

**AMERICAN FRIENDS SERVICE COMMITTEE
WV ECONOMIC JUSTICE PROJECT**

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**CENSUS BUREAU RELEASES REPORT ON INCOME, POVERTY, AND
HEALTH INSURANCE
COVERAGE IN 2004**

Press Statement

The Census Bureau reported today that poverty in the United States rose in the 2004 from the previous year. Some 37 million Americans live in poverty, or 12.7 percent of the population. Poverty increased by 1.1 million despite the fact that 2004 marked the third year of economic growth since the official end of the 2001 recession. The number of people in poverty has swelled by 5.4 million since 2000, the last year before the downturn.

The Census Bureau also reported that the proportion of Americans lacking health insurance showed no improvement in 2004, while the number of the uninsured increased by 800,000 to 45.8 million. Employer-provided coverage fell in 2004, a trend that has continued since 2000. The proportion of Americans lacking coverage would have increased were it not for public health insurance programs such as Medicaid and CHIP that filled in the increasing gaps left by declines in employer-provided coverage.

The new Census data also showed no economic progress for the middle class and particularly bad news for workers. Nationwide, median household income has been static since 2002, while the median earnings of full-time, year-round workers declined.

West Virginia Data

West Virginia continues to "enjoy" the lowest household median income in the nation, with a 2002-2004 average of \$32,589, lower than but statistically tied with Arkansas and Mississippi. The three year 2002-2004 poverty rate was 16.1 percent, sixth highest in the nation.

The two year average poverty rate for the state declined to 15.8 percent in 2003-2004 compared to 17.1 for 2002-2003. This is still well above the national poverty rate and 2.5 percent above 1999-2000 state average. The percentage of uninsured West Virginians increased from 15.6 in 2002-2003 to 16.5 percent in 2003-2004. The national average is 15.7 percent.

Policy Conclusions

The new data demonstrate the need for public programs like food stamps and Medicaid, which help low-income families meet basic needs. Unfortunately, when Congress reconvenes next week, work will begin on bills to cut these two vital programs. Congress also plans to take up additional legislation this fall that will provide more tax breaks for the wealthy, including dramatically reducing or eliminating the taxes paid on multi-million dollar estates.

These actions are likely only to widen the gap between the rich and everyone else, as is evident in data showing that fully one-half of all income goes to the top one-fifth of American households. In these critical next few weeks, West Virginia's congressional delegation should take heed of the new Census findings and play a leadership role in preventing deep cuts to programs that support vulnerable West Virginians.

At the state level, data on health coverage highlights the need for full funding of Medicaid, a program which provides coverage to nearly one in five West Virginians. The Medicaid program is facing a shortfall of approximately \$30 million state funding. If restored, this could draw down \$90 million in federal funding. Given the high stakes for the most vulnerable families, the state should also move slowly and cautiously with plans to overhaul the Medicaid system.