



September 21, 2010

Census Data Show That Rising Poverty and Growing Numbers of Uninsured Reflect the Depth of the Recession

Ruth R. Ehresman, Director of Health and Budget Policy

Census data¹ released on September 16 reflect the severity of the recent recession, with sharp increases in the number of Americans in poverty and in the number who were uninsured in 2009.

Poverty Increases

Both the number and percentage of Americans in poverty climbed. The number of poor Americans increased by 3.8 million in 2009 to 43.6 million. The percentage of people in poverty rose to 13.8 percent in 2008/2009, up from 12.4 percent in 2006/2007 and 11.6 percent in 1999/2000.

The Census Bureau also released preliminary state-level data showing that poverty rose significantly in Missouri with an average of 853,000 Missourians living in poverty during the 2008-2009 years. The state's two-year average poverty rate during those years rose to 14.4 percent, increasing from 12.1 percent in 2006/2007 and 10.4 percent in 2000. These increases are considered statistically significant by the Census Bureau. State data is aggregated over two years to increase reliability of the estimates.

While Median income showed little short term change, Figures Show Dramatic Drop Over Last Decade

Median income in Missouri showed no significant change from 2006/2007 to 2008/2009. However, it has dropped dramatically, by more than \$7,000 in Missouri, as compared to the 1999/2000 median. A lowered median income means that a larger number of Missourians have lower incomes.

Median Income Trends from 1999/2000 through 2008/2009				
	<i>1999/2000 (2 year average in 2009 dollars)</i>	<i>2006/2007 (2 year average in 2009 dollars)</i>	<i>2008/2009 (2 year average in 2009 dollars)</i>	<i>Change in dollars</i>
United States	\$52,344	\$51,622		-\$722
	\$52,344		\$49,945	-\$2,400
		\$51,622	\$49,945	-\$1,677
Missouri	\$54,721	47,508		-\$7,213
	\$54,721		\$47,316	-\$7,405
		\$47,508	\$47,316	-\$192

¹ The Community Population Survey data released today on the Census Bureau's website are preliminary with regard to state poverty levels and the only data available on state health insurance trends since the recession began. On September 28, the Census will release estimates of state and local poverty as well as additional health insurance data from a different survey, the American Community Survey. Data is available at www.census.gov. Calculations done by the Center on Budget and Policy Priorities. Numbers or percents identified as significant are statistically significant at 90 percent confidence level.

Federal Programs Cushion Some of the Decline in Incomes

The poverty rate would have risen even further had it not been for key public benefit programs and the expansions made to them under the 2009 Recovery Act. The official poverty measure directly reflects the impact of some benefit programs that the Recovery Act temporarily expanded, such as unemployment insurance. Other financial supports, such as increased food stamps and tax credits are not reflected in the poverty measure.

If Recovery Act assistance disappears before the job market and family incomes rebound, more people could fall behind. Stubbornly high unemployment bodes poorly for improvements to poverty and health insurance coverage in 2010 and 2011. Unemployed Missourians received \$133 million from the temporary federal provision that increased benefits by \$25 per week. Extended unemployment benefits put a total of \$277 million in the pockets of individuals who have been unemployed for more than 26 weeks.²

Under a broader measure of poverty that accounts for taxes, the expiration of Recovery Act provisions like the Making Work Pay tax credit and expansions to the Earned Income and Child Tax Credits could contribute to further poverty increases in 2011. The Making Work Pay tax credit provided \$650 million in benefits to moderate income working Missourians.³ This tax credit is based on 6.2 percent of earned income, with a maximum credit of \$400 for individuals and \$800 for married couples. The tax credit begins to phase out at an income level of \$75,000 for an individual/ \$150,000 for couples. It is completely phased out at \$95,000 for an individual/\$190,000 for a couple. The expanded Child Tax Credits benefited an estimated 354,000 Missouri children and their families.⁴

Number of Uninsured Americans and Missourians Continues to Rise⁵

Nationally, 47.8 million Americans were uninsured in 2008/2009, up from 45.7 million in 2006/2007 and 38.3 million in 1999/2000.

In Missouri 823,000 Missourians (16 percent of the state's population) were uninsured in 2009, a significant increase from 744,000 in 2006/2007 and 427,000 in 1999/2000.

Erosion of employer-sponsored health insurance is the primary cause of the lost ground in coverage. Employer-sponsored coverage dropped to 62.7percent of Missourians in 2008/2009, down from 64.8 in 2006/2007 (before the national recession hit) and 74.5 percent in 1999/2000. The overall rate of uninsured children remained low at 8.3 percent (117,500 Missouri children) in 2008/2009.

Increased enrollment in public insurance programs helped offset drops in employer-sponsored health insurance. Enrollment in Medicaid was 751,500 in 2008/2009. This is a significant increase from 675,500 in 2006/2007. About 1 of every 3 Missouri children is enrolled in Medicaid or the Children's Health Insurance Program (CHIP).

The Mission of the Missouri Budget Project is to advance public policies that improve economic opportunities for all Missourians, particularly low and middle income families, by providing reliable and objective research, analysis and advocacy. Contact the MBP through our website at www.mobudget.org

² Center on Budget and Policy Priorities analysis of Data from the recovery act website: www.recovery.gov.

³ Ibid at 2.

⁴ Ibid at 2.

⁵ http://www.census.gov/hhes/www/cpstables/032010/health/h06_000.ht. Calculations done by the Center on Budget and Policy Priorities. Numbers or percents identified as significant are statistically significant at 90 percent Confidence level.