

Final
STAFF SUMMARY OF MEETING

ECONOMIC OPPORTUNITY POVERTY REDUCTION TASK FORCE

Date:	09/18/2013	ATTENDANCE
Time:	12:10 PM to 05:34 PM	Balmer X
Place:	SCR 356	Exum X
		Hudak *
		Joshi *
This Meeting was called to order by		Marble *
<u>Senator Kefalas</u>		Pettersen X
		Saine X
This Report was prepared by		Ulibarri E
<u>Rachel Kurtz-Phelan</u>		Fields *
		Kefalas X

X = Present, E = Excused, A = Absent, * = Present after roll call

Bills Addressed:	Action Taken:
Census Estimates of Income-Poverty-Insurance	Witness Testimony and/or Committee Discussion Only
Panel Discussion on PTC Rebate Audit	Witness Testimony and/or Committee Discussion Only
Bill Drafting Time Line and Procedures	Witness Testimony and/or Committee Discussion Only
Discussion on Bill Requests	Witness Testimony and/or Committee Discussion Only

12:11 PM -- Census Estimates of Income, Poverty, Insurance

Senator Kefalas, Chair, welcomed the task force members to the meeting and asked Larson Silbaugh from Legislative Council Staff to come to the table to begin his presentation on census estimates of income, poverty, and health insurance. Senator Kefalas reviewed the agenda for the day's meeting. Mr. Silbaugh introduced himself to the committee and stated that he would be discussing the census report that was released on September 17, 2013. He explained that the report only contains national data and that state-specific data would be released on September 19, 2013. He distributed handouts to the task force (Attachments A and Attachment B). Mr. Silbaugh said the report shows that real median incomes in the U.S. did not change from 2011 and 2012, and that over the past five years there has been an eight percent decline in median household income. He discussed the changes in household poverty rates from 2011 to 2012, and changes in the percent of people covered by health insurance from 2011 to 2012. He stated that supplemental poverty estimates will be published later in 2013. Mr. Silbaugh answered questions from the committee regarding poverty rates in Colorado and the U.S.

12:22 PM -- Panel Discussion on PTC Rebate Audit

Senator Kefalas invited members of the Department of Revenue (DOR), Department of Human Services (DHS), and the Office of the State Auditor (OSA) to the table to present on the audit of the Property Tax/Rent/Heat (PTC) rebate program. The following panel members introduced themselves to the committee: Julie Kerksick, Office of Economic Security, DHS, Regina Platt, Income Tax Manager, DOR, Eric Myers, Taxpayer Services Division, DOR, John Vecchiarelli, Director of Taxation, DOR, Trey Stanley, OSA, and James Taurman, OSA. Ms. Kerksick talked about recent efforts to improve outreach and recruitment to ensure that eligible people are aware of the PTC rebate program. She said that DHS is working on improving its coordination efforts with DOR, and that its priority is to increase participation in the program immediately. She told the task force that DHS manages the Aid to the Needy Disabled (AND) program, the Old Age Pension program, and the Low-income Energy Assistance Program (LEAP) and explained that the people who qualify for one of these programs may also qualify for the PTC rebate program. Ms. Kerksick explained that DHS is examining whether qualified participants can be identified through data-matching, thereby offering categorical eligibility and auto-enrolling participants in multiple programs. Senator Kefalas asked Ms. Kerksick whether DHS can include PTC rebate program information on the Program Eligibility and Application Kit (PEAK) application. The task force discussed the possibility of contacting volunteers who help people fill out their tax returns to make sure the volunteers are aware of the PTC rebate program to help get the word out. Representative Petterson asked how much it would cost to implement auto-enrollment for the PTC rebate program.

12:31 PM

Mr. Vecchiarelli stated that DOR agrees with most of the recommendations in the OSA audit and reiterated the importance of improving the PTC rebate program participation rates. He stated that DOR is responsible for processing the rebates and does not perform program outreach. Mr. Myers stated that DOR has examined ways to improve outreach and spoke about statutory requirements that DOR perform certain outreach efforts. Mr. Vecchiarelli spoke about issues with controlling costs and the cost of targeted outreach. Senator Kefalas discussed the need to fix the statute pertaining to DOR outreach requirements to make it more efficient. Mr. Stanley talked about opportunities to improve the rebate program, especially in terms of outreach.

12:36 PM

Senator Kefalas expressed his concern with DOR not updating the GenTax System which caused some participants to receive overpayments and others to receive underpayments. He asked whether DOR will be held harmless for collecting the overpayments. Mr. Vecchiarelli explained that DOR has a fiduciary responsibility to collect the overpayments, but stated that the Executive Director of DOR has the statutory authority, if the cost of collection is assumed to be higher than the amount collected, to decide not to recover overpayments.

12:42 PM

Senator Kefalas asked the DOR representatives to comment on how DOR will ensure that underpayments and overpayments will not happen again. Ms. Platt stated that she is putting together a document that outlines everything that needs to be updated and fixed in the GenTax system to ensure that the problem does not occur in future years. Mr. Vecchiarelli spoke about the annual updates that need to occur in the system and the changes that have already been made to the process to ensure that similar situations do not occur in the future. Senator Kefalas told the task force that he plans to introduce legislation creating a hybrid model for the PTC rebate program that requires different parts of the program to be managed and administered separately by DOR and DHS. Mr. Vecchiarelli and Ms. Kerksick expressed interest in a hybrid model for administering the program. Ms. Kerksick spoke about the challenges associated with categorical eligibility.

12:49 PM

Senator Balmer stated that DHS and DOR are departments within the executive branch and therefore it is important for the departments collaborate on a proposal to fix the issues with the rebate program. He stated that it is difficult to implement legislation that seeks to change the behavior of executive department agencies. Senator Kefalas told the task force that he will also be recommending that the income threshold for the rebate program be increased. Ms. Kerksick stated that DHS is in the process of looking for ways to integrate outreach for the program into existing expenditures. Senator Kefalas asked Ms. Kerksick to comment on Maintenance of Effort issues and ways to make the process more efficient. The panel members gave closing comments to the discussion.

01:01 PM -- Bill Drafting Time Line and Procedures

Brita Darling, Office of Legislative Legal Services (OLLS), came to the table to discuss the time line and procedures for drafting bills requested by task force members. Ms. Darling explained that after each bill request is presented and discussed by the task force, and the task force members are in agreement the bill be drafted, OLLS staffers will then have the opportunity to ask clarifying questions. She said that one task force member must be appointed as the point of contact for each bill request, and that bill drafters will aim to complete the draft bills within two weeks and will send the drafts to the task force members to review before the final meeting. The task force discussed the time line and due dates for the next steps in the bill drafting process, and decided that at the final meeting of the task force, the members will review all bill drafts and amendments and will vote on each bill. Ms. Darling said that OLLS will plan to provide written amendments for task force members to review prior to the final meeting. She discussed rules of confidentiality, and answered questions from the committee about bill sponsorship. Senator Balmer asked whether bills must be passed by a majority vote or super-majority vote and Senator Kefalas responded that they must pass by a majority vote but that he would like bi-partisan support if possible.

01:08 PM

Senator Kefalas discussed changing the date of the final meeting and whether to vote on additional bills to sponsor during the 2014 legislative session if some bills are not sent to Legislative Council as part of the task forces eight bills. The task force discussed what to do if a working group is not ready to bring forth a particular bill before the task force concludes, but still wants to propose the bill closer to the time the legislative session begins.

01:17 PM

The task force discussed planning the last meeting of the task force.

01:21 PM

The task force took a brief recess.

01:40 PM -- Discussion on Bill Requests

The committee came back to order. Senator Kefalas proposed a bill making changes to the PTC rebate program in terms of: increasing the income eligibility threshold; creating a hybrid model for managing and administering the program; mandating better outreach efforts; and making other necessary statutory changes. Senator Kefalas asked if any of the task force members had objections to the bill proposal. The task force discussed changing the final task force meeting date from October 8 to October 16 from 10 am until 3 pm. The task force continued to discuss the details of Senator Kefalas' bill proposal. Senator Kefalas and Senator Hudak discussed setting the income threshold for rebate program to up to 200 percent of the federal poverty level. Senator Hudak stated that she would prefer setting the threshold to 130 percent of the federal poverty level.

01:51 PM

Ron Kirk, Legislative Council Staff, came to the table to explain how the income threshold for the PTC rebate program is currently structured and how the program works in regards to taxable income. Senator Hudak asked for clarification about how many bill requests are able to be drafted by OLLS after the meeting concludes. Senator Kefalas asked if there was any objection to moving the bill request forward on the PTC rebate changes. He stated that the task force would hear public testimony on the bill requests as they are discussed.

The following person testified:

01:56 PM -- Dr. Mike Cortes, representing the University of Denver and the Colorado Latino Age Wave Initiative (initiative), came to the table. He told the committee about the initiative and spoke about the increasing senior population, especially within the Latino population. He told the task force about issues with the aging Latino population being isolated and unaware of financial assistance programs and the importance of including provisions reaching out to low-income, aging minorities in outreach programs. He said that these issue may come up when discussing other bill requests as well. Senator Kefalas discussed the need to specifically reference reaching out to aging, low-income minority populations in legislative declaration of proposed bills.

02:02 PM

Senator Hudak stated that she would like to request a bill continuing the work of the task force since it sunsets in 2013. Senator Kefalas confirmed that Senator Hudak would like to extend the sunset date from 2013 to 2014. Representative Exum stated that he agrees with Senator Hudak about the importance of extending the sunset date. Senator Balmer recommended including the change to the sunset date in one of the other bills recommended by the committee. Senator Kefalas asked if there was any objection to the bill request to extend the sunset date. Senator Hudak volunteered to be the contact person for the bill.

02:08 PM

Senator Kefalas asked the Public/Private Resources and Collaboration working group to explain any bill requests that the working group would like to submit. Senator Balmer told the committee that the working group would like to recommend several proposals. The first is to restore the Housing and Urban Development (HUD) child care subsidies that were cut in 2013. He said that the group would like further clarification about why the subsidies were canceled, and that it may instead be an administrative recommendation instead of an official bill to restore the subsidies. Senator Balmer explained that the working group would like to propose a bill to fix an issue that was brought to the group's attention by several organizations that advocate on behalf of veterans, seniors, and the homeless. He said that due to certain circumstances, it can be difficult for these groups to obtain a state-issued identification card (ID card) which is necessary to obtain prescription medication and public benefits. He talked about the reasons a person may not be able to obtain an ID card, such as if he or she does not have a birth certificate due to a variety of reasons. He explained that there is a stakeholder group working with DOR to determine the parameters for a limited use ID card, and discussed the possibility of having four categories of ID cards: seniors (very old), veterans, disabled, and homeless. He brought up issues that might occur because of the federal REAL ID Act, and asked whether it would be better to have a bill drafted now or wait until the stakeholders can work with DOR to define the details of the bill.

02:20 PM

Representative Fields asked what the parameters would be for using the new ID card. Senator Balmer responded that the uses can include accessing government services and benefits, picking up a prescription from a pharmacy, and some other private uses. Representative Exum commented that the ID card issue is a barrier for a variety of individuals and talked about the need to narrow the scope of the bill. Senator Balmer reiterated that the bill would give DOR a way to award ID cards to certain individuals who cannot produce a birth certificate. He stated that the bill will create a statutory exception to the birth certificate requirement, while at the same time instituting parameters for using the new ID card.

The following people testified on the bill request:

02:31 PM -- Terry Scanlon, representing the Colorado Center on Law and Policy, came to the table and talked about the difficulty of obtaining an ID card for some populations, and how important and necessary it is for people to have some sort of ID card to obtain employment, housing, and benefits. He said it would be difficult to finalize a bill that has consensus from the advocate community before the deadline next week because there are certain details that still need to be ironed out. He talked about other issues with proving lawful residence and identity. Mr. Scanlon recommended that the bill be drafted with the caveat that if stakeholders are unable to come up with a consensus bill draft, the bill draft will be tabled.

02:39 PM

The task force continued to discuss whether the ID card bill should come from the entire task force or should be brought as a bill during the next legislative session. Senator Hudak stated that she would like to bill to go forward as a task force bill, even if it starts off very narrow and is made broader at a later time.

02:42 PM -- Linda Olson, representing Colorado Legal Services, came to the table. She spoke about the struggles of her clients and stated that she is available to answer technical questions. She stated that some people may have concerns about having a different type of ID card that is limited in use.

02:46 PM

Senator Kefalas asked if there is any objection to moving the ID card bill request forward for drafting. Senator Balmer volunteered to be the contact person for the bill, and Representative Exum will be copied on all correspondence. Senator Kefalas requested that the stakeholders work together to get concrete details to the OLLS bill drafter by Wednesday, September 25. There was no objection to moving the bill request forward. Senator Balmer stated that the working group would like to propose a bill pertaining to the Aid to the Needy Disabled (AND) program. He said that the program has been frozen since 2007, so payments are currently being distributed at 2007 levels, or \$175 per month. He explained that the AND program is a temporary benefit provided by the state to those who are waiting for their Supplemental Security Income (SSI) application to be approved. He said that the bill would increase the monthly payment from \$175 to \$268, and would include an inflation adjustment trigger to automatically increase the payment each year by inflation. He explained that once a person is approved for SSI benefits, a portion of the AND payment would be returned to the state.

02:55 PM

Senator Kefalas asked about DHS involvement with the AND program. Senator Balmer stated that DHS may currently address the payment amount directly with the Joint Budget Committee.

02:57 PM -- Mr. Scanlon returned to the table along with Meg Snead, representing the Colorado Coalition for the Homeless, to speak about the bill. Ms. Snead clarified the details of the AND payment amount over the past several years. Mr. Scanlon stated that this would be good for Colorado's economy. Ms. Snead stated that the Colorado Coalition for the Homeless participated in discussions with DHS about rule changes pertaining to this program.

03:02 PM

Senator Kefalas asked if there is opposition to moving forward with a bill request. Senator Kefalas stated that he would be more comfortable if there was not a specific dollar amount included in the bill. The motion to move the bill request forward passed on a vote of 3-2. Senator Kefalas volunteered to be the contact person for the bill.

03:06 PM

Representative Fields presented the bill requests coming from the Workforce Readiness and Development working group. She said the first proposal will address funding for adult education and literacy programs. She stated that the bill will provide an appropriation from the General Fund to support adult education and literacy programs within the Colorado Department of Education (CDE) in order to help adults obtain jobs. She explained that currently, adult education programs are solely funded by federal funds and that this bill would provide an appropriation to supplement the federal funds, not supplant them. Senator Kefalas asked if the amount of the appropriation has been determined and Representative Fields responded that the appropriation request is \$1.2 million. Senator Kefalas asked Representative Fields why there needs to be legislation to fund the program as opposed to adding additional funding to the line item in the CDE budget. Senator Hudak responded that the line item was removed from the CDE budget so legislation is required to add it back to the budget.

The following person testified on the bill request:

03:13 PM -- Frank Waterous, representing the Bell Policy Center, came to the table to speak in support of the bill request. He said that the previous \$200,000 budget for CDE was only for family literacy programs and not adult literacy and basic education programs. Senator Kefalas asked him to comment on how the \$1.2 million will be distributed throughout the state to have the most impact. Senator Kefalas asked whether some of the money will be used to shore up adult education programs administered by community colleges. Senator Marble asked Mr. Waterous to explain the demographics of the populations that are served by adult education programs, including the average age of participants. Mr. Waterous responded that the majority are age 25-65.

03:25 PM

Senator Kefalas asked if there was any objection to moving the bill request forward for drafting. There was no objection. Representative Fields volunteered to be the contact person for the bill. Representative Fields introduced the next bill proposal which seeks to ameliorate the challenges people face when applying for public benefits. She said the bill will remove the hurdles and challenges and inefficiencies of applying for and accessing services. Senator Marble discussed conflict and collaboration among agencies, and the need to reduce paperwork. Senator Kefalas asked Representative Fields and Senator Marble whether there is a specific bill request the working group is submitting. They answered that the working group would like an additional week to work out the details and submit a bill request.

The following person testified on the bill request:

03:35 PM -- Tracey Stewart, representing Colorado Impact, came to the table. She spoke about the difficulties that people in poverty face when navigating the system due to conflicting paperwork and red tape, and the need for a mandatory review of regulations on a consistent basis. She said current mandatory reviews are in place because of executive orders and not because of legislation. She told the task force that the working group looked at best practices in Washington, Iowa, and Vermont and came up with a list of possible guiding principles. She talked about the goals that Colorado should advance through legislation, including: being proactive instead of reactive; implementing consistent regulatory reviews; coordinating within agencies and across sectors; reviewing processes that combat agency inaction; promoting transparency and public participation in rule-making; and ensuring that rule-making review is balanced, consistent and meaningful and not based on complaints. She talked about the need to examine the economic impact that some rules have on people in poverty. Senator Kefalas asked how the bill will be different than the SMART Government Act and sunset review process. Ms. Stewart answered that it would add teeth to the implementation of the SMART Government Act and would add a level of accountability.

03:45 PM

Senator Marble made a motion to move the bill request proposal forward. There was no objection and Senator Marble volunteered to be the contact person for the bill. Senator Kefalas explained that the co-chairs of the Housing Continuum working group, Representative Saine and Senator Ulibarri, were both excused from the meeting and therefore unable to present on bill recommendations. The committee took a brief recess.

03:55 PM

The committee came back to order. Senator Kefalas presented the bill requests agreed upon by the housing continuum working group and stakeholders. He said the first request pertains to the Colorado Housing Investment Fund (CHIF). He explained that the Colorado Housing and Finance Authority (CHFA) would be responsible for administering the fund and that the annual funding would be \$30 million to ensure a statewide impact, but that there was no permanent funding mechanism agreed upon by the working group.

The following people testified on the bill request:

04:00 PM -- Sara Reynolds, representing Housing Colorado, came to the table. She told the task force about her organization and about research and data on funding a housing investment fund. She said Colorado is not the first state to consider this type of fund. She spoke about income gaps and rising housing costs, and issues due to low vacancy rates and a demand for additional affordable rental housing. Ms. Reynolds said that the working group did not discuss CHFA being the responsible entity for administering the fund. Ms. Reynolds answered questions from the task force about funding sources.

04:08 PM

Senator Kefalas explained how manufactured home owners affected by recent flooding in Colorado can obtain Federal Emergency Management Agency (FEMA) funds.

04:09 PM -- Randle Loeb, representing himself, came to the table to speak about affordable housing. He stated that it is important to consider additional services when discussing affordable housing, such as peer mentor services to provide help navigating the system.

04:14 PM -- Britta Fisher, representing herself and Housing Colorado, spoke about the impact of housing on the economy. She talked about an affordable senior housing development built in Wheat Ridge, Colorado. She suggested that the bill propose a general housing fund structure instead of naming the fund specifically. Senator Marble asked about the costs associated with adhering to international building codes and how this might impact affordable housing.

04:20 PM

Senator Kefalas discussed a bill request concerning certified Community Development Financial Institutions (CDFI) and investing public funds. He explained that CDFIs promote investment in affordable housing, promote community economic development, and job creation. He stated that the bill proposal seeks to address technical issues, and allows local jurisdictions to choose to invest capital reserves in local CDFIs. There was no objection to moving the bill request forward to be drafted and Senator Kefalas volunteered to be the contact person for the bill. Senator Kefalas discussed a bill request concerning maintenance, infrastructure development, ownership, and titling for manufactured home communities. He said the bill would: enhance financing options and resources; incentivize resident owned communities; increase community development capacity; fix issues with the titling of manufactured homes. There was no objection to moving the bill request forward and Senator Kefalas volunteered to be the contact person for the bill.

04:29 PM

Senator Hudak presented a bill request from the Early Childhood Development and Education working group pertaining to the child care expense tax credit. She said the bill will make changes to allow very low-income people to qualify for the refundable state tax credit. She explained that currently the law is linked to the federal tax credit which is not refundable so very low income people who don't pay federal taxes can't qualify for the state tax credit. She said that the tax credit is currently \$100 a year, and that the bill will sever the connection to the federal tax credit so that people who are not eligible for the federal tax credit can still get the refundable state credit. Senator Hudak continued to explain the details of the bill and responded to questions from the task force.

The following people testified on the bill request:

04:35 PM -- Mr. Scanlon returned to the table to answer questions on who will qualify for the child care tax credit and why child care is expensive in Colorado.

04:41 PM -- Mr. Kirk returned to the table to answer questions regarding the federal child care tax credit.

04:43 PM -- Bill Jaeger, representing the Colorado Children's Campaign, came to table to answer questions about the cost of child care in Colorado.

04:45 PM

Senator Hudak made a motion to send the bill request forward to be drafted. There was no objection and Senator Hudak volunteered to be the contact person for the bill. Senator Hudak explained the next bill request from the working group that pertains to the Colorado Child Care Assistance Program (CCAP) and the cliff effect. She said that in some cases it is an economic disincentive for people to get better paying jobs or raises because they will lose their child care assistance. She said that there is a limited amount of money that counties receive for CCAP and a high demand so it is difficult to fund all eligible families. Senator Hudak explained that the bill will make it easier for counties to embark upon a CCAP pilot program to counter the cliff effect and that one idea is to restore CCAP funding levels so that more counties are able to participate in pilot program.

04:53 PM

The task force discussed how the quality of child care programs is determined and licensing procedures. Senator Kefalas asked for clarification that, at a minimum, the bill will alter the implementation dates of Senate Bill 10-002 and will make changes to allow all counties to participate in the pilot program. Senator Kefalas discussed changing the bill request to move the administration of CCAP from counties to the state while still allowing for county flexibility. Senator Hudak responded that this would change the bill to an omnibus CCAP bill. The task force discussed the differences between Sen Hudak's bill proposal and Senator Kefalas' bill proposal.

The following people testified on the bill request:

05:07 PM -- Rich Jones, representing the Bell Policy Center, spoke about factors preventing counties from participating in the pilot program and the work that went into the working group's bill request.

05:11 PM -- Laurie Harvey, representing the Center for Work, Education and Employment (CWEE), spoke about the bill request. She explained that CCAP provides services to single parents who receive Temporary Aid for Needy Families (TANF). She spoke about the issues CWEE's clients face with CCAP and answered questions about Individual Development Accounts (IDAs).

05:16 PM -- Mr. Jaeger returned to table to talk about the importance of making an increased investment in child care assistance by increasing funding, improving quality, serving more families, and mitigating issues including the cliff effect. He talked about the need for a commitment from child care providers, advocates, and counties.

05:21 PM -- Brad Wood, representing Colorado Impact, spoke about the need for bold ideas and suggestions. He talked about other issues surrounding child care.

05:23 PM

Senator Kefalas stated that he will withdraw his CCAP bill proposal. Senator Hudak moved the bill request forward. There were no objections and Senator Hudak volunteered to be the contact person for the bill.

05:30 PM

Senator Kefalas put the Colorado Housing Investment Fund bill request back on the table for a vote and there was no objection. He reminded the task force that the last and final meeting will be held on Wednesday, October 16 from 10 am until 3 pm, at which point the task force will vote on final versions of bills to send to Legislative Council. He reviewed the 11 bill requests that will be drafted by OLLS.

05:34 PM

The committee adjourned.

Census finds poverty still stuck at 15% despite reviving economy

By Denver Post wire services

WASHINGTON» The nation's poverty rate remained stuck at 15 percent last year despite America's slowly reviving economy, a discouraging lack of improvement for the record 46.5 million poor and an unwelcome benchmark for President Barack Obama's recovery plans.

More than 1 in 7 Americans were living in poverty, not statistically different from the 46.2 million of 2011 and the sixth straight year the rate had failed to improve, the Census Bureau reported Tuesday. Median income for the nation's households was \$51,017, also unchanged from the previous year after two consecutive annual declines, while the share of people without health insurance did improve — but only a bit, from 15.7 percent to 15.4 percent.

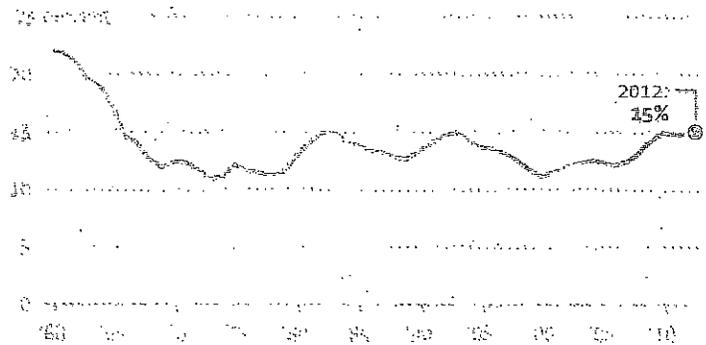
"We're in the doldrums, with high poverty and inequality as the new normal for the foreseeable future," said Timothy Smeeding, an economics professor at the University of Wisconsin at Madison who specializes in income inequality. "The fact we've seen no real recovery in employment and wages means we've just flatlined."

The data shows the economic expansion hasn't broadened to all Americans amid rising stock prices and home values that have boosted the financial standing of more affluent people. Those on the lowest tiers of the economy continue to struggle amid relatively high unemployment and stagnant wages.

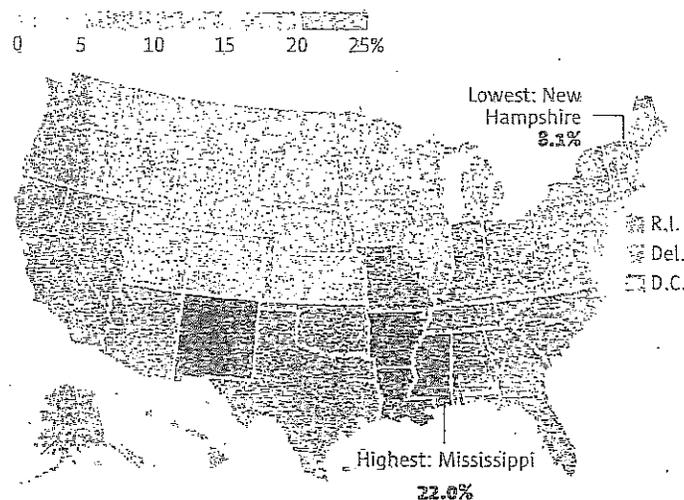
An updated research paper published earlier this month by University of California at Berkeley economist Emmanuel Saez found that the top 10 percent of earners — those with household income

Poverty's persistence

For the third straight year, the number of people in the United States living in poverty has remained at 15 percent:



Percentage living in poverty in 2012 by state:



Source: Census Bureau

The Associated Press

above \$114,000 — collected more than half of the nation's total income in 2012, the largest proportion since 1917 when the government started collecting such data.

The study, using preliminary 2012 data, also found that those with the top 1 percent of incomes saw their earnings grow 31.4 percent from 2009 to 2012, while the bottom 99 percent saw growth of

just 0.4 percent.

Mississippi had the highest share of its residents in poverty, at 22 percent, according to rough calculations by the Census Bureau. On the other end of the scale, New Hampshire had the lowest share, at 8.1 percent.

For the past year, the official poverty line was an annual income of \$23,492 for a family of four.

You are here: [Census.gov](#) > [Newsroom](#) > [Releases](#) > [Income & Wealth](#) > Income, Poverty and Health Insurance Coverage in the United States: 2012

Newsroom

FOR IMMEDIATE RELEASE: TUESDAY, SEPT. 17, 2013



Income, Poverty and Health Insurance Coverage in the United States: 2012

The U.S. Census Bureau announced today that in 2012, real median household income and the poverty rate were not statistically different from the previous year, while the percentage of people without health insurance coverage decreased.

Median household income in the United States in 2012 was \$51,017, not statistically different in real terms from the 2011 median of \$51,100. This followed two consecutive annual declines.

The nation's official poverty rate in 2012 was 15.0 percent, which represents 46.5 million people living at or below the poverty line. This marked the second consecutive year that neither the official poverty rate nor the number of people in poverty were statistically different from the previous year's estimates. The 2012 poverty rate was 2.5 percentage points higher than in 2007, the year before the economic downturn.

The percentage of people without health insurance coverage declined to 15.4 percent in 2012 — from 15.7 percent in 2011. However, the 48.0 million people without coverage in 2012 was not statistically different from the 48.6 million in 2011.

These findings are contained in the report *Income, Poverty, and Health Insurance Coverage in the United States: 2012*. The following results for the nation were compiled from information collected in the 2013 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC). The CPS-ASEC was conducted between February-April 2013 and collected information about income and health insurance coverage during the 2012 calendar year. However, the information on shared households pertains to the circumstances at the time of the survey. The CPS-based report includes comparisons with one year earlier. State and local results will be available on Thursday from the American Community Survey.

Income

- Real median incomes in 2012 for family households (\$64,053) and nonfamily households (\$30,880) were not statistically different from the levels in 2011.
- A comparison of real household income over the past five years shows an 8.3 percent decline since 2007, the year before the nation entered an economic recession.

Race and Hispanic Origin

(Race data refer to people reporting a single race only; Hispanics can be of any race)

- Changes in real median household income were not statistically significant for race and Hispanic-origin groups between 2011 and 2012. (See [Table A](#).)

Regions

- The West experienced an increase of 3.2 percent in real median household income between 2011 and 2012, while the changes for the remaining regions were not statistically significant. In 2012, households with the highest median incomes were in the West and the Northeast (with medians that were not statistically different from each other), followed by the Midwest and the South. (See [Table A](#).)

Nativity

- In 2012, households maintained by a naturalized citizen or a native-born citizen had higher median incomes than households maintained by a noncitizen. The real median incomes of households maintained by a native- or foreign-born person, regardless of citizenship status, in 2012 were not statistically different from their respective 2011 medians. (See [Table A](#).)

Earnings

- The changes in the real median earnings of men and women who worked full time, year-round between 2011 and 2012 were not statistically significant. In 2012, the median earnings of women who worked full time, year-round (\$37,791) was 77 percent of that for men working full time, year-round (\$49,398) — not statistically different from the 2011 ratio. The female-to-male earnings ratio has not experienced a statistically significant annual increase since 2007.
- The number of men working full time, year-round with earnings increased by 1.0 million between 2011 and 2012; the change for women was not statistically significant.

Income Inequality

- The Gini index was 0.477 in 2012, not statistically different from 2011. Since 1993, the earliest year available for comparable measures of income inequality, the Gini index has increased 5.2 percent. (The Gini index is a measure of household income inequality across the nation, with zero representing total income equality and one equivalent to total inequality.)
- Changes in income inequality between 2011 and 2012 were not statistically significant as measured by the shares of aggregate household income that each quintile received.

Release Information

CB13-R.165

Contact: [Public Information Office](#)
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Poverty

- In 2012, the family poverty rate and the number of families in poverty were 11.8 percent and 9.5 million. Neither level was statistically different from the 2011 estimates.
- In 2012, 6.3 percent of married-couple families, 30.9 percent of families with a female householder and 16.4 percent of families with a male householder lived in poverty. Neither the poverty rates nor the estimates of the number of families in poverty for these three family types showed any statistically significant change between 2011 and 2012.

Thresholds

- As defined by the Office of Management and Budget and updated for inflation using the consumer price index, the weighted average poverty threshold for a family of four in 2012 was \$23,492.

(See <http://www.census.gov/hhes/www/poverty/data/threshld/index.html> for the complete set of dollar value thresholds that vary by family size and composition.)

Sex

- In 2012, 13.6 percent of males and 16.3 percent of females were in poverty. Neither poverty rate showed a statistically significant change from its 2011 estimate.

Race and Hispanic Origin

(Race data refer to people reporting a single race only; Hispanics can be of any race)

- The poverty rate for non-Hispanic whites was lower in 2012 than it was for other racial groups. [Table B](#) details 2012 poverty rates and numbers in poverty, as well as changes since 2011 in these measures, for race groups and Hispanics. None of these groups experienced a statistically significant change in their poverty rate between 2011 and 2012.

Age

- In 2012, 13.7 percent of people 18 to 64 (26.5 million) were in poverty compared with 9.1 percent of people 65 and older (3.9 million) and 21.8 percent of children under 18 (16.1 million).
- No age group experienced a statistically significant change in the number or rates of people in poverty between 2011 and 2012, with one exception: the number of people 65 and older in poverty rose between 2011 and 2012.

Nativity

- The 2012 poverty rate was not statistically different from 2011 for either the native-born, naturalized citizens, noncitizens, or the foreign-born in general. [Table B](#) details 2012 poverty rates and the numbers in poverty, as well as changes since 2011 in these measures, by nativity.

Regions

- The West was the only region to show a statistically significant change in its poverty rate, which declined from 15.8 percent in 2011 to 15.1 percent in 2012. The South was the only region in which the number in poverty changed, rising from 18.4 million in 2011 to 19.1 million in 2012. (See [Table B](#).)

Shared Households

Shared households are defined as households that include at least one "additional" adult: a person 18 or older who is not enrolled in school and is not the householder, spouse or cohabiting partner of the householder.

- In spring 2007, prior to the recession, there were 19.7 million shared households. By spring 2013, the number had increased to 23.2 million and their percentage of all households rose by 1.9 percentage points from 17.0 percent to 19.0 percent. Between 2012 and 2013, the number and percentage of shared households increased.
- In spring 2013, 10.1 million young adults age 25-34 (24.1 percent) were additional adults in someone else's household. Neither of these were statistically different from 2012.
- It is difficult to precisely assess the impact of household sharing on overall poverty rates. Young adults age 25-34, living with their parents, had an official poverty rate of 9.7 percent, but if their poverty status were determined using only their own income, 43.3 percent had an income below the poverty threshold for a single person under age 65.

Health Insurance Coverage

- The number of people with health insurance increased to 263.2 million in 2012 from 260.2 million in 2011, as did the percentage of people with health insurance (84.6 percent in 2012, 84.3 percent in 2011).
- The percentage of people covered by private health insurance in 2012 was not statistically different from 2011, at 63.9 percent. This was the second consecutive year that the percentage of people covered by private health insurance coverage was not statistically different from the previous year's estimate. The percentage covered by employment-based health insurance in 2012 was not statistically different from 2011, at 54.9 percent.
- The percentage of people covered by government health insurance increased to 32.6 percent in 2012, from 32.2 percent. The percentage covered by Medicaid in 2012 was not statistically different from 2011, at 16.4 percent. The percentage covered by Medicare rose over the period, from 15.2 percent in 2011 to 15.7 percent in 2012. Since 2009, Medicaid has covered more people than Medicare (50.9 million compared with 48.9 million in 2012).
- The percent of children younger than 18 without health insurance declined to 8.9 percent (6.6 million) in 2012 from 9.4 percent (7.0 million) in 2011. The uninsured rates did not show a statistical change for all other age groups: 19 to 25, 26 to 34, 35 to 44, 45 to 64 and people 65 and older.
- The uninsured rate for children in poverty (12.9 percent) was higher than the rate for children not in poverty (7.7 percent).

- In 2012, the uninsured rates decreased as household income increased from 24.9 percent for those in households with annual income less than \$25,000 to 7.9 percent in households with income of \$75,000 or more.

Race and Hispanic Origin

(Race data refer to those reporting a single race only; Hispanics can be of any race)

- The uninsured rate for Asians and Hispanics declined between 2011 and 2012, while the number of uninsured did not change significantly. For non-Hispanic whites and blacks, both measures in 2012 were not statistically different from 2011. (See [Table C](#).)

Nativity

- The proportion of the foreign-born population without health insurance in 2012 was about two-and-a-half times that of the native-born population. The uninsured rate declined for the foreign-born population between 2011 and 2012, while the 2012 rate was not statistically different from the 2011 rate for naturalized citizens and noncitizens. [Table C](#) details the 2012 uninsured rate and the number of uninsured, as well as changes since 2011 in these measures, by nativity.

Regions

- The Northeast had the lowest uninsured rate in 2012. Between 2011 and 2012, the uninsured rate decreased for the Midwest and the West, while there were no statistically significant differences for the remaining two regions. Similarly, the number of uninsured people declined in the Midwest and the West, while there were no statistically significant changes for the other two regions. (See [Table C](#).)

Supplemental Poverty Measure

The poverty statistics released today compare the official poverty thresholds to money income before taxes, not including the value of noncash benefits. The Census Bureau's statistical experts, with assistance from the Bureau of Labor Statistics and in consultation with other appropriate agencies and outside experts, have developed a supplemental poverty measure to serve as an additional indicator of economic well-being by incorporating additional items such as tax payments and work expenses in its family resource estimates. It does not replace the official poverty measure and will not be used to determine eligibility for government programs.

Both the Census Bureau and the interagency technical working group that helped develop the supplemental poverty measure consider it to be a work in progress and expect that there will be improvements to the statistic over time. See [Income, Poverty and Health Insurance Coverage in the United States: 2012](#) for more information. The Census Bureau published preliminary poverty estimates using this supplemental measure in November 2011 and November 2012. Supplemental poverty estimates for 2012 will be published in fall 2013.

State and Local Estimates from the American Community Survey

On Thursday, the Census Bureau will release single-year estimates for 2012 of median household income, poverty and health insurance coverage for all states, counties, places and other geographic units with populations of 65,000 or more from the [American Community Survey](#). These statistics will include numerous social, economic and housing characteristics, such as language, education, the commute to work, employment, mortgage status and rent. Later today, subscribers will be able to access these estimates on an embargoed basis.

The American Community Survey provides a wide range of important statistics about people and housing for every community across the nation. The results are used by everyone from town and city planners to retailers and homebuilders. The survey is the only source of local estimates for most of the 40 topics it covers for even the smallest communities.

The Current Population Survey Annual Social and Economic Supplement is subject to sampling and nonsampling errors. All comparisons made in the report have been tested and found to be statistically significant at the 90 percent confidence level, unless otherwise noted.

For additional information on the source of the data and accuracy of the estimates for the CPS, visit http://www.census.gov/hhes/www/p60_245sa.pdf.

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