

PERSONALLY SPEAKING

Number 75

October 1, 2010

LOUISIANA FAMILIES TAKE \$4631 HIT IN INCOME IN THE 2008 ECONOMIC CRISIS, BUT BOUNCE BACK IN 2009

Edward J. O'Boyle, Ph.D.

Mayo Research Institute

Permission to quote is granted when the source is acknowledged.

The damaging impact on Louisiana families from the recession that began in late 2007 and dominated economic conditions in 2008 is clearly seen in annual family income data compiled by the Census Bureau for 2007-2009. In 2007, annual family income averaged \$67,757. The following year it fell to \$63,126. In 2009, however, it climbed to \$68,639.

These income data have not been adjusted for changes in consumer prices. Using the Bureau's own published information on consumer prices, Mayo Research Institute estimated real family income in 2009 dollars at \$70,093 (2007), \$62,886 (2008), and \$68,639 (2009). Thus, family income did bounce back but Louisiana families were left with less purchasing power in 2009 than in 2007, not more as indicated by the unadjusted figures.

The same rebound pattern is evident in the data for married-couple families that typically have two adult wage earners. In 2007, their (unadjusted) annual family income averaged \$90,843. In 2008 it slipped to \$85,060 but rebounded in 2009 to \$90,720.

All of the 2009 data reported for Louisiana are based on a sample of 1,980 persons who were interviewed earlier this year for the Bureau's *Annual Social and Economic Supplement* that was released to the public in September but are not easily accessible. These data are regarded as the most reliable and accurate available.

Just the same, family income data for Louisiana may be biased downward. In 2009, for example, the *maximum* family income reported was \$657,239 a figure suggesting that there is not a single millionaire in the State.

For comparison purposes the equivalent data for the United States appears in parentheses. Both the Louisiana and the U.S. data sets were generated by the *CPS Table Creator* available at the Bureau's website. To avoid information overload, we are reporting only a small subset of the entire dataset available for Louisiana and the United States.

Income. Family income for 2009 in Louisiana averaged \$68,639 or 94.2 percent of the U.S. average (\$72,900 - U.S). In 2002, average family income in Louisiana was 81.6 percent of the

national average. There were nearly 929,000 persons in families with incomes in 2009 above \$100,000. They represented 21 percent of the State's population.

Family income in 2009 for white families in Louisiana was 65 percent higher than for black families: \$79,029 vs. \$47,754. The difference is much greater comparing married-couple families to female-headed families: \$90,720 vs. \$29,721. One obvious reason for this enormous difference is that female-headed families are much more likely to have only one adult wage-earner.

The family income difference between whites and blacks is much smaller when the kind of family is taken into account. Family income for white female-headed families was \$32,295 compared to \$27,721 for black families headed by a female. There was, however, a large difference between white married-couple families with annual income of \$97,206 as compared to \$67,995 for black married-couple families. Nevertheless, notice that *black husband-wife families had income more than 100 percent higher than the income of white female-headed families.*

Poverty. A total of 636,000 persons in Louisiana were classified as poor in 2009, representing 14.3 percent (14.3 percent - U.S.) of the State's population. The poverty rate for whites was much lower than for blacks: 9.2 percent compared to 24.3 percent.

Among persons 18 to 64 years of age who worked year round, full time, the poverty rate was only 3.1 percent (2.6 percent - U.S.) For the same age group, the rate of poverty for persons who did not work at all in 2009 was 28.5 percent.

Poverty among children in Louisiana is a very serious problem especially for children in female-headed families. While 16.1 percent of all related children under age 18 were living in poverty, the rate for children in female-headed families was 47.0 percent (44 percent - U.S.). Among black female-headed families, 51.5 percent of children were classified as poor. One of every two black related children under age 18 lives in a family where only one parent is present.

Health Insurance Coverage. An estimated 16.0 percent of the Louisiana population in 2009 (16.6 percent - U.S) reported that they had no health insurance coverage. Persons with health insurance coverage have much higher family incomes than those without coverage: \$74,081 vs. \$40,296. Even so, the vast majority of those without coverage are not poor. Specifically, only 30 percent of the 711,000 Louisianians without health insurance were classified as poor. Of those who were found to be living below the poverty line, 67 percent were insured even though their family income averaged only \$10,483.

Three general comments follow. Regarding income, the family with only one adult wage earner is seriously disadvantaged. With respect to poverty, roughly half of the children in female-headed families experience unmet human material need. As to health insurance, some persons

with family income well above the poverty line are not insured.

*Edward J. O'Boyle is Senior Research Associate with Mayo Research Institute.
Offices in New Orleans, Lake Charles, and West Monroe
www.mayoresearch.org 318-381-4002 edoboyle@earthlink.net*
