



News from the Fiscal Policy Institute

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Poverty on the Rise in New York and Nation in 2009 *Federal Assistance Lessened Recession's Impact*

The Census Bureau today released state-level data showing that the poverty rate in New York State rose dramatically from 14.2 percent in 2008 to 15.8 percent in 2009. The number of New Yorkers in poverty jumped by 284,000 to a little over three million. Only once since 1980—from 1989 to 1990—has the poverty rate risen more than it did in 2009.

The new data also show that 2009 brought a very large increase in the national poverty rate: up from 13.2 percent in 2008 to 14.3 percent in 2009. (The chart on page 4 shows the U.S. and New York poverty rates over time.) The rise in the poverty rate may reflect the fact that lower-paid workers are disproportionately likely to have lost their jobs during the Great Recession.

New York outranked all the other northeast states with respect to its poverty rate. (See table on page 5.)

National and state poverty rates would have risen even further had it not been for key public benefit programs and the expansions made to them under the 2009 American Recovery and Reinvestment Act (ARRA). The official poverty measure reflects the impact of some benefit programs that ARRA temporarily expanded, such as unemployment insurance, but not other such programs, such as food stamps and tax credits.

Using a broader measure of poverty recommended by the National Academy of Sciences, seven programs alone kept 419,000 New Yorkers—176,000 of them children—out of poverty in 2009, according to an analysis by the Center on Budget and Policy Priorities. These programs are the Making Work Pay Tax Credit; an expansion of the Child Tax Credit; an expansion of the Earned

Income Tax Credit, an increase in food stamps, an extension and increase of Unemployment Insurance payments, and a one-time \$250 payment to seniors, veterans, and people with disabilities.

“The Recovery Act played a key role in keeping millions more Americans out of poverty,” said Frank Mauro, Executive Director of the Fiscal Policy Institute. “It has worked as it was intended. Now we need to extend some of the assistance it provided, like unemployment benefits and tax credits, to middle- and low-income families who, through no fault of their own, are unable to find jobs or earn adequate income.”

Mauro said that aid was particularly important because the most recent business cycle differs from previous ones. Nationally, from 1979 to 1989, real median income grew \$2,954, (from \$45,325 to \$48,279) and from 1989-2000, it grew \$4,022, (from \$48,279 to \$52,301). But for the first time on record, over the business cycle from 2000-2007, incomes didn't rise—they fell slightly, from \$52,301 to \$51,965.

Income and Jobs

Median household income in New York has stagnated. In current dollars (i.e., not adjusted for inflation), median household income declined by a little more than one percent nationally from 2008 to 2009, and by a little less than one half of one percent in New York over the same period. For the United States, this represented the first ever year-to-year decline in a data series that goes back to 1984. New York State previously experienced such year-to-year declines in 1992 and 2002. (The chart on page 6 shows national and New York median income over time.)

The unemployment rate in New York increased from 5.3 percent to 8.4 percent from 2008 to 2009, a 3.1 percentage point increase. This is by far the largest one-year increase on record in a data series dating back to 1977. The previous record increase was from 1990 to 1991 when the rate rose from 5.3 percent to 7.3 percent.

The 2009 unemployment rate does not reflect the underemployed, the thousands of New Yorkers who left the labor market in 2009 or who held part-time jobs but wanted full-time employment. Even so, during the current recession, the unemployment rate in NYS has consistently been lower than the national unemployment rate, and lower than the unemployment rate in most other states.

Health Insurance

Uninsurance rates also worsened substantially in 2009. Roughly one in seven New Yorkers lacked health coverage in 2008 and 2009, according to the new Census Bureau data. (The chart on page 7 shows insurance coverage rates over time.)

Erosion of employer-sponsored health insurance is the primary cause of the lost ground in coverage. Almost fifty-four percent (53.7%) of New Yorkers had employer-provided coverage in 2009, down from 58.7 percent in 2008 and 58.6 percent in 2007—before the national recession hit. The overall uninsurance rate among children remained low in 2009 at 7.5 percent.

Public programs such as Medicaid have helped cushion the loss in employer coverage, particularly for children. Medicaid covered 22.2 percent of New York residents in 2009, up from 19.3 percent in 2008. In New York, Medicaid coverage of children has risen almost 4 percentage points since 2008 to over 40 percent.

The steep decline in employer-sponsored insurance and the protective role of Medicaid illustrate the critical importance of the new federal health reform law, through which an additional 32 million people will ultimately gain coverage under Medicaid or through health insurance exchanges.

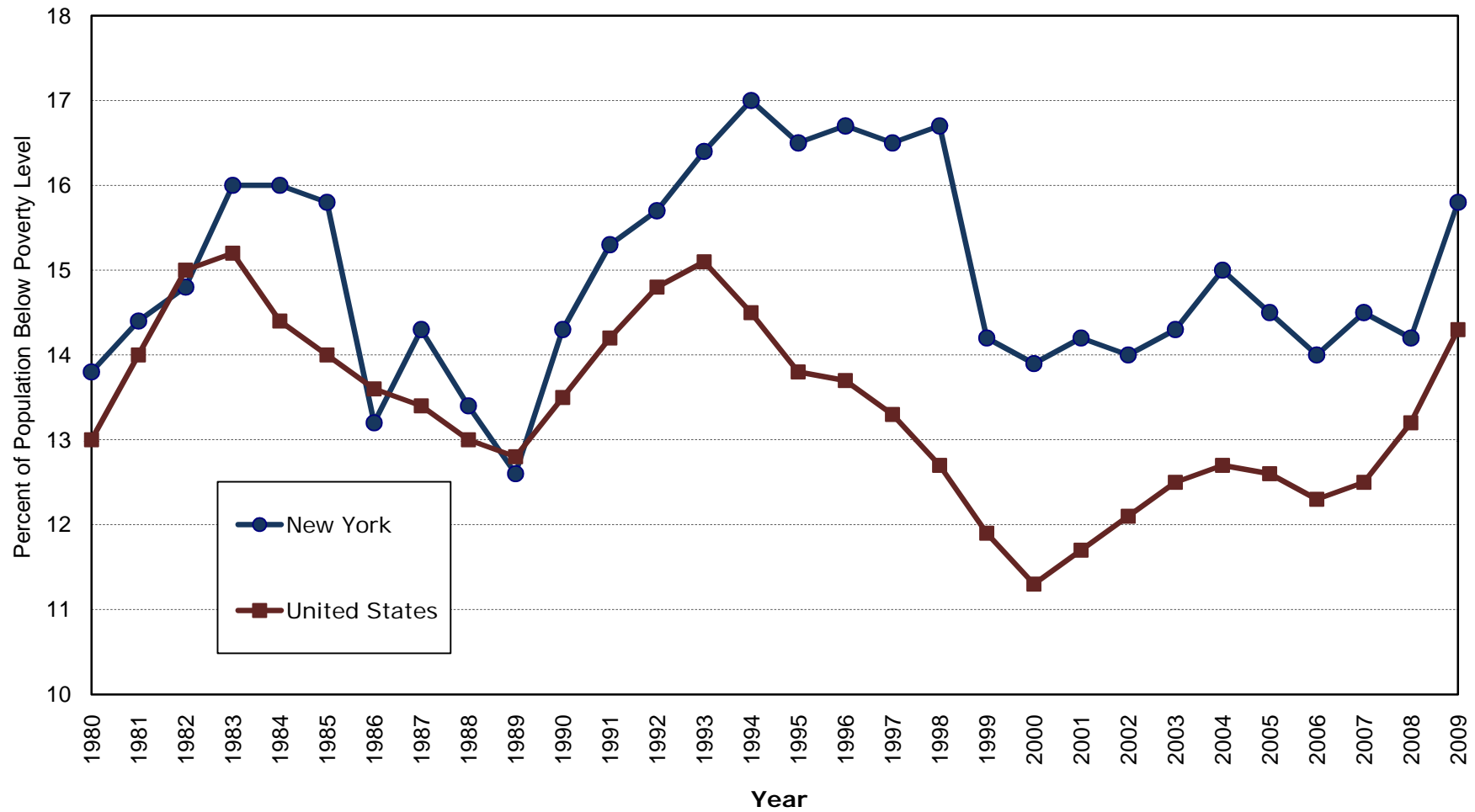
Conclusion

Expansions of several Recovery Act provisions for middle- and low-income households, such as unemployment insurance benefits and the Earned Income and Child Tax Credits, should be extended or made permanent. Otherwise, many more families will fall through the cracks. Congress should also extend the TANF emergency fund, which offers states a way to create jobs and spur growth in local economies.

New York policymakers will continue to face tough decisions about how to fill budget shortfalls in 2011 and 2012, especially after federal aid expires. Taking a balanced approach that includes revenue to fill those gaps will be crucial to maintaining education, health, and public safety programs and services.

The Fiscal Policy Institute (www.fiscalpolicy.org) is an independent, nonpartisan, nonprofit research and education organization committed to improving policies and practices that better the economic and social conditions of all New Yorkers.

New York and National Poverty Rates, 1980 to 2009



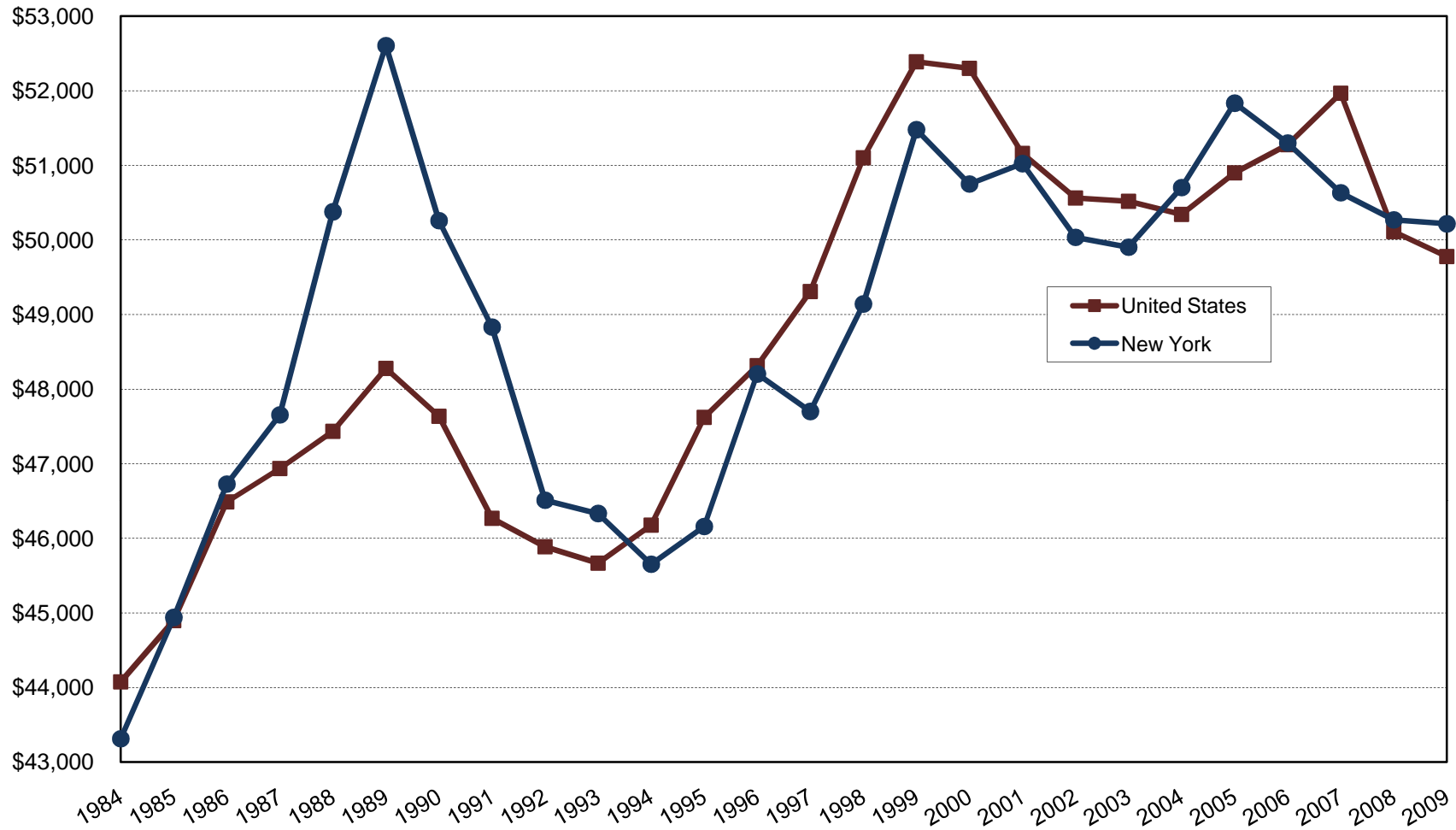
Poverty Rate by State

2009 Poverty Rate		2008-2009 Two Year Average Poverty Rate		2007-2009 Three Year Average Poverty Rates	
United States	14.3	United States	13.8	United States	13.4
Mississippi	23.1	Mississippi	20.6	Mississippi	21.3
Arizona	21.2	Arizona	19.6	Arizona	17.8
New Mexico	19.3	New Mexico	19.3	New Mexico	17.5
Arkansas	18.9	Arkansas	17.1	Texas	16.6
Georgia	18.4	Kentucky	17.0	Kentucky	16.5
Texas	17.3	Georgia	16.9	Louisiana	16.2
Kentucky	17.0	Texas	16.6	Arkansas	16.0
North Carolina	16.9	Louisiana	16.2	Georgia	15.8
Alabama	16.6	Tennessee	15.8	North Carolina	15.4
Tennessee	16.5	Alabama	15.4	Tennessee	15.4
Indiana	16.1	North Carolina	15.4	Alabama	15.1
New York	15.8	Indiana	15.2	West Virginia	15.0
West Virginia	15.8	West Virginia	15.2	New York	14.8
Missouri	15.5	California	15.0	California	14.2
California	15.3	New York	15.0	Indiana	14.1
Florida	14.6	Missouri	14.4	Missouri	13.9
Louisiana	14.3	Florida	13.9	South Carolina	13.9
South Dakota	14.1	South Carolina	13.9	Florida	13.4

Note: District of Columbia is excluded from the ranking.

Source: Current Population Survey.

Median Household Income, 2008-2009



Note: Median household income shown in 2009 dollars.

Health Insurance Coverage, 1999 to 2009

