

Thursday, September 10, 2009

Contact:

Michelle Bazie, 202-408-1080, bazie@cbpp.org

820 First Street, NE, Suite 510
Washington, DC 20002
Tel: 202-408-1080
Fax: 202-408-1056
center@cbpp.org
www.cbpp.org

Robert Greenstein
Executive Director
T. Scott Bunton
Deputy Director

Board of Directors

David de Ferranti, Chair
Results for Development Institute

Henry J. Aaron
Brookings Institution

Ken Apfel
University of Maryland

Barbara B. Blum
Columbia University

Henry A. Coleman
Rutgers University

Marian Wright Edelman
Children's Defense Fund

James O. Gibson
Center for the Study of Social Policy

Beatrix Hamburg, M.D.
Cornell Medical College

Antonia Hernández
California Community Foundation

Frank Mankiewicz
Hill and Knowlton

Richard P. Nathan
Nelson A Rockefeller Institute of Government

Marion Pines
Johns Hopkins University

Sol Price
Chairman, The Price Company (Retired)

Robert D. Reischauer
Urban Institute

Audrey Rowe
AR Consulting

Paul Rudd
Adaptive Analytics, LLC

Susan Sechler
German Marshall Fund

William Julius Wilson
Harvard University

John Kramer
Founding Chair
1937-2006

**STATEMENT OF ROBERT GREENSTEIN,
EXECUTIVE DIRECTOR, ON
CENSUS' 2008 INCOME, POVERTY, AND HEALTH INSURANCE DATA**

Today's grim Census Bureau report shows the nation lost substantial ground in 2008 on poverty, median income, and the number of people who are uninsured. Several aspects of the Census report stand out.

The *number* of people living in poverty jumped by 2.6 million to 39.8 million — the highest since 1960. The poverty rate — the *percentage* of people living in poverty — also rose, to 13.2 percent, which is its highest level since 1997. Similarly, real median household income *fell* by \$1,860 to \$50,303, its lowest level since 1997.

These figures are particularly grim because they come after the disappointing record of the 2001-2007 expansion. Poverty was actually higher — and median income for working-age households lower — at the end of that expansion than during the 2001 recession. Such a dismal record during an expansion has never occurred before, since the nation began collecting these data.

Health Insurance Data

The health insurance figures are instructive. The *percentage* of uninsured people remained unchanged at 15.4 percent, while the *number* of uninsured jumped by 682,000 to 46.3 million. The story was not worse because gains in public (that is, government) health insurance programs, especially for children, helped to offset continued declines in employer health coverage.

Consider two figures. First, the number of children without insurance actually fell by 801,000 in 2008, due to expansions in government health insurance programs for children. But the number of workers without coverage rose by 932,000, evidence of the continued erosion of employer-based coverage.

Figures Will Be Worse in 2009

All of these figures almost certainly will look considerably worse next year, since the economy has weakened further in 2009 and unemployment has risen sharply. The number of people in poverty will likely set a 50-year high, while the number of uninsured will likely climb toward the 50 million mark.

Moreover, the expected increases in 2009 in poverty and in the number and percentage of uninsured people would be substantially greater if not for the economic recovery law that the Administration and Congress enacted earlier this year. Just seven provisions of that law — including tax credits for working families, expansions of unemployment insurance and nutrition assistance, and one-time payments to senior citizens, veterans, and people with disabilities — will prevent an estimated 6.2 million Americans, including 2.4 million

children, from falling into poverty, according to an analysis the Center issued yesterday.¹ Moreover, these figures *understate* the poverty-preventing effects of the recovery act because they do not capture other provisions of the law, such as increases in housing, child care services, or the law's effects on preserving or creating jobs. In addition, the law's increases in medical assistance are preventing hundreds of thousands more from becoming uninsured.

Finally, today's disquieting health insurance figures underscore the need for comprehensive health care reform. The decline in job-based health coverage is leaving millions of Americans uninsured or underinsured. As noted above, the new Census data show that last year's economic decline did not fuel an even greater drop in *overall* insurance coverage only because of the expansion in coverage by public insurance programs.

Health reform bills that Congress is considering would help to address this problem by covering tens of millions of Americans who lack insurance. They would strengthen employer coverage and Medicaid, offer new health insurance choices for Americans, and prevent insurance companies from denying coverage or charging exorbitant amounts to people with medical conditions. The bills also seek to slow the growth of health care costs, which is essential to expanding coverage and sustaining progress in reducing the ranks of the uninsured over the long run.

#

The Center on Budget and Policy Priorities is a nonprofit, nonpartisan research organization and policy institute that conducts research and analysis on a range of government policies and programs. It is supported primarily by foundation grants.

¹ The 6.2 million figure is based on an alternative measure of poverty that counts non-cash benefits as income.