
Statement of Robert Greenstein on the New Census Bureau Data on Poverty, Income Inequality, and Health Insurance

Today's Census data provide fresh evidence that the economy strengthened in 2013, but too slowly to improve the living standards of many middle- and low-income Americans. Median household income did not rise significantly and remained 8.0 percent (or \$4,497) below its level in 2007, before the Great Recession — and 8.6 percent below its level in 2000, before the 2001 recession. The poverty rate fell from 15 percent in 2012 to 14.5 percent, the first statistically significant decline since 2006 (and only the second since 2000). But the rate remained well above its 12.5 percent level in 2007 and even further above its 2000 level of 11.3 percent. At last year's rate of improvement, we would need to wait until 2018 for it to fall to or below the 2007 pre-recession level, and until 2020 to fall below the 2000 level.

Today's report, however, does include a substantial and welcome decline in poverty among children, from 21.8 percent in 2012 to 19.9 percent in 2013 (although the child poverty rate remains well above its 2000 and 2007 levels). The Census data indicate that the drop in 2013 was driven largely by a rise in employment and earnings among parents. Indeed, median income among families with children rose between 2012 and 2013 even as overall median income was statistically unchanged.

In contrast with the 1960s, 1970s, and 1980s — when the benefits of economic recoveries were more broadly shared and poverty and median income improved more quickly when recoveries started — the recoveries of the past two decades have been much slower to generate income gains for middle- and low-income Americans. Part of the problem is the rising inequality of recent decades, which has meant that economic growth has not been widely shared. By various Census measures, inequality remained at or near record levels in 2013, with inequality essentially unchanged between 2012 and 2013.

Another factor that held down improvements in middle- and low-income living standards in 2013 was premature federal austerity policies, such as the sequestration budget cuts, that restrained economic growth. The changes in federal spending and tax policies that took effect in 2013 reduced economic growth last year by about 1.1 percent of gross domestic product (GDP), according to Goldman Sachs. The Congressional Budget Office projected that these policy changes cost the economy more than 1 million jobs. We would have been wiser to invest more in infrastructure and education and training to put more people back to work in the short term and to strengthen productivity and economic growth in the long term.

Health care provides a brighter story. The share of Americans without health insurance fell slightly in 2013, based on data from the Census Bureau's American Community Survey. In addition, an array of studies and data — including new data that the Centers for Disease Control and Prevention (CDC) issued

this morning — show that the number of Americans without insurance has fallen markedly in *2014* with implementation of health reform.

These studies also show that the states that expanded Medicaid under health reform experienced much larger declines in their uninsured populations this year than states that rejected the expansion. Since today's Census and CDC data also show that people in the more than 20 states that rejected the expansion were likelier to be uninsured in 2013 than people in states that took the expansion, this means the gap in health insurance coverage between the two groups of states is widening.

Today's data also provide some evidence about other areas (beyond health reform) where the safety net is producing results. Programs like the Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps) are not counted in the official poverty measure, but the Census data issued today show that when SNAP assistance is counted as income — as analysts generally believe it should be — it lifted 3.7 million people above the official poverty line in 2013, including 1.5 million children.