

# Poverty in the United States: 2000 - Briefing

*Dr. Daniel Weinberg, Chief, Housing and Household Economic Statistics Division Press Briefing on 2000 Income and Poverty Estimates, September 25, 2001*

Good morning. I'm Dan Weinberg, Chief of the Housing and Household Economic Statistics Division at the Census Bureau. I am pleased to welcome you to the press briefing on the 2000 income and poverty estimates. Your press packets contain a press release, a copy of my remarks, a copy of the charts I will be using today, a statement on income data comparability, and the two reports we are releasing. You can obtain additional unpublished detailed tables from the Census Bureau directly or on [our web site](#).

Present with me today are a number of analysts who worked on the reports; they will be available to answer your questions after the briefing. I'd also like to thank all the Field Representatives and telephone interviewers who work so hard to collect these data, and particularly to thank the households who answer our survey questions.

Please hold your questions unless it's a technical clarification. The main presentation should take about 25 minutes.

Let me first summarize the main findings. I will be discussing three major well-being indicators today. They are income, poverty, and income inequality. [Median household income in 2000 held steady at the all-time high level reached in 1999, at \\$42,100 \(that is, half of all households had incomes above \\$42,100 and half below\)](#) [JPG - 31k] <sup>1</sup> The poverty rate fell for the fourth consecutive year, from 11.8 percent in 1999 to 11.3 percent in 2000, the lowest since 1979 and statistically the same as the lowest poverty rate ever recorded -- 11.1 percent in 1973. The number of poor dropped significantly also -- by 1.1 million people -- from 32.3 million poor in 1999 to 31.1 million poor in 2000. Household income inequality did not change from 1999 to 2000.

After some background remarks, I'll be talking first about income and poverty trends overall and for regions. Then, I'll discuss racial and ethnic differences, followed by differences by age and nativity. Next will be a focus on earnings, the largest component of income. Then I'll discuss income inequality, followed by changes in income and poverty for states. I'll then have a brief discussion of some experimental estimates of income and poverty. After that, I'll present some closing remarks about changes planned for next year and finally take your questions.

These statistics come from the March Supplement to the Current Population Survey, a sample survey of approximately 50,000 households nationwide, conducted each month for the Bureau of Labor Statistics. These data reflect 2000 and not current conditions, and they are not from Census 2000.

As in all surveys, the data in these reports are estimates, subject to sampling variability and response errors. All statements which compare two or more estimates in the reports and in this briefing meet the Census Bureau's standards for statistically significant differences. Some apparent numerical differences are not however statistically significant differences.

All historical income data are expressed in 2000 dollars and were adjusted for the first time using the Consumer Price Index Research Series, which we and the Bureau of Labor Statistics believe more accurately reflects past inflation; inflation was 3.4 percent between 1999 and 2000. The poverty thresholds are also updated each year for inflation; in 2000, the average threshold for a family of four was \$17,603; for a family of three, \$13,738.

First, I will discuss overall income and poverty changes and their regional differences. [Chart 2 presents the key estimates of median household income](#) [JPG - 25k]. As I noted earlier, median income for all U.S. households was virtually the same in 1999 and 2000 at \$42,100. Overall, real median household income has risen 34.2 percent since 1967, the first year median household income was computed.

[Chart 3 shows that the Northeast region was the only region to experience an increase in median household income between 1999 and 2000](#) [JPG - 25k]. The Midwest and South regions remained at their all-time highs reached in 1999, though the South continues to have the lowest median household income of all four regions. Between 1993, the most recent cyclical low, and 2000, the Midwest had the largest increase, 20.9 percent compared with 13 to 15 percent for the other regions.

As Chart 4 shows, [the number of poor in the U.S. in 2000 -- 31.1 million people -- is 1.1 million fewer people than in 1999](#) [JPG- 24k] This number of poor also leads to a lower poverty rate in 2000 than in 1999 - 11.3 percent, the lowest rate since 1979. The 2000 poverty rate also matches the lowest rate ever recorded, 11.1 percent in 1973.

[Chart 5 shows the regional patterns](#) [JPG - 22k]. Because of the relatively small sample sizes in any one region compared with the Nation as a whole, no one region had a significant decline in its poverty rate. The poverty rate in the South remains at its all-time low, 12.5 percent.

Next, I will discuss differences among racial and ethnic groups. [Chart 6 presents the changes in real median household income by race and Hispanic origin between 1999 and 2000](#) [JPG - 36k]. Income increased for Blacks, by 5.5 percent, and for Hispanics, by 5.3 percent, and was unchanged for the other groups <sup>2</sup>. As was also true in 1999, the 2000 real median household income matched the highest ever reported for all racial and ethnic groups, and represents new highs for Blacks and Hispanics.

As the next chart shows, [parallel to the changes in income, poverty rates fell for Blacks and Hispanics, to 22.1 and 21.2 percent, respectively](#) [JPG - 32k] <sup>3</sup>. Poverty rates for all racial and ethnic groups except for Whites in 2000 have set or matched their historic lows <sup>4</sup>.

Beginning last year, the Census Bureau started showing income and poverty estimates for American Indians and Alaska Natives. However, the variability associated with those estimates is much higher than for other race groups because of their relatively small sample size. Accordingly, to reduce the effects of that variability, we report the averages of 1998 through 2000 data. [These estimates are shown in Chart 8](#) [JPG - 37k]. The three-year-average median household income of American Indians and Alaska Natives, \$31,800, is higher than that for Blacks, statistically equal to the income estimate for Hispanics, and lower than the income

estimate for Whites, non-Hispanic Whites, and Asians and Pacific Islanders. The three-year-average poverty rate of American Indians and Alaska Natives, 25.9 percent, is statistically the same as that of Blacks and Hispanics, and higher than the poverty rate for Whites, non-Hispanic Whites, and for Asians and Pacific Islanders <sup>5</sup>

I now turn to differences by age and nativity. This is the third consecutive year of decline in child poverty rates - in 2000, child poverty stood at 16.2 percent; [this continues the downward trend from its recent peak of 22.7 percent in 1993](#) [JPG - 28k]. The poverty rate for those 65 and older remains at its all-time low -- 10.2 percent in 2000. Nevertheless, the poverty rate for children is higher than for those 18 and older. Children make up 37 percent of the poor but only 26 percent of the total population.

[Chart 10 shows median household income and poverty for people classified by their nativity](#) [JPG - 31k]. Median household income increased 4.5 percent for households headed by a foreign-born householder, due mainly to the 9.8 percent increase for households with non-citizen householders <sup>6</sup>. The poverty picture however is different. The decline for all people is mirrored by a similar 0.5 percentage point decline in the poverty rate of natives, with no statistically significant change for the foreign born <sup>7</sup>.

Earnings are by far the largest component of income. The real median earnings of men who worked full time, year-round decreased by 1.0 percent between 1999 and 2000. The earnings for comparable women remained statistically unchanged, however. As is shown in Chart 11, [the ratio of female-to-male earnings for full-time year-round workers is 73 percent, statistically the same as its all-time high, 74 percent, first reached in 1996](#) [JPG - 29k].

Turning now to income inequality, [Chart 12 shows the fraction of aggregate income going to each fifth of the population in 2000](#) [JPG - 29k]. For the seventh consecutive year, overall household income inequality did not change; that is, no statistically significant changes occurred between 1999 and 2000 in the share of aggregate income going to each household income quintile, or in a more technical measure, the Gini index of inequality. (Mathematically, the Gini index of income concentration can range from 0 indicating perfect equality to 1 indicating perfect inequality.) Income inequality measures, of which these are only two, do not typically change significantly from year-to-year, and there have been no such annual changes since our measurement methodology changed in 1994 <sup>8</sup>. However, the Gini index in 2000 is significantly above its 1995 level, although it is not higher than in 1993.

We are able to produce state-level estimates by averaging the estimates across years. Based on a comparison of two-year moving averages for states, [real median household income increased between 1998 and 2000 for six states and fell in three](#) [JPG - 28k]. In the same period, the poverty rate fell in ten states and the District of Columbia and increased in none. California and New York had both increases in income and declines in poverty.

The Census Bureau also produces a series of experimental estimates on how noncash benefits and taxes -- which are not considered in the official measures -- affect income and poverty. The income report shows 14 experimental definitions of income. The Census Bureau's research shows that income inequality under a broadened definition of income, one that takes into account

the effects of noncash benefits and taxes, is roughly 8 percent lower (that is, more equal) than under the official cash income definition. Government benefits do more than taxes to reduce income inequality.

Valuing noncash benefits and subtracting taxes also affects the estimated poverty rate. The Census Bureau has continued its research into experimental poverty measures, based on recommendations made by the National Academy of Sciences, and will issue a new report next month. Since that report will introduce five new experimental measures, I would prefer to defer discussion of experimental poverty measurement until that report is issued. Those measures not only account for benefits and taxes in income, but they also use a new set of experimental poverty thresholds.

Finally, I want to alert you to a major change in the Current Population Survey that will affect our reporting of results next year. Because of extra funding provided by the Congress to improve the reliability of state estimates of the number of low-income children without health insurance, we have substantially increased the sample of households receiving the Annual Demographic Supplement, on which our estimates of income, poverty, and health insurance are based. Because of the extra burden on our field staff, we have carried out some of those interviews, which started in 2001, in February and April in addition to the previous March-only interviewing. We are checking the new data for consistency with the previous methods of data collection, and unless unexpected anomalies arise, we expect to base our official release of data for next year on the larger sample. The estimates released today are based on a March 2001 sample that is comparable to the March 2000 sample.

Let me again summarize the main findings. Median household income in 2000 held steady at the all-time high level reached in 1999, at \$42,100. The poverty rate fell for the fourth consecutive year, from 11.8 percent in 1999 to 11.3 percent in 2000, the lowest since 1979 and statistically the same as the lowest poverty rate ever recorded -- 11.1 percent in 1973. The number of poor dropped significantly also -- by 1.1 million people -- from 32.3 million poor in 1999 to 31.1 million poor in 2000. Household income inequality did not change from 1999 to 2000.

I'll be glad to answer questions from the press at this time. I'll have about 20 minutes for questions. Please identify yourself and your affiliation.

#### **Footnotes:**

1. The Census Bureau started measuring household income in 1967.
2. The percentage increases for Blacks and Hispanics between 1999 and 2000 did not statistically differ.
3. The poverty rates for Blacks and Hispanics in 2000 were not statistically different from each other.
4. In 1969, only White and Black racial groups were identified in the Current Population Survey.
5. One must however be cautious about both the income and poverty estimates for American Indians and Alaska Natives; results from the 1990 Census show that the median household income and the poverty rate for those living in American Indian or

Alaska Native areas were significantly different from the estimates for those outside those geographic areas.

6. There is no statistically significant difference between the percentage changes for households with foreign-born householders as a whole or those with a non-citizen householder.
7. Natives are those born in the United States, Puerto Rico, or an outlying area of the United States, or born in a foreign country but had at least one parent who was a U.S. citizen. The CPS does not interview households in Puerto Rico.
8. A more thorough discussion of income inequality trends, including a discussion of additional measures of inequality, was presented in a recent Census Bureau report, *The Changing Shape of the Nation's Income Distribution: 1947-1998*, P60-205.