



**For Immediate Release  
August 29, 2006**

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## FOUR YEARS INTO ECONOMIC RECOVERY, MINNESOTANS' INCOMES HAVE NOT RECOVERED

### *Minnesota Can Choose to Reduce Poverty*

Four years into an unusually slow economic recovery, incomes are only inching up and poverty rates are not dropping. From 2004 to 2005, poverty rates nationally remained unchanged and more Americans lacked health insurance, according to new figures released today by the U.S. Census Bureau. While U.S. median household income rose from 2004 levels, this growth is less than would be expected at this point in the business cycle.

While Minnesota does better than the national average in these measures, still thousands of Minnesota families are unable to make ends meet. "The census figures clearly show that the effects of the economic recovery are still not being felt by most Minnesotans," said Nan Madden, Minnesota Budget Project Director at the Minnesota Council of Nonprofits. "Economic growth makes possible, but does not guarantee, that all those who contribute to the economy receive the benefits of economic growth."

The Census Bureau has released this news as nonprofit, religious, and legislative leaders have declared that ending poverty is well within Minnesota's reach – but it will take committed leadership and thoughtful efforts. "Even though Minnesota has lower rates of poverty compared with most other states, it is a moral failure to ignore or minimize the needs of the poorest families," said Mark Peterson, President/CEO of Lutheran Social Service. "We just need the will. What gives me great hope is renewed commitment from the nonprofit, religious, and government sectors to end poverty by 2020, including plans for a Legislative Commission to End Poverty in Minnesota, which has been endorsed by the Evangelical Lutheran Church in Minnesota and 35 other church organizations."

### **No Progress Made in Reducing Poverty**

At 12.6 percent, the nation's poverty rate did not change in 2005. Although Minnesota's poverty rate continued to be lower than the national average, nonetheless poverty in Minnesota

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was unacceptably high — 1 in 13 Minnesotans lived below the poverty line in 2004-2005 (the Census Bureau recommends using two-year averages for state level figures).

Among all age groups, poverty was most prevalent among children: 17.6 percent of American children lived in poverty in 2005. In Minnesota, 1 in 10 children were growing up in poverty in 2004-2005.

National figures also find that Black and Hispanic Americans are significantly more likely to be poor.

### **Incomes Rebounding Slowly**

The U.S. median household income in 2005 was \$46,326, an increase of 1.1 percent from 2004 after adjusting for inflation. This marks the first time since 1999 that there was an increase nationally in median household incomes after adjusting for inflation.

Household median income in Minnesota was \$56,098 in 2004-2005. However, this is significantly less than the \$59,797 median household income Minnesotans enjoyed in 2000-2001. A forthcoming analysis of wage trends by the JOBS NOW Coalition shows that over the period of economic recovery, wage growth was stagnant or declining across all wage and education levels in Minnesota. JOBS NOW's *Cost of Living in Minnesota* research finds the average annual cost of meeting basic needs for a family of four with two children in Minnesota is around \$50,000. To cover these costs, each worker must earn at least \$12.00 per hour. More than one in three jobs (37 percent) in Minnesota pay less.

### **More Lack Health Insurance**

There was an increase in the share of Americans without health insurance, reaching 15.9 percent in 2005. The reduction in coverage comes as fewer Americans were covered by employer-based health insurance.

The Census Bureau found that Minnesota had the lowest rate of uninsured at 8.7 percent in 2004-2005. However, this still means that 1 in 11 Minnesotans lacked health care coverage. The Minnesota Department of Health has found that families living in poverty were the most likely to be uninsured — 1 in 5 poor families had no health insurance in 2004. Black, American Indian, and Hispanic/Latino Minnesotans were also more likely to be uninsured.

"Lack of health insurance makes it more difficult for families to achieve self-sufficiency," noted Madden. "Research shows that families without health insurance often put off getting care for health problems. When symptoms can no longer be ignored, uninsured families often end up in hospital emergency rooms. Not only is emergency room care more expensive, but delaying care often makes health care problems much worse and harder to treat."

### **Additional Information**

The report from the U.S. Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2005*, is available at <http://www.census.gov/>

*The Minnesota Budget Project, an initiative of the Minnesota Council of Nonprofits, provides research, analysis, and advocacy on budget and tax issues that impact low- and moderate-income Minnesotans. The Minnesota Council of Nonprofits (MCN) is the statewide association*

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*of 1,600 nonprofit organizations. Through its Web site, resource publications, workshops and events, cost-saving programs, and advocacy, MCN works continually 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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