



Lifting Some Boats: Pennsylvanians Make Little Progress Despite Economic Expansion

In August, 2008, the U.S. Census Bureau released data on income, poverty, and health insurance that on its face seemed like good news: the number of Americans without insurance fell as median income increased modestly from 2006 to 2007 and the number of Americans in poverty fell by 705,000, reducing the official poverty rate from 13.3% to 13.0%.

Viewed in broader historical context, however, there remains reason for concern about health insurance coverage and poverty. After six years of an economic expansion, poverty rates are higher and health insurance coverage rates are still lower than they were in 2001.

Health insurance and poverty data for Pennsylvania tell a similar story. Pennsylvanians are ill-equipped to weather an economic downturn that could be deeper and longer than previously anticipated

- The inflation-adjusted income of the typical Pennsylvania household rose to \$48,600 in 2007, *but* households have not made up the ground they lost as a result of the 2001 recession.
- The number and share of the uninsured declined from 2004-2005, *but* this increase was largely due to increased enrollment in public health care programs including Medicaid, SCHIP and Medicare. The share of Pennsylvanians with employer-based coverage posted a small increase. 1.2 million (9.8%) of the state's residents are *still* without health coverage in 2006-2007.¹
- The share of Pennsylvanians living in poverty posted a real decline from 2006, while child poverty remained statistically unchanged, *but* both rates are higher than at the end of the last expansion in 2001.

Poverty rates for adults and children in Pennsylvania remain stubbornly high, particularly in some areas of the state, and the share of Pennsylvanians without health insurance is higher and employment-based coverage is lower than in 2001.

While there have been gains in health insurance coverage and in adult poverty, those gains are likely to be eroded by the weakening economy over the course of 2008 and 2009.

Details from the Census data on poverty and income in Pennsylvania are presented below, including information on specific counties and municipalities.

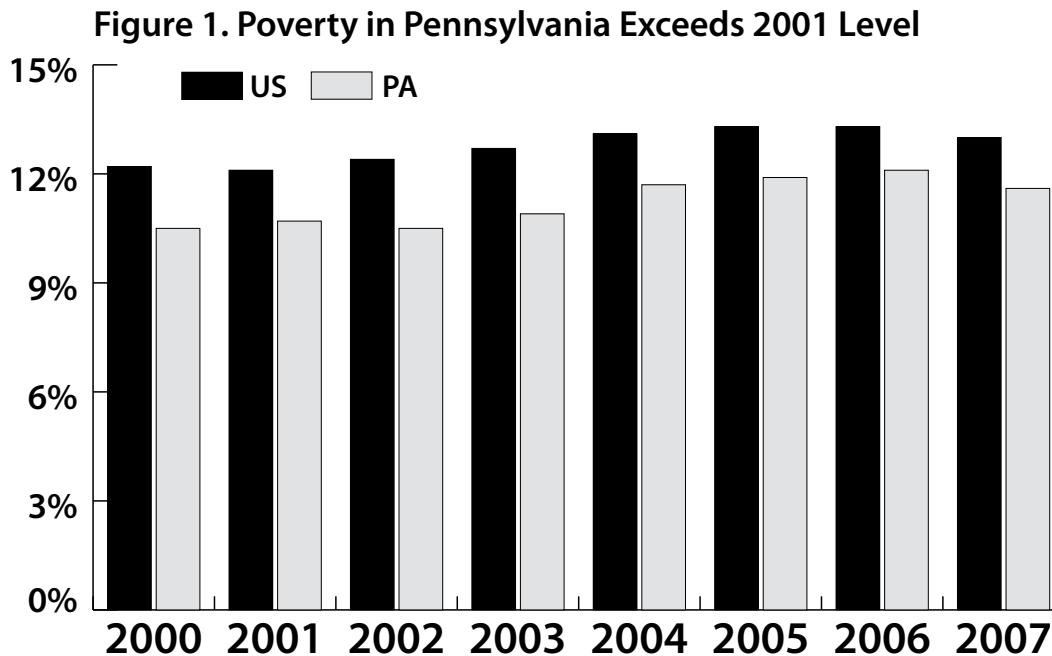
Poverty

After increasing for four straight years, poverty in Pennsylvania declined in 2007, falling to 11.6% from 12.1% in 2006. 1.4 million Pennsylvanians had incomes that were at or below the federal poverty line

¹ Health coverage statistics are based on two-year averages of data to increase the sample size and improve reliability of the findings.

(defined as \$21,027 for a married couple with two children) in 2007. Pennsylvania's poverty rate is lower than the national rate: 11.6% vs. 13%.

However, six years of economic growth have failed to return the poverty rate to its pre-recession level of 10.7%. As in Pennsylvania, the national poverty rate declined over the last year to 13.0% but still remains above its 2001 level (12.1%).



Source: U.S. Census Bureau, American Community Survey

The recently released U.S. Census data also show that

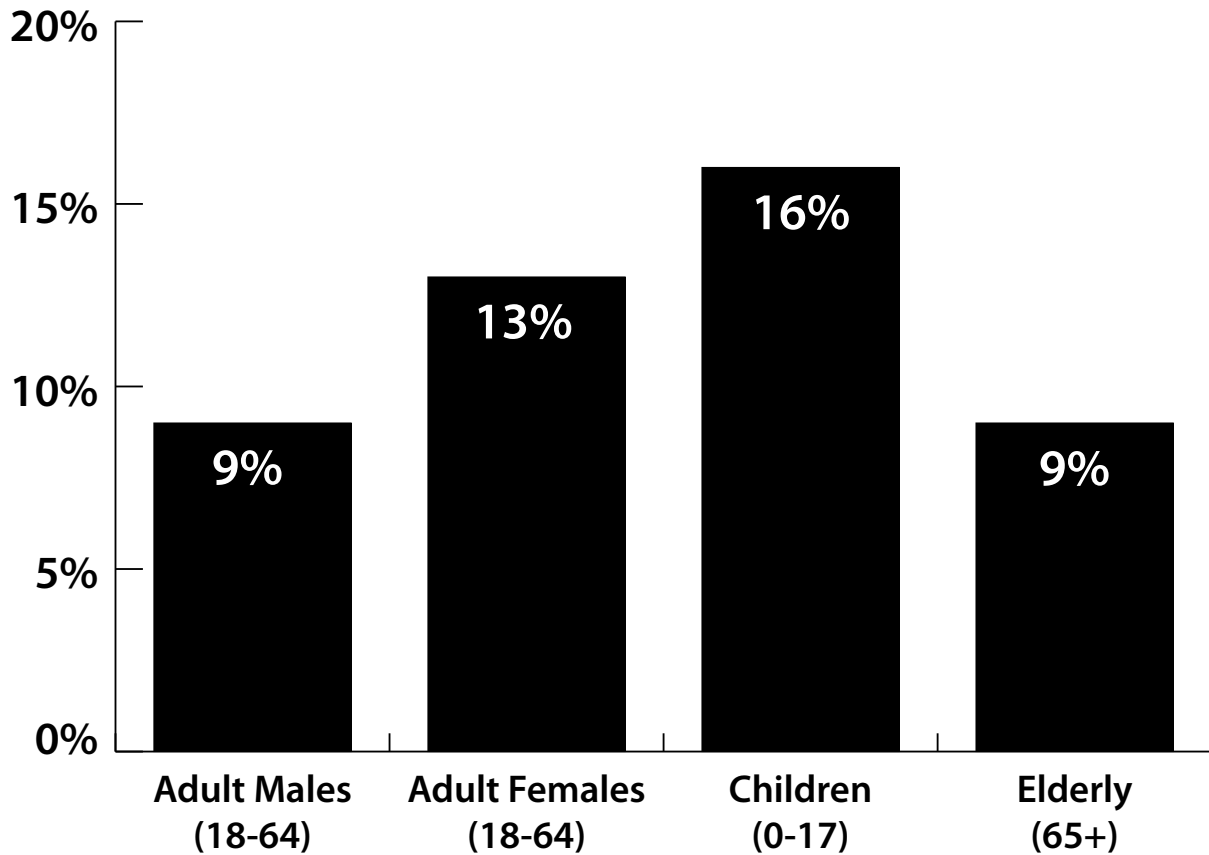
- Child poverty was statistically unchanged² in Pennsylvania from 2006 to 2007 and now stands at 16.5% with 434,000 children living in poverty in the state. Poverty rates are highest in Philadelphia County and four rural counties in western Pennsylvania. Rates are lowest in the Philadelphia suburbs, Centre County, and in suburban Harrisburg (Table 1).
- 259,000 Pennsylvania families (8.1% of all families) had incomes at or below the federal poverty line in 2007.
- Children are the most likely to live in poverty, followed by adult women. Fewer than 10% of adult males or senior citizens were poor in 2007 (Figure 2).
- Poverty varies tremendously across Pennsylvania's counties, ranging from 5.2% in Bucks County to 23.8% in neighboring Philadelphia County. High poverty rates are not limited to urban areas, with the largely rural counties of Indiana, Fayette, and Clearfield ranking immediately behind Philadelphia in overall poverty (Table 2, page 4).

² Although the poverty rate for children did decline from 16.5% in 2006 to 15.9% in 2007, this difference is not statistically significant.

Table 1. Rates of Child Poverty in Pennsylvania, 2007			
Highest Five Counties		Lowest Five Counties	
Philadelphia	34.5%	Centre	7.3%
Fayette	32.2%	Montgomery	5.8%
Indiana	25.3%	Cumberland	5.8%
Clearfield	23.3%	Bucks	4.9%
Lawrence	22.4%	Chester	4.5%

Source. U.S. Census Bureau, 2007 American Community Survey

Figure 2. Children and non-elderly women are the most likely to be poor in Pennsylvania, 2007



Source. U.S. Census Bureau, 2007 American Community Survey

Highest Five Counties		Lowest Five Counties	
Philadelphia	23.8%	Adams	7.4%
Indiana	20.8%	Cumberland	6.0%
Fayette	19.8%	Chester	5.4%
Clearfield	15.8%	Montgomery	5.3%
Erie	15.1%	Bucks	5.2%

Note. Centre County is omitted from the ranking table because the presence of large number of students distorts the results. The 2007 American Community Survey estimates the Centre County poverty rate at 15.1%, fifth highest among Pennsylvania's 67 counties. It does this because; beginning in 2006, the American Community Survey began including in the results residents in "group quarters," such as, college dormitories and prisoners. In the case of Centre County, there appear to be enough students "in poverty" to distort the picture for all residents. The poverty rate for people 18 to 24 in Centre County is 53.5% in the 2007 American Community Survey. For children, adults aged 25 to 64, and persons 65 and over, Centre County ranks consistently in the bottom 10 counties in Pennsylvania in terms of poverty rates.
Source. U.S. Census Bureau, 2007 American Community Survey

Poverty in Pennsylvania Cities

Poverty rates for children and adults are higher and median incomes lower in Pennsylvania's cities than the state as a whole. In the city of Reading, poverty is three times higher than the state average and child poverty exceeds 40%. Reading and Erie posted the lowest median income of any cities in the state with a population of 65,000 or greater.

	Total Poverty	Child Poverty	Median Household Income
Allentown	18.9%	24.9%	\$36,074
Bethlehem	12.4%	NA	\$45,172
Erie	24.6%	40.5%	\$28,949
Philadelphia	23.8%	34.5%	\$35,365
Pittsburgh	21.0%	26.1%	\$32,363
Reading	34.5%	47.0%	\$25,536
Scranton	20.3%	32.0%	\$35,171
Pennsylvania	11.6%	15.9%	\$48,576
United States	13.0%	17.6%	\$50,740

Source. U.S. Census Bureau, 2007 American Community Survey

Concentration of poverty

There is a great disparity in incomes between Pennsylvania cities and the suburban areas that surround them. Poverty has continued to concentrate in urban centers as population and wealth have moved out to suburban and exurban communities.

In *Back to Prosperity: A Competitive Agenda for Renewing Pennsylvania*, the Brookings Institution identified a "hollowing out" of Pennsylvania's urban cores and adjacent older suburbs, as population and wealth

migrated to newer suburbs, leaving behind higher poverty, lower incomes and greater demand for services - and diminished ability to afford them.³ Table 4 illustrates this trend, with each of the commonwealth's central cities posting significantly lower incomes than the counties in which they are located. The U.S. Census Bureau identified the Northeast, in general, and Pennsylvania in particular, as having the greatest disparities in poverty and income between cities and their suburbs.⁴

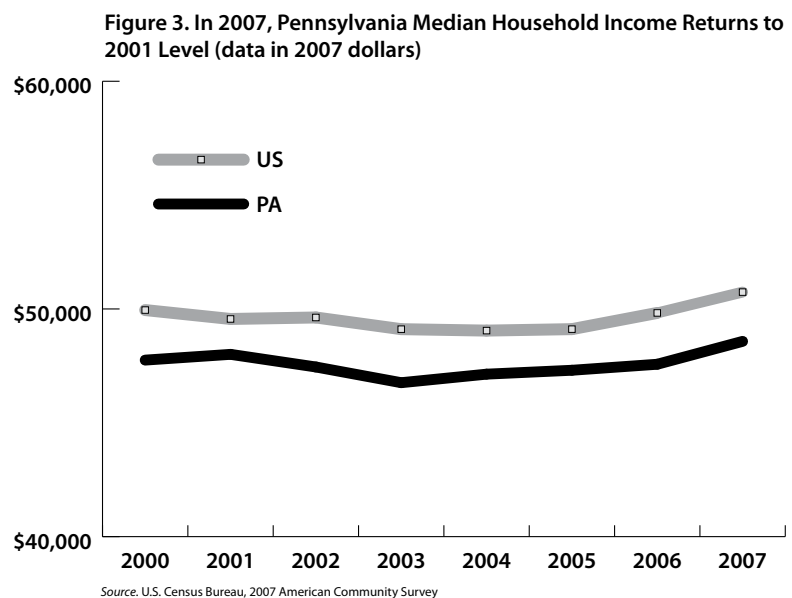
City	Median Income	Residing County	Median Income	Difference
Allentown	\$36,074	Lehigh	\$51,817	(\$15,743)
Erie	\$28,949	Erie	\$42,394	(\$13,445)
Pittsburgh	\$32,363	Allegheny	\$46,401	(\$14,038)
Reading	\$25,536	Berks	\$52,787	(\$27,251)
Scranton	\$35,171	Lackawanna	\$41,598	(\$6,427)

Source: U.S. Census Bureau, 2007 American Community Survey

Median income

After adjusting for inflation, median household income rose roughly \$1,000 in Pennsylvania, increasing from \$47,571 in 2006 to \$48,576 in 2007.⁵ Median income in the U.S. also rose, increasing from \$49,825 in 2006 to \$50,740 in 2007. The increases from 2006 to 2007 in Pennsylvania and the U.S. are statistically significant (Figure 3).

Median income fell during the recession that began in March 2001 and was slow to recover through the middle of the decade. In 2007, real median income returned to its 2001 level, although income growth has not



³ The Brookings report can be found at http://www.brookings.edu/reports/2003/12metropolitanpolicy_pennsylvania.aspx.

⁴ Dr. David Johnson of the Census Bureau singled out Pennsylvania during his discussion of the American Community Survey results for 2007 during an on-line press conference. His prepared remarks, which do not specifically mention Pennsylvania in the discussion of "Slide 19: Difference between percentage of people in poverty living in principal cities versus suburbs: 2007" can be found here: http://www.census.gov/Press-Release/www/2008/djohnson_remarks07iph.htm. The presentation slides can be found here: http://www.census.gov/Press-Release/www/2008/pdf/2008_iphpresentation.pdf.

⁵ Median household income means the amount earned by the household exactly in the middle of the income distribution of a city, county, state, or nation. Median household income is a better measure of what is occurring with middle-class families as average income figures can be skewed by a few, very high income figures.

been evenly distributed. The U.S. economy peaked in 2000 and began showing signs of the recession in 2001, but Pennsylvania lagged behind – peaking in 2001 and then beginning its decline.

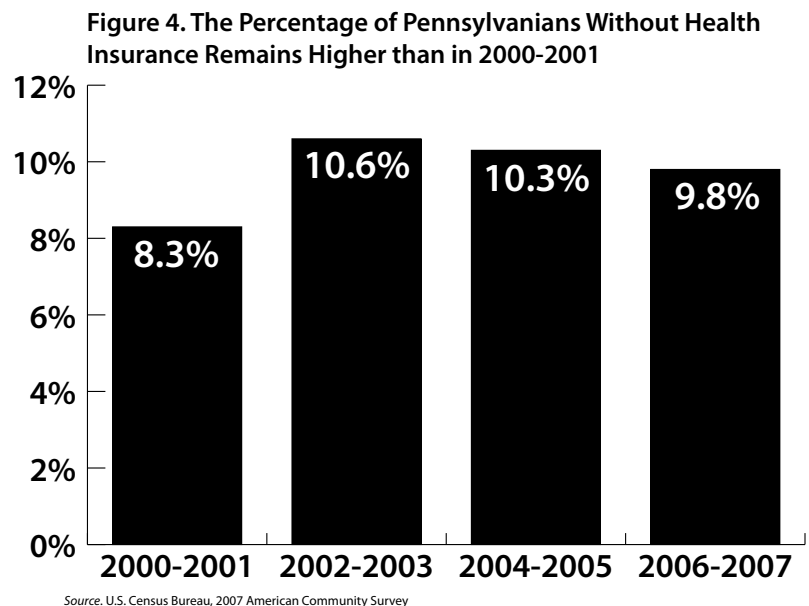
Income is not evenly distributed across the state, with the median household in the Philadelphia metro region earning almost twice as much as the median household in Indiana. Incomes in the southeast and south central portions of the state are higher than in other parts of the state (Table 5, page 7 and Table 6, page 8).

Health insurance coverage

The Current Population Survey (CPS) measures changes in health insurance for the U.S. and the states. In Pennsylvania, 1.2 million people were without health insurance in 2006-2007, with the total number declining slightly in 2007.⁶ The share of Pennsylvanians without health insurance has increased 1.5% since 2000-2001, from 8.3% in 2000-2001 to 9.8% in 2006-2007.⁷

In the U.S., the number of the uninsured decreased from 47 million 2006 to 45.7 million in 2007. In 2007, 15.5% of Americans were

uninsured. Since 2000-2001, the share of the population without health insurance coverage in the U.S. has increased by 1.6%.⁸ The Census Bureau attributes the recent decline in the number of uninsured to growth in public programs including Medicaid, SCHIP and Medicare (Figure 4).



Summary

The positive news for most Pennsylvania families in the latest figures on income and poverty is likely to be short-lived. In 2008 the state and national economies have slowed. Because of record high energy costs and higher food prices, family budgets are likely to lose ground in the coming year. Viewed in longer-term context, the income gains made by the typical Pennsylvania family in 2007 did not erase the declines between the 2001 recession and 2006. Thus, Pennsylvanians enter the current slowdown without having fully recovered from the last.

⁶ The rate of the uninsured declined from 2004-2005, when it was 10.3% but is not considered statistically significant.

⁷ This difference is statistically significant.

⁸ This difference is statistically significant.

Table 5. 2007 Pennsylvania Statistical Area Median Household Income	
Area	Median Household Income
Philadelphia-Camden-Wilmington Metro Area	\$58,309
East Stroudsburg Micro Area	\$56,860
York-Hanover Metro Area	\$55,120
Allentown-Bethlehem-Easton Metro Area	\$55,038
Gettysburg Micro Area	\$53,281
Harrisburg-Carlisle Metro Area	\$53,168
Reading Metro Area	\$52,787
Lancaster Metro Area	\$52,764
Chambersburg Micro Area	\$46,985
Lebanon Metro Area	\$46,711
Pittsburgh Metro Area	\$45,630
State College Metro Area	\$44,644
Altoona Metro Area	\$42,509
Erie Metro Area	\$42,394
Scranton--Wilkes-Barre Metro Area	\$41,945
Williamsport Metro Area	\$41,714
Pottsville Micro Area	\$40,839
New Castle Micro Area	\$40,749
Somerset Micro Area	\$37,554
Johnstown Metro Area	\$37,495
DuBois Micro Area	\$36,271
Meadville Micro Area	\$36,217
Indiana Micro Area	\$33,441
<i>Source.</i> U.S. Census Bureau, 2007 American Community Survey	

Table 6. 2007 Poverty and Median Income by County

County	Overall Poverty Rate	Child Poverty Rate (related children under 18)	Median Household Income
PENNSYLVANIA	11.6%	15.9%	\$48,576
Adams	7.4%	8.7%	\$53,281
Allegheny	11.7%	16.1%	\$46,401
Armstrong	13.3%	18.2%	\$40,517
Beaver	9.1%	12.3%	\$45,017
Berks	11.3%	16.1%	\$52,787
Blair	13.7%	20.5%	\$42,509
Bucks	5.2%	4.9%	\$70,655
Butler	8.3%	10.1%	\$54,390
Cambria	13.9%	22.2%	\$37,495
Centre	15.1%	7.3%	\$44,644
Chester	5.4%	4.5%	\$83,146
Clearfield	15.8%	23.3%	\$36,271
Columbia	12.9%	NA	\$42,685
Crawford	13.8%	15.8%	\$36,217
Cumberland	6.0%	5.8%	\$58,605
Dauphin	11.1%	16.3%	\$50,059
Delaware	9.8%	12.8%	\$60,232
Erie	14.5%	22.3%	\$42,394
Fayette	19.8%	32.2%	\$31,344
Franklin	7.8%	9.8%	\$46,985
Indiana	20.8%	25.3%	\$33,441
Lackawanna	12.8%	18.8%	\$41,598
Lancaster	8.7%	12.4%	\$52,764
Lawrence	14.3%	22.4%	\$40,749
Lebanon	8.6%	13.8%	\$46,711
Lehigh	8.6%	12.1%	\$51,817
Luzerne	11.5%	17.9%	\$41,804
Lycoming	12.9%	17.8%	\$41,714
Mercer	10.4%	10.1%	\$41,106
Monroe	8.7%	9.7%	\$56,860
Montgomery	5.3%	5.8%	\$74,000
Northampton	7.5%	9.5%	\$58,383
Northumberland	12.9%	16.6%	\$36,591
Philadelphia	23.8%	34.5%	\$35,365
Schuylkill	12.0%	15.9%	\$40,839
Somerset	10.3%	14.5%	\$37,554
Washington	9.2%	10.9%	\$47,299
Westmoreland	9.4%	11.6%	\$46,057
York	8.9%	12.7%	\$55,120

Source: U.S. Census Bureau, 2007 American Community Survey.