



## News Release

August 26, 2004

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### **Weak Economy and Budget Cuts Leave Minnesota Families in Poverty**

The U.S. Census Bureau released new data today which shows that significant numbers of Minnesotans remain in poverty, despite their hard work. “The combination of a weak job market and the cuts in state services can be too much to overcome for families working to get ahead,” said Nan Madden, director of the Minnesota Budget Project, an initiative of the Minnesota Council of Nonprofits.

According to the newly released Census data, the percentage of Minnesotans living below the federal poverty line in 2002-2003 was 6.9%, or approximately 351,000 people. Although the state’s poverty rate is among the lowest in the nation, Minnesota made no significant progress in reducing the percentage living in poverty from 2001-2002 levels. “Holding our own is not quite where we want Minnesota to be,” said Madden.

Poverty persists despite the reality that most poor families work. Nationally, two-thirds of families living in poverty included at least one worker in 2002, the most recent year for which these data are available. Therefore, the local job market and the availability of work supports, like affordable childcare and health care, are likely to play a significant role in whether families are able to make ends meet. Unfortunately, the slow economic recovery and recent budget decisions at the State Capitol have been working against these families.

#### **Job Market Frustrates Families**

Although the national recession officially ended in November 2001, that does not mean much to the tens of thousands of Minnesotans who are currently unemployed. If job growth since the end of the recession had just kept up with growth in the working-age population, Minnesota should have approximately 78,800 more jobs than we actually now have. Instead, as of July, the state has only regained 7,900 of the 33,000 jobs that were lost during the recession – and all of these jobs were added in 2004.

Minnesota’s unemployment rate has seen some improvement, and remains well below the national average, but the unemployment rate does not reflect the number of people who have given up looking for work. Nationally, the Bureau of Labor Statistics estimates that there were 504,000 of these “discouraged” workers in July, which shows little change from a year ago.

#### **State Budget Cuts Mean Lost Work Supports**

For low-wage employees, work supports play a critical role in maintaining employment and reaching self-sufficiency. According to the newly released Census statistics, Minnesota had the lowest proportion of uninsured in the nation. However, the national picture shows that the percentage of people covered by employment-based health insurance fell between 2002 and 2003, while the percentage covered by government health insurance programs increased. After the recent budget cuts to many health care programs serving low-income families in Minnesota, it seems likely that the number of uninsured in the state will rise.

“We have let working families down when they needed it most – if you cut their childcare, reduce access to health care, eliminate job training and education opportunities, how can you expect them to find and keep a job that will move their families out of poverty and into self-sufficiency?” questioned Christina Macklin, policy analyst with the Minnesota Budget Project.

The report from the U.S. Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2003*, is available at <http://www.census.gov/prod/2004pubs/p60-226.pdf>.