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Census Bureau: Recession Pushes Poverty Up, Job-Based Health Coverage Down Federal Assistance Cushioned the Impact, Kept Many Above Poverty Level

(Madison)--The weak economy resulted in the largest number of Americans living in poverty-- 43.6 million-- in the 51 years for which poverty estimates have been published, according to new data released by the U.S. Census Bureau today. The national poverty rate jumped from 13.2% in 2008 to 14.3% last year, the highest national poverty rate since 1994. The child poverty rate rose from 19.0% to 20.7%.

The data released today on the Census Bureau's website—which come from the Current Population Survey (CPS)—are preliminary with regard to state poverty levels. The Census Bureau will provide more penetrating estimates of poverty at the state and local levels on September 28, when it releases data from the American Community Survey (ACS), which uses a much larger sampling of the population.

Preliminary state-level data released today show that Wisconsin's poverty rate remained stable. The overall poverty level in Wisconsin in 2008-09 was 10.3%, which does not represent a statistically significant change from the 10.6% rate recorded in 2006-07. Median household income in the state in 2008-09 was \$51,122, a decrease of \$2,896 from 2006-07 and down \$6,351 from 1999-2000. For state-level analysis of CPS data, two-year averages are used to increase reliability, but they also might mask more recent trends.

“While we are relieved that the preliminary numbers suggest that Wisconsin's poverty rate did not grow last year as the national rate did, these numbers are nevertheless disturbing,” said Ken Taylor, executive director of the Wisconsin Council on Children and Families. “Our response to widespread poverty will be a test of our values and priorities as a state and as a society.”

Key public benefit programs and expansions to them made under the Recovery Act enacted in 2009 prevented Wisconsin's poverty rate from growing. Unemployment benefits, which were increased and extended by the Recovery Act, kept 3.3 million individuals out of poverty nationwide in 2009, according to analysis of the Census data by the Center on Budget and Policy Priorities. From 2007 to 2009, the number of people whom unemployment insurance kept out of poverty rose by 2.8 million, a more than six-fold increase. However, the extended benefits are set to expire at the end of this year. If Recovery Act assistance disappears before the job market and family incomes rebound, more people are likely to fall below the poverty line.

“Assistance received through the Recovery Act has helped keep many Wisconsin families afloat through hard times,” said Taylor. “Allowing these benefits to expire would be a big blow to the economic stability of our communities.”

The recession has also had a significant impact on employer-sponsored health care coverage. An estimated 531,000 Wisconsinites lacked health insurance in 2008-09, according to the new CPS data. (Again, the Census Bureau averages two years of CPS data in order to improve the reliability of the estimates.) In Wisconsin, BadgerCare Plus has filled the gap for many families and individuals who lost their job-based coverage due to the recession. According to the CPS data, approximately 160,000 Wisconsinites under the age of 65 lost their employer-sponsored coverage from 2006-07 to 2008-09, but 141,000 gained Medicaid or BadgerCare Plus coverage. Wisconsin's 9.6% uninsured rate was tied with Vermont's for the fourth lowest percentage of uninsured residents in the nation.

"The loss of employer-sponsored coverage underscores the importance of maintaining support for BadgerCare Plus, a program that has helped make Wisconsin a national leader in covering kids and families," said Taylor. "It also points to the importance of federal health care reform, which could lead to coverage for tens of millions of Americans who are currently uninsured."

WCCF recommends these measures in response to high poverty rates and the erosion of employer-sponsored health insurance:

- Continue several Recovery Act provisions for middle- and low-income households, such as extended unemployment insurance benefits and improvements to the Earned Income and Child Tax Credits.
- Maintain our state's commitment to BadgerCare Plus, which has made Wisconsin a leader in health care coverage for children and families.
- Sustain our investment in quality early care and education, such as the new YoungStar quality rating and improvement system. Investment in early childhood has been shown to be one of most effective uses of public resources, both in terms of improved outcomes for kids and in reducing future remedial costs.

"We have learned from previous economic crises that we have to take a proactive approach to poverty," Taylor added. "We must continue to invest in the future that we all share. Policy makers at both the federal and state levels will face a lot of hard choices in the months ahead. We hope that in the next several weeks people will ask candidates for public office what they intend to do to combat poverty and ensure access to health care coverage."

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