

Statement by Robert Greenstein, Executive Director, Center on Budget and Policy Priorities, on Census' 2009 Poverty and Health Insurance Data

WASHINGTON, Sept. 16 - The Census Bureau data for 2009 reflect the severity of the recent recession, as poverty rose sharply and the number of uninsured spiked. The new figures somewhat overstate the rise in poverty, however, because they do not count the bulk of direct assistance that the 2009 Recovery Act provided to households, which kept millions of Americans from falling into -- or deeper into -- poverty (as a broader measure of poverty that Census will release later this year is sure to show).

Both the number and percentage of Americans in poverty climbed. The number of poor people rose by 3.7 million, to 43.6 million. The percentage of people in poverty rose from 13.2 percent to 14.3 percent.

These increases reflect the deep recession and the unusually large amount of long-term unemployment. The number of jobs dropped by more than 8 million between the start of 2008 and the end of 2009. (More than half of that loss -- 61 percent -- occurred before President Obama and Congress enacted the Recovery Act in February 2009.) In addition, by late 2009, the share of unemployed workers who had been out of work for more than six months topped 40 percent, a record for modern recessions. The longer people are out of work, the more likely that they will fall into poverty.

Poverty would have risen much higher without the temporary expansions in unemployment insurance benefits provided by the Recovery Act and other legislation. In 2008, unemployment benefits kept 900,000 Americans out of poverty. In 2009, by contrast, unemployment benefits kept 3.3 million Americans out of poverty, an analysis of today's data shows. The majority of the increase in UI benefits in 2009 came from the Recovery Act.

Moreover, most Recovery Act assistance is not reflected in today's numbers. That is, the Census Bureau counts unemployment benefits in the official poverty data. However, the official poverty figures do not count tax credits or non-cash benefits as income -- and as a result, do not reflect the poverty-reducing impact of the Recovery Act's substantial increases in tax credits for low-income working families and food stamp benefits. A broader poverty measure that Census will issue later this year, which most analysts favor and which counts these benefits, will almost certainly show a considerably smaller -- although still quite substantial -- increase in poverty in 2009. In fact, the Census Bureau said today that food stamp benefits lifted out of poverty 3.6 million people shown as poor in the official poverty figures, while refundable tax credits lifted from poverty 4.2 million people shown as poor in the official data.

Poverty will likely remain very high in 2010 and climb even higher in 2011. The Congressional Budget Office, the White House Office of Management and Budget, and the Blue Chip consensus forecast peg the expected average unemployment rate in 2011 at a high 9.0 to 9.3 percent. And in each of the past three recessions, poverty did not begin to fall until a year after the unemployment rate began to fall.

Furthermore, key forms of federal assistance -- including additional weeks of unemployment benefits for the long-term unemployed and a temporary program that has created 250,000 mostly private-sector jobs for low-income parents and youth -- are slated to expire by the end of this year. If Congress fails to extend these measures and unemployment remains high, poverty and hardship almost certainly will climb still higher next year.

Increase in the Uninsured and Its Implications

The number and percentage of Americans without health insurance rose sharply in 2009. The number of uninsured jumped by 4.3 million, to a total of 50.7 million. The percentage of Americans without coverage rose from 15.4 percent to 16.7 percent, which means one of every six Americans was uninsured last year. These are the sharpest year-to-year increases since the Census Bureau began collecting these data in 1987.

The new data show a striking divergence between declines in private insurance and expanded coverage through federally supported programs. The number of people with private insurance plunged by 6.5 million last year, driven by a drop in employer-based coverage; 66.7 percent of Americans had private coverage in 2008 but only 63.9 percent did in 2009. In contrast, the percentage of people with Medicaid coverage rose from 14.1 to 15.7 percent. Without that expansion, the increase in the number and percentage of people who are uninsured would have been much larger.

Data by age tell the same story. The percentages of children and elderly people -- the main groups covered by Medicaid, the Children's Health Insurance Program (CHIP), and Medicare -- lacking coverage did not increase. By contrast, the percentage of people aged 18-64 without insurance rose substantially.

In short, the increase in the ranks of the uninsured would have been substantially greater if not for Medicaid and CHIP, which covered more people as the number of people lacking employer-based insurance swelled. These findings underscore the relevance of the recently enacted health reform law, which substantially expands coverage for people who cannot obtain insurance through an employer. Had health reform been in place in 2009, the number of people without health insurance would have risen far less.

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