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Contacts: Jon Peacock - 284-0580 ext. 307
Bob Jacobson - 284-0580 ext. 303

Poverty Rate in U.S. Rises as Median Income Falls

The number of Americans living in poverty grew by 1.7 million last year, the Census Bureau reported Friday. That represents an increase in poverty from 11.7 percent of the U.S. population in 2001 to 12.1 percent in 2002.

This is the second year in a row that poverty rates have increased. To be in "poverty," a family of four would need to have an income of \$18,392 or less and a single individual an income of \$9,183 or less.

The number of people in "extreme" poverty (with family incomes below one-half of their poverty thresholds) increased from 13.4 million in 2002 to 14.1 million in 2003.

The Census Bureau also reported Friday that median household income declined 1.1 percent between 2001 and 2002 to \$42,409, after accounting for inflation. That means half of all American households earned more than that amount, and half earned less.

In analyzing state data, the Census Bureau compensates for relatively small survey samples by averaging together two-years of data. By that measure, the median household income dropped to \$45,985 in Wisconsin in 2001-02, a decline of \$590 or 1.3 percent compared to 2000-01. That compares with a decline of \$720, or 1.7 percent, for the comparable two-year average at the national level.

“Although the recession officially ended in November 2001, these numbers provide concrete evidence that the jobless recovery continues to take a toll on low-income and middle-income families,” according to Jon Peacock, a fiscal analyst at the Wisconsin Council on Children and Families.

Peacock noted that the report did have some positive news for Wisconsin. “Wisconsin’s poverty rate continues to be well below the national average and appears to have dropped slightly, to 8.2 percent.” He added that, “The 0.4 percent dip in the Wisconsin poverty rate was not statistically significant, but it’s encouraging that our rate looks slightly better at a time when the national rate increased.”

The two new reports can be found on the Census Bureau web site:

Poverty in the United States: 2002: <http://www.census.gov/prod/2003pubs/p60-222.pdf>

Income in the United States: 2002 <http://www.census.gov/prod/2003pubs/p60-221.pdf>