
Iowa Fiscal Partnership

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Stagnant Signs for Iowa Household Budgets

New Census Data Illustrate Concerns for Iowa Families

MOUNT VERNON, Iowa (Aug. 30, 2005) – Key factors of Iowans' household financial security have stagnated and have not recovered to pre-2000 levels, according to a review of new Census information about household income, poverty and health insurance coverage.

While none of those key areas showed sharp change from 2002-03 to 2003-04, each took a significant hit from 1999-2000. The Iowa Fiscal Partnership (IFP) review of Census Bureau information released Tuesday showed:

- Iowa's median household income of \$43,004 lags the national average by \$1,400 and ranks 30th among the states, while falling by 5 percent in four years;
- The poverty rate in Iowa is up by two percentage points over four years, from 7.8 percent in 1999-2000 to 9.9 percent in 2003-04;
- Iowans are more likely than the national average to have health coverage, but the ranks of the uninsured in Iowa have grown by 29 percent in four years.

"Even though some leveling off has occurred in these areas, we see signs of concern for Iowa's family budgets," said Elaine Ditsler, an Iowa Policy Project research associate who analyzed the Census information for the IFP. The IFP is a joint effort of the Iowa Policy Project and the Child & Family Policy Center, two Iowa-based nonprofit, nonpartisan organizations.

Ditsler said the new information showed Iowans' incomes are lower and poverty is higher relative to the late 1990s, at the same time families face new pressures in health-care costs and energy prices.

"Anemic job growth since the 2001 recession has not lifted wages yet and Iowa's unemployment rate also remains high compared to 1999," Ditsler said. Iowa's average annual unemployment rate has risen from a low of 2.3 percent in November 1999 to a high of 5.1 percent in March 2005, before falling back to 4.6 percent last month.

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* The Census Bureau recommends using two-year average medians in order to ensure accuracy. All figures are adjusted for inflation to equal the purchasing power of the dollar in 2004.

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By category, the data showed:

Median Income

■ Median household income in Iowa declined by \$2,334 between 1999-2000 and 2003-2004; falling from \$45,338 to \$43,004. This 5 percent decrease was statistically significant, although there was no significant change in household median income in Iowa between 2002-2003 and 2003-2004.

■ In the 1990s, by contrast, incomes rose dramatically in Iowa. The income of the typical Iowa household grew from \$37,056 in 1992-1993 to \$45,338 in 1999-2000. This was an increase of \$8,282, or 22 percent. The new figures show that much of the gain of the late 1990s has been lost.

Poverty

Iowa has a low poverty rate compared to the nation – 9.9 percent to 12.6 percent. Only 10 states have a lower poverty rate. However, many more Iowans living just above the poverty line, which is defined as \$19,307 for a family of four, are still not self-sufficient. Both the number and share of Iowans in poverty are high compared to pre-recession levels:

■ The poverty rate increased by two percentage points between 1999-2000 and 2003-2004, rising from 7.8 to 9.9 percent. This change was significant.

■ Overall child poverty rates in Iowa have held steady at about 12 percent between 2002 and 2004.

■ The poverty rate for children under 5 has fallen steadily and significantly, from 18.5 percent in 2002 to 13.3 percent in 2004.

■ Elderly poverty rates have held steady at about 8 percent between 2002 and 2004.

■ Poverty-rate estimates were also available for Des Moines MSA, Waterloo and the Quad-Cities MSA. Their respective poverty rates were 8.2 percent (up from 7.3 in 2003); 14.4 percent (down from 16.8 in 2003); and 12.2 percent (up from 10.4 in 2003).

Health Insurance Coverage

About 10.4 percent of Iowans are uninsured compared to 15.7 percent for the nation. Only four states have a lower rate of uninsurance. However, the number of uninsured Iowans is rising:

■ The number of uninsured Iowans has increased 30 percent. About 1 in 10 Iowans (303,000 people) were uninsured in 2003-2004 compared to 8.2 percent of Iowans (235,000 people) in 1999-2000.

■ Over the same period, the share of Iowans with job-based health insurance has fallen from 70 percent to 65 percent. As a result, more Iowans are going uninsured or turning to public health insurance.

■ Public health insurance is slowing the increase in uninsured Iowans. The number of Iowans with public health insurance has risen from 646,000 in 1999-2000 (22.6 percent) to 733,000 (25.2 percent) in 2003-2004.

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The Iowa Fiscal Partnership is a joint initiative of the Iowa Policy Project and the Child & Family Policy Center, two nonprofit, nonpartisan Iowa-based organizations that cooperate in analysis of tax policy and budget issues facing Iowans. IFP reports are available on the web at <http://www.iowafiscal.org>.