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Squeezing Iowa in the Middle Median Income Down, Poverty Up — Health Insurance Shortage Lingers

MOUNT VERNON, Iowa (Aug. 28, 2007) – Iowans at middle and lower incomes showed slippage in 2006 with a drop in income, a rise in poverty and a lingering rate of uninsurance.

New information from the U.S. Census Bureau on Tuesday showed for Iowa:

- Median income dropped to \$44,491 in 2006 from \$45,039 the year before — and remains below the 2001 figure of \$45,150 (all in 2006 dollars).
- The poverty rate for 2005-06 was 10.8 percent, not a significant change over two years (up nine-tenths of a percentage point) but a marked increase of 3 percentage points over five years. Child poverty stood at 13.2 percent in 2006 – not a significant change over the past five years.
- Health insurance remains a problem for many Iowans. In 2006, uninsurance stood at 10.5 percent, with 307,000 Iowans not covered at some point during the year. Nationally, 47 million were without coverage.

“There is not much comfort in these new numbers,” said David Osterberg, executive director of the nonpartisan Iowa Policy Project. “Poverty has typically not been a big problem in Iowa, but for the second year in a row, we are seeing this measure up around 11 percent.

“Likewise, in child poverty, you’re still seeing 13 percent of that population in poverty in our state.”

Peering inside the health insurance numbers, Osterberg noted the 6.3 percent rate of uninsurance for children (Iowans under 18) — and almost 30 percent receiving care through a public plan.

The release of the new data comes as Congress is considering reauthorization of the State Children’s Health Insurance Program, which is designed to provide health coverage to children whose families earn too much to qualify for Medicaid, but cannot afford private insurance.

Dueling numbers

The Census released information Tuesday from two surveys to illustrate trends in income, poverty and health insurance.

We used the newer, and larger, American Community Survey (ACS) on median income.

This has caused some confusion, as the Census’ older Current Population Survey (CPS) shows different numbers and different trends. CPS is primarily a source of national statistics, while ACS provides state and local statistics.

We believe the ACS numbers are a more appropriate measure for income for Iowa — but it is important to note that in neither case is the short-term change in Iowa median income statistically significant.

For more perspective on these issues, visit the Coalition on Human Needs <<http://www.chn.org>> and the Center on Budget and Policy Priorities <<http://www.cbpp.org>>.

“This should make it clear how important Medicaid and SCHIP are to assuring that kids have access to health care in Iowa,” Osterberg said.

Osterberg also said that in comparison to Iowa’s neighbors, “we appear to be less competitive.”

“In fact among the states in our region, only Kansas changed significantly for the better,” Osterberg said. “Iowa median income is now about \$1,000 lower than Kansas, Nebraska and Indiana. It is further below Wisconsin, Illinois and Minnesota – nearly \$10,000 less than Minnesota. Only South Dakota and Missouri in our region have median incomes below Iowa.”

Osterberg noted the new figures are in keeping with Iowa’s job climate, which has reflected a very slow recovery from the 2001 recession.

“The Iowa economy has produced fewer than 50,000 new jobs since the start of the 2001 recession. In the 1990s, we had a net increase of over 160,000 over the same period,” he said. “So these new measures of poverty and income, while disappointing, are not that surprising.”

The report from the U.S. Census Bureau, *Income, Poverty and Health Insurance Coverage in the United States: 2006*, is available at <<http://www.census.gov/prod/2007pubs/p60-233.pdf>>

The Iowa Policy Project is a nonpartisan, nonprofit research and policy analysis organization based in Mount Vernon. IPP reports are available to the public free of charge at <<http://www.iowapolicyproject.org>>.

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