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## **ECONOMIC RECOVERY WAS A BUST, NEW U.S. CENSUS DATA FINDS** *9.5% of Minnesotans are Poor, 8.8% Lack Health Care Coverage*

St. Paul, MN – New U.S. Census data released today provides the first complete picture of how Minnesota fared during the six-year economic recovery that lasted from late 2001 through 2007. The picture is bleak. During the recovery, Minnesota actually lost ground in poverty, health care coverage and household incomes.

Minnesota's policymakers will soon face tough decisions about how to balance the state's budget. In light of today's news, they should avoid decisions that would make it even harder for struggling families to get by. "Now more than ever, we need to take a stand for a Minnesota where all people have housing, good health and opportunity to live with dignity, safety and hope," said Mark Peterson, president/CEO of Lutheran Social Service of Minnesota. "Our resolve must be to work together to assure the well-being of all Minnesotans."

### **Since 2001, Poverty in Minnesota Has Worsened**

Minnesota is one of 24 states that saw its overall poverty rate worsen since 2001. Nearly one in ten Minnesotans, or 9.5%, lived in poverty in 2007. This is significantly higher than the 2001 poverty rate of 7.8%. Nationally, the poverty rate was 13.0% in 2007, which is also significantly above the 12.1% rate measured in 2001. Remarkably, the poverty rate was higher after six years of economic recovery than during the 2001 recession.

About one in nine children in Minnesota lived in poverty in 2007, compared to one in ten children in 2001. Although the percentage of children in poverty in Minnesota has increased since 2001, the increase is not statistically significant.

Minnesota is expected to face a \$940 million budget deficit in FY 2010-11. If the impact of inflation is taken into account, the deficit rises to close to \$2 billion. "Many of the budget cuts made just five years ago made it harder for low- to moderate-income workers to make ends meet," said Katherine Blauvelt, policy analyst with the Minnesota Budget Project, an initiative of the Minnesota Council of Nonprofits. "This time around, we cannot afford to respond to the budget deficit by cutting services that help families get and keep jobs," said Blauvelt.

## **Share of Uninsured Has Worsened Since 2001**

The number of people without health insurance in Minnesota has worsened since 2000-01. Nearly one in 12 Minnesotans, or 8.8%, did not have health insurance coverage in 2006-07. This means 454,000 Minnesotans lacked health care coverage. Nationally, 15.5% of Americans, or 46 million people, lacked health insurance in 2006-07. Those who are fortunate enough to have health insurance likely pay higher deductibles, co-pays and prescription drug costs.

## **Minnesota faces Economic Downturn with Lower Median Income than in Last Recession**

This economic recovery, which most economists agree likely ended early this year, is the first business cycle on record where the national median income failed to regain its prior peak, after adjusting for inflation. Minnesota households had a median income of \$55,802 in 2007. This is significantly less than 2001's figure of \$58,363 (measured in 2007 dollars).

"Many families in our state are struggling harder and harder just to stay in place," said Blauvelt. "Basic purchases like food and gasoline are getting more expensive, and family incomes just aren't keeping up," Blauvelt said. The lack of a substantial increase in wages over the course of this past recovery despite strong worker productivity shows that the benefits of economic growth haven't been broadly shared.

The future holds tough challenges. Minnesota is entering an economic downturn. In a departure from historical norms, Minnesota's seasonally adjusted unemployment rate in July was above the national average, hitting a 22-year high (5.8%).<sup>1</sup> "Helping people move out of poverty is both the right and smart thing for us to do in Minnesota," Peterson stated.

### **Additional Information:**

The report released today from the U.S. Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2007*, is available at [www.census.gov](http://www.census.gov).

*The Minnesota Budget Project, an initiative of the Minnesota Council of Nonprofits, provides independent research, analysis and advocacy on budget and tax issues emphasizing their impact on low- and moderate-income Minnesotans. The Minnesota Council of Nonprofits (MCN) is the statewide association of 1,950 nonprofit organizations. Through its Web site, resource publications, workshops and events, cost-saving programs and advocacy, MCN continually works to inform, promote, connect and strengthen individual nonprofits and the nonprofit sector. ([www.mncn.org](http://www.mncn.org))*

*Lutheran Social Service of Minnesota (LSS) offers a wide variety of human support services relating to the basics of life — food, shelter, safety, physical and emotional well-being. The nonprofit organization, headquartered in St. Paul, serves over 100,000 Minnesotans yearly with operations in 300 Minnesota communities, and employs over 2,300 people. Comprehensive information about statewide services can be found through the agency's Web site at [www.lssmn.org](http://www.lssmn.org).*

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<sup>1</sup> Minnesota Employment and Economic Development, Labor Market Information, [www.deed.state.mn.us/lmi/Home.htm](http://www.deed.state.mn.us/lmi/Home.htm).