

**WEBINAR ON  
2011 INCOME, POVERTY AND HEALTH INSURANCE ESTIMATES  
FROM THE CURRENT POPULATION SURVEY**

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**September 12, 2012**

Good morning and thank you for joining us.

Today we are releasing national income, poverty, and health insurance coverage estimates from the Annual Social and Economic Supplement (ASEC) of the Current Population Survey (or CPS).

**(Slide 4)**

Let me begin by summarizing the main findings from each subject area.<sup>1</sup>

- Real median household income in 2011 declined 1.5 percent from 2010;
- The 2011 official poverty rate was 15.0 percent and the number of people in poverty was 46.2 million, neither statistically different from last year; and
- The percentage and number of people without health insurance coverage decreased to 15.7 percent, or 48.6 million, in 2011, down from 16.3 percent and 50.0 million in 2010.

**(Slide 5)**

Right now, I'm going to give more details about the changes we observed in income. This chart shows median household income from 1967 to 2011 in real, inflation adjusted dollars. Recessions, as defined by the National Bureau of Economic Research (NBER), are depicted in this, and all time series charts, in light blue shading.<sup>2</sup> Real median household income was \$50,100 in 2011, 1.5 percent lower than in 2010.<sup>3</sup>

Since 2007, the year before the most recent recession, median household income has declined 8.1 percent and was 8.9 percent below its recent high achieved in 1999.<sup>4</sup> Since 1967, the first year household data was collected; real median household income has increased 19.0 percent.

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<sup>1</sup> As in all surveys, the data presented here and in the report being released today are estimates, subject to sampling variability and response errors. All statements in this briefing and the report meet the Census Bureau's standards for statistically significant differences, unless noted otherwise. All historical income data are expressed in 2011 dollars and were adjusted using the Consumer Price Index Research Series, which measured a 3.2 percent increase in consumer prices between 2010 and 2011. The poverty thresholds are also updated each year for inflation. In 2010, the weighted average threshold for a family of four was \$22,314; and for a family of three, \$17,374.

<sup>2</sup> The National Bureau of Economic Research (NBER), a private research firm, is the source for defining recessions.

<sup>3</sup> All comparisons between the 2012 ASEC and 2011 ASEC use 2010 Census-based population controls.

<sup>4</sup> The difference between the 2007 to 2011 and 1999 to 2011 percentage changes was not statistically significant.

**(Slide 6)**

Looking at a couple of household demographics, this next chart shows household income by age of householder. Collectively, all households with a householder under age 65 showed a decline in real median household income between 2010 and 2011. Individually, declines were noted in the 35-to-44 and 55-to-64 age categories. The other age groups showed no statistically significant changes. Between 2010 and 2011, the number of elderly households grew 4.3 percent to 26.8 million households. Since the median income of elderly households is much lower than the median of nonelderly households, the growing number of elderly households will tend to lower overall median household income over time.

**(Slide 7)**

Next we show household income by race and Hispanic origin. Real median income declined for non-Hispanic-White households and Black households between 2010 and 2011, while the changes for Asian and Hispanic household income were not statistically significant. Asian households continue to have the highest median household income at \$65,100.

**(Slide 8)**

While the median represents one point on the distribution of household income – the point at which half of the households have income below it and half above it—other points along the distribution provide additional information about the nation’s household income distribution. For example, at the 10<sup>th</sup> percentile, 10 percent of the households had income below \$12,000. At the 90<sup>th</sup> percentile, 10 percent of households had income above \$143,600 and at the 95<sup>th</sup>, 5 percent had incomes above \$186,000. Changes in the relationship of these income measures can indicate how income equality is changing. Income at the 10<sup>th</sup> percentile declined 1.9 percent between 2010 and 2011 while the change for the 90<sup>th</sup> percentile was not statistically significant. Since 1999, when real median household income peaked before the two most recent recessions, real median household income fell 8.9 percent, the 10<sup>th</sup> percentile income fell 14.1 percent while income at the 90<sup>th</sup> percentile fell 1.3 percent. Over the same time period, the ratio of the 90<sup>th</sup>-to-10<sup>th</sup> income increased 14.9 percent, indicating a widening of the gap between the extreme top and bottom income groups.

**(Slide 9)**

Income inequality statistics can also be calculated using family and individual incomes that are family-size adjusted or equivalence adjusted -- a method that considers the sharing of resources and the economies of scale. Family-size-adjusted-

income is based on income relative to a 4-person (2 adult, 2 child) family. For example, the family size-adjusted income for a single person living alone with \$10,000 would be comparable to \$21,600 for a 4-person family. This slide presents the size-adjusted income approach to measuring income inequality by percentile. You can find the various family-size adjustment factors on the back of the slide.

After size-adjusting, all the income values at the various percentile limits increased -- the 10<sup>th</sup> percentile \$17,000; the median, \$65,000; the 90<sup>th</sup> percentile, \$173,000; the 95<sup>th</sup> percentile, \$230,000 the top 1%, \$437,000.

### **(Slide 10)**

Continuing with size-adjusted income we can see the change in the share of aggregate income by quintile and top 5 percent. Between 2010 and 2011, there were declines in the second, middle, and fourth quintiles while the highest quintile increased by 1.6 percent. The aggregate share of the top 5 percent increased 5.3 percent, which also indicates a widening in the gap between the top and bottom.

### **(Slide 11)**

Using the information about the distribution of household income from the CPS, we can produce a Gini index—a widely used measure of inequality. The Gini index indicates higher inequality as the index approaches one. Between 2010 and 2011, there was an increase in the money income Gini index of 1.6 percent. This is the first time the Gini index has shown an annual increase since 1993. Based on the equivalence-adjusted income, the Gini index increased 1.7 percent between 2010 and 2011.<sup>5</sup> Over the 1967 to 2011 period, the money income Gini increased 20.1 percent, while the size-adjusted Gini increased 27.9 percent.

### **(Slide 12)**

These next slides switch from household income to earnings and work experience data for people 15 and older. Here we see historical data on the real median earnings and female-to-male earnings ratios of full-time, year-round workers from 1960 to 2011. Between 2010 and 2011, the earnings of both men and women declined 2.5 percent.<sup>6</sup> The female-to-male earnings ratio was 77 percent, not statistically different from 2010. Over the long term, this ratio is up from 61 percent in 1960.

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<sup>5</sup> The difference between the percent change in the equivalence-adjusted Gini index and the money income Gini index was not statistically significant.

<sup>6</sup> The difference between the percentage declines in earnings of men and women who worked full time, year round was not statistically significant.

**(Slide 13)**

This slide shows the number of workers historically by work experience. Between 2010 and 2011, the number of men and women working full time, year round with earnings increased by 1.7 million and 0.5 million, respectively, while the changes in the number of working men and women with earnings regardless of work experience were not statistically significant, suggesting a shift from part-time and/or part-year to full-time, year-round work status. An estimated 71.3 percent of working men with earnings and 59.8 percent of working women with earnings worked full time, year round in 2011.

**(Slide 14)**

This slide shows the number of year-round, full-time workers by quintile for 2010 and 2011. Notice that the largest percentage increase in the number of workers occurred in the lowest quintile. This likely contributed as well to a lower median household income.

Now we'll take a look at poverty.

**(Slide 15)**

This slide shows that the number of people in poverty at 46.2 million in 2011 and the poverty rate at 15.0 percent. In 2011, a family with two adults and two children was categorized as "in poverty" if their income was less than \$22,811. After 3 consecutive years of increases, neither the poverty rate nor the number of people in poverty were statistically different from their 2010 estimates.<sup>7</sup>

**(Slide 16)**

Here we demonstrate the disparities in poverty trends across racial and ethnic groups. Hispanics were the only group to show a decline in their poverty rates from 26.5 percent in 2010 to 25.3 percent in 2011. The 2011 poverty rates were 9.8 for non-Hispanic Whites, 27.6 percent for Blacks, and 12.3 percent for Asians. Poverty rates for Blacks and Hispanics were more than double the poverty rate for non-Hispanic Whites.

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<sup>7</sup> The number of people in poverty rose for four consecutive years.

**(Slide 17)**

This slide looks at poverty rates by age. The poverty rate in 2011 for children under age 18 was 21.9 percent. The poverty rate for people aged 18 to 64 was 13.7 percent, while the rate for people aged 65 and older was 8.7 percent. None of the rates for these age groups were statistically different from their 2010 estimates. While the poverty rate for all people aged 65 and older was 8.7 percent, there were large differences by gender. The poverty rate for women aged 65 and older was 10.7 percent compared to only 6.2 percent for men.

**(Slide 18)**

This slide shows the change (in millions) of the number of people in poverty and the number of full-time year-round workers for the three groups for whom there was a decline in both the number of people in poverty and the poverty rate between 2010 and 2011: people living in the South, people living inside metropolitan statistical areas but outside principal cities (suburbs) and noncitizens. For instance, the number of people living in the South in poverty decreased by three quarters of a million while the number of full-time, year-round workers in the South increased by 1.2 million. These increases in full-time, year-round employment may have contributed to the fall in the number of persons in poverty and the poverty rates for these groups.

**(Slide 19)**

This chart presents the distribution from 1967 to 2011 of all people within five ranges of income-to-poverty ratios.

One can see the diminishing share of people in the two of the middle groups of the distribution – implying an increase in income inequality (as we have seen from other income distribution measures). Since 1967, the percentage of people with income between 200 and 399 percent of their poverty threshold (income in 2011 between \$45,622 and \$91,244 for a family of four) has decreased from 40.6 percent to 30.5 percent. The share of the population with income between 100 and 199 percent of their poverty threshold (income in 2011 between \$22,811 and \$45,622 for a family of four) also went down from 26.9 percent to 19.4 percent.

Over this same period, the shares of the population in the top and bottom groups increased. The percentage of people with income greater than 400 percent of their poverty threshold (income in 2011 greater than \$91,244 for a family of four) grew from 18.2 percent in 1967 to 35.1 percent in 2011 while the percentage of people living in extreme poverty, people with income below 50 percent of their poverty threshold (less than \$11,406 in 2011 for a family of four) increased from 4.4 percent to 6.6 percent.

**(Slide 20)**

The income and poverty estimates in this report are based solely on money income before taxes and use the poverty thresholds developed more than 40 years ago. In 2009 the Office of Management and Budget's (OMB) Chief Statistician formed an interagency technical working group. This group provided the Census Bureau and the Bureau of Labor Statistics a set of observations to serve as a roadmap in the development of a Supplemental Poverty Measure (SPM).

The new measure will not replace the official poverty measure and will not be used to determine eligibility for government programs. The new measure uses thresholds derived by BLS from the Consumer Expenditure Survey data with separate thresholds for renters, homeowners with a mortgage and those who own their homes free and clear. The thresholds are adjusted for geographic differences in housing costs. The income measure takes advantage of new questions in the CPS—adding estimates of the value of nutritional, housing and energy assistance and tax credits and subtracting estimates of child support paid, child care paid, other work expenses, payroll and income taxes and medical out of pocket expenditures.<sup>8</sup>

**(Slide 21)**

The first SPM poverty estimates were released last November. The new SPM estimates for 2011 will be released on Tuesday, November 13. This slide compares these SPM poverty estimates for 2010 with the official poverty estimates for all people and by age group. The SPM poverty rate for the entire population was 16.0 percent, .8 percentage points higher than the official rate. Looking at specific age categories, the SPM poverty rate was lower than the official rate for children but higher than the official rate for those aged 65 and older.

**(Slide 22-0)**

While we don't have SPM estimates for 2011, we can look at the sensitivity of poverty estimates to changes in the income measure. The following table shows the incremental impact on the number of people in poverty of the addition or subtraction of a single resource element. Money income includes all cash income such as earnings, Social Security, unemployment compensation, cash public assistance, interest and dividends.<sup>9</sup>

- If the value of Supplemental Nutritional Assistance Program (SNAP) benefits (food stamps) were added to money income, 3.9 million fewer people would be classified as in poverty.

**(Slide 22-1)**

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<sup>8</sup> For a more detailed description of the Supplemental Poverty Measure, see [http://www.census.gov/hhes/povmeas/methodology/supplemental/research/Short\\_ResearchSPM2010.pdf](http://www.census.gov/hhes/povmeas/methodology/supplemental/research/Short_ResearchSPM2010.pdf)

<sup>9</sup> Money income includes earnings, unemployment compensation, workers' compensation, Social Security, Supplemental Security Income, public assistance, veterans' payments, survivor benefits, pension or retirement income, interest, dividends, rents, royalties, income from estates, trusts, educational assistance, alimony, child support, assistance from outside the household, and other miscellaneous sources.

- If estimates of the federal Earned Income Tax Credit were added to income, then 3 million fewer children would be classified as in poverty (from 16.1 million in poverty using money income to 13.1 million in poverty using income after the federal Earned Income Tax Credit).

**(Slide 22-2)**

If unemployment insurance benefits, which are included in money income, were not included, the number of adults aged 18 to 64 classified as in poverty in 2011 would have increased by 1.6 million.

**(Slide 22-3)**

- Finally, one can examine the effectiveness of the Social Security program in reducing the number of people aged 65 and older in poverty. In 2011, the number of people aged 65 and over in poverty would be higher by about 14.5 million if Social Security payments were excluded from money income, more than quintupling the number of people aged 65 and over in poverty (from 3.6 million people using money income to 18.1 million people when excluding Social Security income from money income).

**(Slide 23)**

Returning to health insurance, our main finding is that health insurance coverage increased between 2010 to 2011. This chart presents the uninsured rate from 1987 to 2011. The percentage of people without health insurance in 2011 decreased to 15.7 percent. The percentage of children without health insurance in 2011, 9.4 percent, was not statistically different from 2010. In 1987, the uninsured rate for both all people and children was 12.9 percent.<sup>10</sup> In 1999, the gap between all people and children was 1.6 percentage points; by 2011, the gap grew to 6.3 percentage points.

**(Slide 24)**

This slide looks at types of health insurance coverage. In 2011, the percentage of people covered by private health insurance was not statistically different from 2010. This is the first time in the last 10 years that the rate of private insurance coverage has not decreased. The percentage of people covered by government health insurance programs, which include Medicaid, Medicare, the Children's Health Insurance Program, and military coverage, increased for the fifth consecutive year to 32.2 percent in 2011. The increase in public coverage and no statistical change in private coverage may account for the increase in overall coverage.

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<sup>10</sup> The uninsured rate in 1987 for all people (12.9 percent) was not statistically different from the uninsured rate in 1987 for all children (12.9 percent).

**(Slide 25)**

This chart focuses on uninsured people by race and ethnicity. Compared with 2010, the uninsured rate decreased for non-Hispanic Whites, Blacks and Asians in 2011. The uninsured rate for Hispanics in 2011 was not statistically different from the rate in 2010.

Comparing 1999 and 2011, the uninsured rate went up for non-Hispanic Whites—from 9.0 percent to 11.1 percent—while it decreased for Hispanics—from 31.9 percent to 30.1 percent. Blacks and Asians did not have a statistical difference when comparing 1999 and 2011.

**(Slide 26)**

Let's look more closely at the new health insurance estimates. This chart shows the percentage point change in uninsured rates by age. We chose these particular age groups as they are of special interest because of changes in the law. Children under the age of 19 are eligible for Medicaid/CHIP and individuals aged 19 to 25 may be a dependent on a parent's health plan. The uninsured rate of children under the age of 19 was not statistically different from the year before. Those aged 26 to 34 and 45 to 64 had no significant difference in their uninsured rate between 2010 and 2011. However, people aged 19 to 25 had a decrease in the uninsured rate of 2.2 percentage points. Two other age groups also saw a decrease in their uninsured rate: people aged 35 to 44 and those aged 65 and over.

**(Slide 27)**

Next, we take a look at the relationship of household income and being uninsured. 25.4 percent of people living in households with income below \$25,000 were uninsured, whereas 7.8 percent of people living in households with income above \$75,000 were uninsured. The 2011 uninsured rate for people in households with income less than \$25,000 experienced a decrease in the uninsured rate while the other income groups did not have a statistical difference from 2010.

When we compare 1999 with 2011, all income groups have higher uninsured rates. The second highest income category, between \$50,000 and \$75,000, had an uninsured rate of 12.4 percent in 1999 and an uninsured rate of 15.4 percent in 2011 (an increase of 3.0 percentage points).

**(Slide 28)**

This chart shows the age distribution of the total population compared to the uninsured. People aged 18 to 44 years comprise 36.2 percent of the total population but comprise 56.7 percent of the uninsured population. If we were to expand the age

group to those 18 to 64 years, we'd see that they make up 62.5 percent of the total population, but compose 84.2 percent of the uninsured population.

**(Slide 29)**

This slide further examines the 18 to 64 year old population, by the distribution of work status. Among the total population of 18 to 64 year olds, over 50 percent worked full-time, year-round, while 24.2 percent worked less than full-time, year round. 25.4 percent did not work at least one week.<sup>11</sup> However, among the uninsured for 18 to 64 year olds, only 36.4 percent work full-time, year round and 31.6 percent worked less than full-time, year-round. 32.0 percent did not work at least one week. Nearly two-thirds of the uninsured worked at least one week during the year; of these, about half worked full-time, year-round.

**(Slide 30)**

That concludes my part of the presentation. Next, we will open the phone lines for questions from the media.

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<sup>11</sup> The percent of those who worked full-time, year-round in 2011 is not statistically different from the percent of those who did not work at least one week in 2011.