

Canaries in the coal mine: Census data show long-term financial distress among people of color

By Alexandra Cawthorne *

The U.S. Census Bureau data released on Tuesday paint a grim picture of growing economic turmoil in American households over the last several years since the beginning of the Great Recession. Although experts tell us the recession officially ended back in 2009, the number of people living in poverty in the United States in 2010—46.2 million—is the largest number in the 52 years for which poverty estimates have been published. And we will not likely see that number peak until the middle of this decade. More than 15 percent, or one in every six Americans, are currently struggling to make ends meet at or below the poverty line. What's more, a record 20 million Americans are now living in deep poverty (defined as living below 50 percent of the poverty line). That's less than \$11,000 a year for a family of four.

The picture for communities of color is even bleaker when more closely examining the Census findings:

- **Black and Hispanic poverty is on the rise with more than one in four blacks and Latinos living in poverty.** The black poverty rate rose from 25.8 in 2009 to 27.4 percent in 2010, and the Hispanic poverty rate increased from 25.3 in 2009 to 26.6 percent in 2010. In 2010, a four-person family was considered poor if their income fell at or below \$22,314.
- **Poverty rates are higher in communities of color.** Poverty also increased for whites between 2009 and 2010 and is currently at 9.9 percent. But the poverty rate for blacks and Latinos is more than double the rate of white poverty. The poverty rate is also higher among Asians than whites at just over 12 percent, though it did not see a statistically significant increase in 2010.
- **High unemployment among black and Hispanic workers is linked to high rates of poverty.** Blacks and Latinos were far behind whites in employment levels even when the economy was booming. And throughout the recession unemployment rose much faster for blacks and Latinos than whites. The unemployment rate hovered around 16 percent for blacks and more than 12 percent for Hispanics for most of 2010, compared to 8.7 percent for all workers. The first few months of 2011 saw substantial employment gains for blacks and

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- Hispanics, but job growth stalled yet again in the past few months. Relatedly, employer-based health insurance coverage continues to fall for these populations.
- **Income continues to fall significantly in black and Hispanic households.** Disparities in incomes among people of color grew in 2010, as particularly black and Hispanic households experienced large income declines. According to an analysis of Census data by the [Economic Policy Institute](#), the median income of whites declined by 1.3 percent in 2010 and has declined 5.4 percent since the start of the recession (falling from \$57,752 to \$54,620, in dollar terms). Black families have been hit the hardest—the median black household saw a 3.2 percent decline in 2010 and a total decline of more than 10 percent since 2007 (dropping from \$35,665 to \$32,068). The median Hispanic household experienced an income drop of 2.3 percent in 2010 and a total decline of 7.2 percent since 2007 (falling from \$40,673 to \$37,759).

None of this is particularly surprising given that the U.S. economy has lost at least [7 million jobs](#) since the beginning of the recession and that critical safety net programs including housing, medical, cash and food assistance have been increasingly stretched thin by growing demand and diminishing resources. But many Black and Latino households have long faced [structural employment obstacles](#), the erosion of household income and [gaps in wealth](#), and disproportionately high rates of unemployment. Though the current weak economy is certainly a factor in the rise of poverty and loss of income in communities of color last year, the period of growth that came before the Great Recession did little for middle- and low-income households of color.

A recent study from the Pew Charitable Trusts examined the trend of [downward mobility](#) from the middle class over the past 30 years. The study's author found that a third of American children raised in the middle class—defined here as those between the 30th and 70th percentiles of the income distribution—fall out of the middle as adults. Race was shown to be a factor in who falls out of the middle class, particularly for men. The share of black men who fall out of middle-class status is nearly twice as high as the share of white men who do so (38 percent versus 21 percent). The report shows that the promise of each generation doing better than the one that preceded it, a key principle that sustains American optimism, is fleeting for many people—especially for children of color.

The most alarming revelation of the Census data is the dramatic growth of child poverty among families of color. About 35 percent of Hispanic children and 40 percent of black children now live in poor households. Poverty has [far-reaching effects](#) throughout the lives of children that extend into the communities in which they live and into society. Research has shown that boosting the incomes of the poorest families increases young children's earnings as adults, and these earnings are critical to the health of our future economy.

As policymakers continue to develop efforts to grow our economy, it is important that they focus on a shared prosperity that will bolster the middle class and that will give poor children of color and their families the tools necessary to move out of poverty.