

INCOME, POVERTY, AND HEALTH INSURANCE IN THE UNITED STATES IN 1997¹

Income

Between 1996 and 1997, median household income in the U.S. increased 1.9 percent, the third consecutive year that real (inflation adjusted) income increased significantly. The median income of U.S. households in 1997 was \$37,005. With this increase in income, overall household median income has almost returned to its 1989 pre-recession level of \$37,327 (in 1997 dollars), and two age groups -- 55 to 64-year-olds and people aged 65 and over -- have surpassed their 1989 income levels (Table 1).

All age groups experienced increases in real median household income from 1996 to 1997. However, only for those aged 25 to 34, 35 to 44, and 65 and over were the increases statistically significant at the 90 percent confidence level. For example, median household income for those aged 65 and over increased from \$19,919 in 1996 to \$20,761 in 1997 (a 4.4 percent increase) (Table 1).

Poverty

There were 35.6 million persons in poverty in 1997, 0.9 million less than in 1996. The overall poverty rate in 1997, 13.3 percent, declined 0.5 percentage points from 1996, a statistically significant decrease. However, the 1997 poverty rate was not significantly different from the pre-recession rate in 1989 (13.1 percent) (Table 2).

The poverty rate declined for all age groups from 1996 to 1997, but not all of these decreases in poverty rate were significant. Poverty rates in 1997 were still significantly higher than poverty rates in 1989 for persons aged 18 to 44 and persons aged 60 to 64. Only for persons aged 65 and over were poverty rates significantly lower than the 1989 level (Table 2).

In 1997, the poverty rate among those aged 65 and over was 10.5, lower than the rate for all ages (13.3 percent). However, the threshold used to establish

Age of Householder	Median Income in 1997 Dollars				Percent Change in Real Income 1996-1997
	1989**	1995	1996	1997	
All Ages	\$37,327	\$35,932	\$36,352	\$37,005	*1.9
15 to 24 years	\$24,042	\$22,121	\$21,958	\$22,583	3.0
25 to 34 years	\$38,466	\$36,592	\$36,758	\$38,174	*4.0
35 to 44 years	\$48,585	\$45,832	\$45,497	\$46,359	*2.0
45 to 54 years	\$53,771	\$50,676	\$51,695	\$51,875	0.5
55 to 64 years	\$39,971	\$40,151	\$40,780	\$41,356	1.5
65 years and Over	\$20,415	\$20,136	\$19,919	\$20,761	*4.4

* Statistically significant change at 90 percent confidence level
 ** Real dollars are calculated by author
 Source: U.S. Department of Commerce

¹ Based on the U.S. Census Bureau's March 1998 Current Population Survey

Age	Percent of Persons Below Poverty				Changes in Poverty Rate	
	1989	1995	1996	1997	1996 to 1997	1989-1997
All Ages	13.1%	13.8%	13.7%	13.3%	*-0.5	0.2
Under 18	20.1%	20.8%	20.5%	19.9%	-0.6	-0.2
18 to 24 years	15.4%	18.3%	17.9%	17.5%	-4.0	*2.2
25 to 34 years	11.1%	12.7%	12.7%	12.1%	-0.6	*0.9
35 to 44 years	8.1%	9.4%	9.9%	9.6%	-0.3	*1.3
45 to 54 years	7.5%	7.8%	7.6%	7.2%	-0.5	-0.3
55 to 59 years	9.5%	10.3%	9.4%	9.0%	-0.4	-0.6
60 to 64 years	9.4%	10.2%	11.5%	11.2%	-0.3	*1.7
65 years and over	11.4%	10.5%	10.8%	10.5%	-0.2	*-0.9

* Statistically significant change at 90 percent confidence level
Source: U.S. Department of Commerce

poverty status for older persons is about 10 percent lower than for other age groups. The poverty threshold in 1997 was \$7,698 for single persons aged 65 and over and \$8,350 for single persons under 65. For couples, the threshold was \$9,712 for those aged 65 and over and \$10,805 for those under 65.

In 1997, 17.0 percent of older persons were poor or near-poor, defined respectively as below 1.0 and 1.25 times the poverty line (Table 3). This rate is higher than any age group except those under 25, and it would be higher still if the same poverty threshold were applied to both elderly and non-elderly persons.

Age	Percent Under 1.00	Percent Under 1.25	Percent Under 2.00
All persons	13.3%	17.8%	32.1%
Under 18	19.9%	25.2%	41.3%
18 to 24 years	17.5%	23.4%	38.5%
25 to 34 years	12.1%	16.3%	30.2%
35 to 44 years	9.6%	13.0%	25.3%
45 to 54 years	7.2%	9.8%	18.4%
55 to 59 years	9.0%	11.9%	21.4%
60 to 64 years	11.2%	15.4%	27.4%
65 years and over	10.5%	17.0%	38.7%

Source: U.S. Department of Commerce

Health Insurance Coverage

An estimated 43.4 million persons were without health insurance coverage during the entire 1997 calendar year (16.1 percent of the total population). This number was 1.7 million higher than in 1996—a statistically significant rise. The number of uninsured persons aged 50 to 64 were 5.3 million in 1997, 14.2 percent of all persons in this age group. The number of uninsured children under age 18 grew to 10.7 million in 1997, 15.1 percent of all children.

The majority of the nation's population (70.1 percent) was covered by a private insurance plan for some or all of 1997. Other sources of insurance coverage included government coverage through Medicare (13.2 percent), Medicaid (10.8 percent), and military health care coverage (3.2 percent).

*Written by Ke Bin Wu, Economics Team
Public Policy Institute
October 1998*

© 1998, American Association of Retired Persons
Reprinting with permission only
AARP 601 E Street, N.W., Washington, DC 20049