

318 2nd Ave. N • Mount Vernon, IA 52314

www.iowapolicyproject.org

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CONTACT: Mike Owen (319) 643-3628 or ipp@Lcom.net.

Poverty Up, Income & Health Insurance Down in Iowa New Census Figures Show Erosion of 1990s Gains

MOUNT VERNON, Iowa (Aug. 26, 2004) – Median household income has fallen while poverty and the number of uninsured are on the rise in Iowa, according to a new federal government report.

The U.S. Census Bureau released new data Thursday from two surveys on poverty and household income in Iowa and the nation. The Census Bureau figures suggest that the improvements in income that occurred in Iowa in the late 1990s were eroded during the recent recession and subsequent lackluster recovery.

“It will come as no surprise to many Iowans that our incomes are lagging. But the new Census numbers hold a staggering loss of almost \$2,900 in median household income since 1999,” said David Osterberg, executive director of the Iowa Policy Project. “That gave Iowa the nation’s eighth-largest percentage decline – 6.5 percent – over the period. In addition, the figures showed 1 in 10 Iowans were not covered with health insurance in 2002-2003.”

In figures adjusted for inflation to equal the purchasing power of the dollar in 2003:

■ Median household income in Iowa decreased by \$1,497 between 2000-2001 and 2002-2003, falling from \$43,184 to \$41,687. This 3.5 percent decrease in median income was not statistically significant, according to the Census Bureau.

■ While that difference was not considered significant, the decline from the 1999-2000 period was considered significant. Between 1999-2000 and 2002-2003, median household income fell by \$2,889 (or 6.5 percent); from about \$44,575 to \$41,687.

■ In the 1990s, by contrast, incomes rose substantially in Iowa. The income of the typical Iowa household grew from \$36,432 in 1992-1993 to \$44,575 in 1999-2000. This is an increase of \$8,143, or 22 percent. The new figures show that much of the gain of the late 1990s has been lost.

■ In 2003, 173,000 Iowans worked full time, year round and still earned less than \$20,000. This is equal to 17.8 percent of all full-time, year round workers in Iowa.

The recent economic downturn also appears to be increasing the number of Iowans in poverty:

■ The poverty rate increased by 1.2 percentage points between 2000-2001 and 2002-2003 (rising from 7.9 to 9.1 percent). While this change was not statistically significant, it suggests that more families are living below the poverty line, which is \$18,810 for a family of four.

■ Poverty rate estimates for 2003 were available for Des Moines, Waterloo, and the Quad-Cities Metropolitan area. Their respective poverty rates were 7.3 percent, 16.8 percent, and 10.4 percent.

■ On a positive note, it appears that child poverty rates in Iowa have decreased from 13.7 percent in 2002 to 11.7 percent in 2003 (although this change also was not statistically significant). For children under 5 years old, the decrease was significant, dropping from 18.5 percent in 2002 to 14.6 percent in 2003.

■ Elderly poverty rates also dropped from 8.5 percent in 2002 to 7.6 percent in 2003 (although, again, this change was not statistically significant).

The data also provided a first look at changes in health insurance coverage rates over the last year, with a statistically significant increase in the rate of uninsured Iowans between 2001-2002 and 2002-2003; up from 8.5 percent to 10.4 percent.

In comparison with the nation, Iowa showed mixed results. Iowa's poverty rate of 9.1 percent is well below the national poverty rate of 12.3 percent, and Iowa's uninsurance rate of 10.4 percent is also below the national uninsurance rate of 15.4 percent. However, Iowa's median income of \$41,687 is below the national median income of \$43,349, a significant difference of \$1,663.

"We still have not recovered in Iowa from the national recession of 2001," said Elaine Ditsler, research associate for the Iowa Policy Project. "The declining income and increasing poverty is reflective of the economic downturn that is affecting Iowa and the entire nation."

She noted Iowa's average annual unemployment rate has risen from 2.5 percent in 1999 to 4.4 percent in July 2004.

The Census Bureau used data for the income analysis, poverty rates for all people, and health insurance rates from its 2003 Current Population Survey. For state analysis, the Census Bureau recommends using two-year averages of that data in order to ensure accuracy. Other data came from the bureau's 2003 American Community Survey.

The Iowa Policy Project is a non-profit, non-partisan research organization based in Mount Vernon. IPP reports are available to the public, free of charge, on the web at www.iowapolicyproject.org <<http://www.iowapolicyproject.org/>>.

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For other information or an interview with David Osterberg or Elaine Ditsler, contact Mike Owen at (319) 643-3628 or ipp@Lcom.net