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Women's Poverty Deepens Amid Slow 2003 Recovery

By Marianne Sullivan, WeNews correspondent

(WOMENSENEWS) – Women, and especially single mothers, have been the hardest hit by this economic downturn and there's not much relief in sight for them almost three years after the economy emerged from recession.

Indeed, 2003 has been a tough year for women. While the economy shows signs of recovery, data released Thursday by the U.S. Census Bureau showed poverty has risen, wages have fallen and the percentage of people without health insurance has increased.

“Over the last three years, more and more women have fallen into poverty, with the loss of jobs, decrease in wages and increase in the number of uninsured helping to push many women into an uncertain and potentially devastating financial situation,” said Christina Smith FitzPatrick, senior policy analyst for the National Women's Law Center.

“I say ‘What recovery?’” added Joan Entmacher, the director of family economic security for the National Women's Law Center in Washington, D.C. “This is not a recovery for women and their families.”

Women were hit especially hard by the sluggish job market and cutbacks in health insurance coverage last year.

The data indicate women's poverty rate – especially single mothers – increasing for a third straight year. The numbers show a jump in child poverty that was the largest in a decade. And, the wage gap for men and women widened in 2003 as real median earnings of women 15 and older fell 0.6 percent in 2003 to \$30,724, the first annual decline since 1995.

Health insurance coverage declined more sharply among women than men. The number of women and girls without health insurance rose to 21.2 million, an increase of 927,000 over 2002. The uninsured rate rose more sharply among women than men between 2002 and 2003 (4 percent for women, 1 percent for men).

Quantifying Fears

The numbers indicate what many have feared: that women and minorities would not enjoy the gains of the economic recovery. These groups are particularly vulnerable to downturn and slow growth, because they are typically the last hired and first let go when layoffs begin. They are also less likely to receive payments from unemployment insurance and they earn the lowest salaries. In addition, women are more likely than men to work part time and without benefits.

“There is no question that the economic well being of groups that are traditionally less well off than the mainstream has not improved. That is particularly women, minorities, immigrants and young workers,” said J. Larry Brown, director of the Center on Hunger and Poverty at Brandeis University in Waltham, Mass.

The census economic data indicated that children also lost ground in 2003. Poverty rates for people 18 to 64 and those 65 and older remained unchanged, but the poverty rate for children rose from 16.7 percent in 2002 to 17.6 percent in 2003.

Daniel H. Weinberg, chief of Housing and Household Economic Statistics at the Census Bureau, said this rate of child poverty is lower than the most recent peak of 22.7 percent hit in 1993. The increase this year is likely related to the increase in poverty for single-parent families, whose poverty rates rose by 1.4 percentage points while the rate for married-couple families did not change.

Overall, the rate of poverty increased in 2003 to 12.5 percent from 12.1 percent in 2002. That means the number of people living in poverty increased by 1.3 million people, to 35.9 million in 2003, according to the Census data. Poverty among adult women reached 12 percent, 40 percent higher than men’s 8.9 percent poverty rate.

The poverty rate for women and girls increased for the third year in a row, to 13.7 percent, from 13.3 percent in 2002. The poverty rate for single-mother families increased to 35.5 percent in 2003 from 33.7 percent in 2002 and that rate for married-couple families with children increased by 2.9 percent, to 7 percent in 2003.

“These numbers really give us a scorecard on how well the labor market performed in 2003 and what is going on with economic well being,” said Heather Boushey, an economist for the Center for Economic and Policy Research, based in Washington, D.C. The trends are largely the result of a labor market that has had difficulty returning to its pre-recession level of employment, said Boushey.

The Numbers

When looking at the numbers of any economic cycle, economists watch for improvements in employment and wage levels to signal a decrease in poverty rates. A stronger job market will also translate to more people having health insurance coverage. With wages making up about 75 percent of total family income, what is going on in the

labor market is directly related to what is going on with income and poverty and health insurance coverage.

For 2003, the Census data showed real median household money income remained unchanged in 2003 from 2002 at \$43,300. (A household is defined as everyone in a housing unit, including families and families within those families.)

This follows two years of decline that reflected the effect of the recession that began in March 2001 and ended in November 2001. The share of total income – a sort of gauge of the gap between rich and poor – received by households with the lowest 20 percent of incomes had a slight reduction, falling to 3.4 percent from 3.5 percent.

As for health insurance, the number of people with health insurance coverage rose by 1 million from 2002 to 2003, while the number of those without health insurance coverage rose by 1.4 million over that same period. The net result was that 15.6 percent of the population, or 45 million people, were without health insurance coverage in 2003, up from 15.2 percent in 2002. The proportion of children not covered by health insurance did not change, remaining at 11.4 percent of all children.

This recession and slow recovery have been especially tough for women seeking jobs. In 2003, the unemployment rate for women 20 and older was at 5.1 percent down slightly from 5.2 percent in 2002. It was still well above the 3.3 percent figure of 2000 before the economy entered recession.

Women, typically the first to lose jobs in a downturn, were dealt a double blow after the attacks of Sept. 11, 2001, which led to a decline in the service sector, an area of the economy that is predominately female.

And then there are the signs of the growth in the working poor, explained Brown. More and more, he said, married and employed single women are showing up at food pantries and soup kitchens, a sign, he said, that the scope of poverty among those with wages is increasing.

The Year in Review

While the U.S. economy continues to emerge from the recession, the labor market has remained lackluster. Job growth has been stalled and throughout 2003 there were periods of wage decline. Those are all signs that point to falling income and rising poverty, according to economists.

“It is worrisome to see this continued situation of inadequate job growth and stable or increasing poverty levels,” said Vicki Lovell, study director at the Institute of Women’s Policy Research in Washington, D.C. “We have been out of the recession long enough that we should have seen some substantial impact on earnings, and the fact that we are not seeing that, raises concern about when that will happen and how that will come about.”

Typically, the economy needs to create about 150,000 jobs each month to keep pace with population growth and new people entering the labor market. During an economic recovery, that number needs to be even higher, about 200,000.

In 2003, over 61,000 jobs were lost, fewer than the 563,000 lost in 2002 and the 1.8 million lost in 2001. Job growth did turn positive in 2003; the economy added 221,000 jobs between July and December. Still, that number needed to be added each month not each six months.

“That is a lot of people that did not have access to income and health insurance, and I think when we are thinking about the income and poverty numbers, it is important to bear in mind just how low the employment to population ratio was in 2003,” said Boushey from the Center for Economic and Policy Research.

Looking Ahead

Eight months into the year, economists are not much more optimistic about 2004.

“We have no reason to be hopeful that the poverty situation has changed this year. We aren’t seeing a stable unemployment rate or a trend toward strong job or earnings growth, so if the poverty rate were calculated right now, I don’t think there is any reason to think it would be any different than in 2003,” added Boushey.

The Center for Economic and Policy Research argues that any policy measures taken to improve this picture must focus on boosting employment, increasing wages and expanding health care coverage.

For Brown from the Center on Hunger and Poverty, even a stable economy still isn’t going to fix the problem of poverty.

“Until and unless we see some fundamental way of reframing domestic social and economic policy, we are basically going to see the inequities that we see today whether the economic is in a downturn, stagnant as it is today or in an upturn.”

Marianne Sullivan is a Boston-based freelance writer who writes frequently on economics and finance.

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