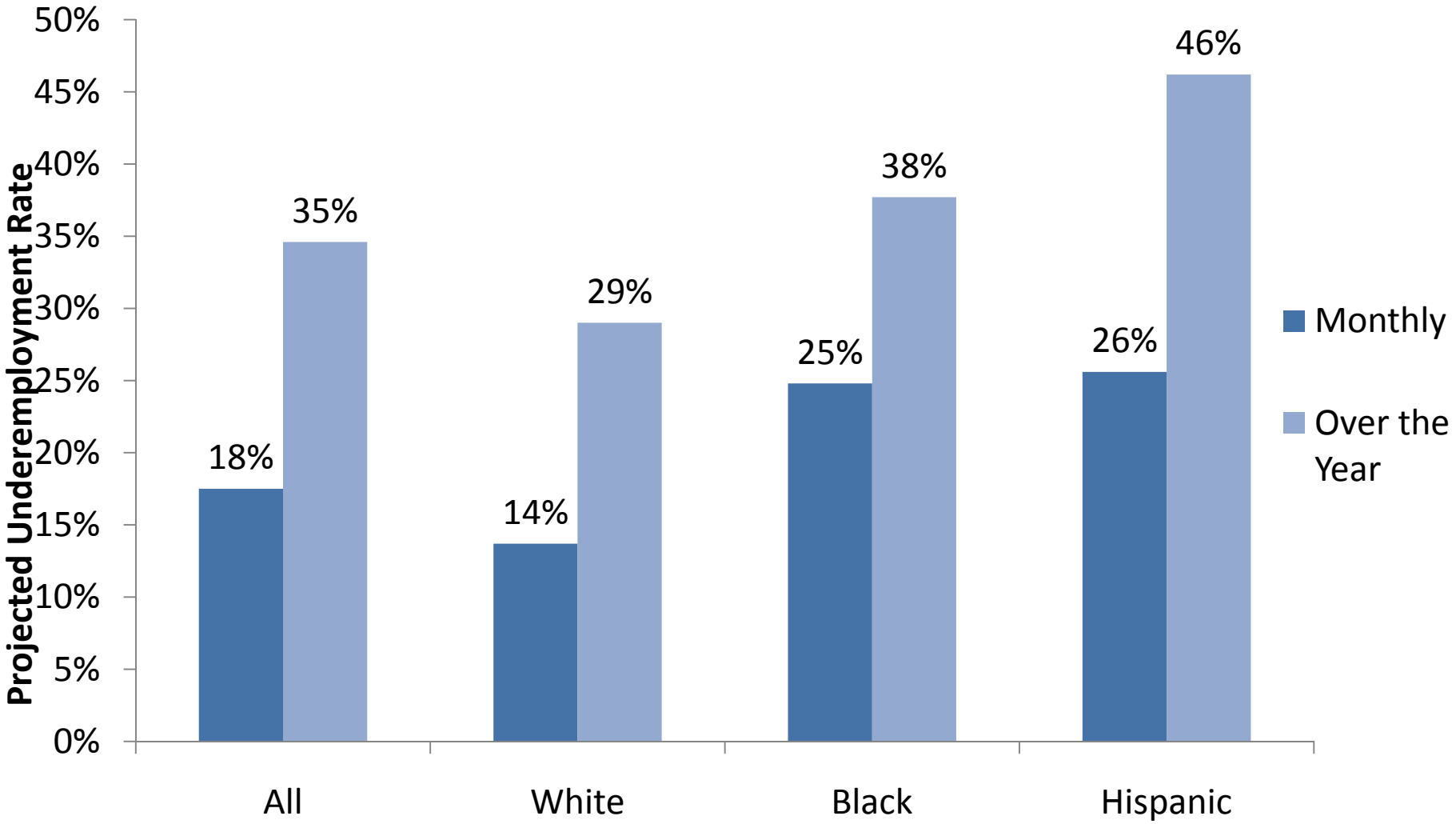
Unemployment will keep rising



Unemployment: Mid-2010



Underemployment, Monthly and Over the Year, 2010



High Unemployment Rate Raises Poverty

	2007 Poverty rate	Poverty rate as result of 10% unemployment (2010 or later)
All	12.5%	14.8%
Adults (18-64)	10.9	14.5
All Children	18.0	27.3
Single Mothers	37.0	48.3
Blacks	24.5	33.3
Hispanics	21.5	>21.5
Black Children	34.5	52.3

Bottom line

- Report will likely show some modest deterioration for 2008, but …

- The economic contraction really picked up steam in late 2008, and early 2009.
- We can expect continued struggles through 2010 and beyond.

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