

By Ceci Connolly and Griff Witte

The number of Americans living in poverty or lacking health insurance rose for the third straight year in 2003, the Census Bureau announced yesterday, reflecting a job market that failed to match otherwise strong economic growth.

Overall, the median household income remained stagnant at \$43,318, while the national poverty rate rose to 12.5 percent -- 35.9 million people -- last year, from 12.1 percent in 2002. Hit hardest were women, who for the first time since 1999 saw their earnings decline, and children. By the end of 2003, 12.9 million children lived in poverty.

As expected, the number of people without health insurance grew last year, to 45 million -- an increase to 15.6 percent from 15.2 percent. White adults, primarily in the South, accounted for most of the increase. The proportion of people receiving health insurance through an employer fell to 60.4 percent, the lowest level in a decade, from 61.3 percent.

The census report provided hard numbers to anecdotal evidence that the recent recovery has missed certain regions and segments of the population. An additional 1.3 million Americans fell below the poverty line in 2003, as incomes dipped for the poorest 20 percent of the population. An additional 1.4 million became newly uninsured.

"This recovery has failed to reach those in the bottom half," said Jared Bernstein, a senior economist with the Economic Policy Institute.

As President Bush prepared to head to New York for the Republican National Convention, yesterday's data gave Democrats an opening for picking at his perceived weakness on traditional bread-and-butter issues.

"While George Bush tries to convince America's families that we're turning the corner, slogans and empty rhetoric can't hide the real story," said Sen. John F. Kerry (Mass.), the Democratic presidential nominee. "Under George Bush's watch, America's families are falling further behind."

Bush, campaigning in New Mexico, had no comment. Commerce Secretary Donald L. Evans said the census data looked "backward in time at an economy that was substantially weaker" than it is today. He predicted that the numbers will improve as Bush "continues to press extremely hard to create the right conditions and business climate" for job growth and broader health coverage.

Yet the census report stood in sharp contrast to an economy and a stock market that grew briskly in 2003, especially in the second half of the year. "The impact of a persistent jobless recovery is all over these results," Bernstein said.

With fewer people working and fewer small businesses offering health coverage, the uninsured figure is likely to remain high until the

unemployment rate drops to about 4 percent, said Paul Fronstin, a senior research associate at the Employee Benefit Research Institute.

"It's not just about how many people have jobs, but it's about the kind of jobs they have," he said. "Even though people are employed, they are less likely to have access to coverage."

In this region, more people were without health coverage in 2003 than in 2002. In Virginia, the uninsured rate rose to 13.3 percent from 12.2 percent; in both Maryland and the District, it rose to 13.6 percent from 12.8 percent.

The national poverty rate declined from 1993 to 2000, when it reached a low of 11.3 percent. In the next three years, 4.3 million more people fell below the poverty line, and the median household income dropped by more than \$1,500 in inflation-adjusted terms.

Locally, poverty rates rose in Virginia to 10 percent from 8.9 percent, and in Maryland to 8 percent from 7.3 percent, according to the Census Bureau's two-year averaging. In the District, it declined 0.7 percent, but, at 16.9 percent, it remained higher than the national average.

The poverty line is not a single, consistent number; it varies with time and family size. In 2003, the average poverty line for an individual was \$9,393. For a family of four, it was \$18,810. Despite the recent increase in poverty rates, the rates remained lower than the average for both the 1980s and the 1990s.

Economic issues -- including the availability and affordability of health insurance -- remain top concerns among voters. In several recent Washington Post and Gallup surveys, voters gave the president no better than a 51 percent approval rating on his handling of the economy, and in a head-to-head matchup with Kerry on economic matters, Bush trailed 41 percent to his challenger's 52 percent.

Yesterday's report showed that several swing states saw an increase in the poverty rate, the percentage of uninsured or both -- including Iowa, Michigan, Missouri, New Hampshire, New Mexico, Ohio, Oregon, Pennsylvania, Washington, West Virginia and Wisconsin.

"It's definitely not the news that the president was hoping for," said Rea S. Hederman Jr., senior policy analyst at the Heritage Foundation.

Children made up an especially large segment of the newly impoverished, accounting for more than half of the overall increase as 733,000 more youngsters slipped below the poverty line. Similarly, the number of families in poverty headed by a single mother jumped 1.5 percent, to 3.9 million.

Sheldon H. Danziger, co-director of the National Poverty Center at the University of Michigan, said the rise in poverty represents fallout from the 1996 Welfare Reform Act. Because the new policy shifted government benefits to reward those who work, single mothers who were employed received additional assistance when jobs were plentiful but are struggling now that the economy has 1.2 million fewer jobs.

"They did fine when the economy was booming, and even in the early part of the recession," he said. "But now there's been an increase in the number of women who have no work and no welfare."

Hederman disagreed with Danziger, noting that the child poverty rate, although up for the year at 17.6 percent, is still well below the 20.5 percent it hit in 1996.

"You've seen a lot of people who left poverty and who haven't returned back to it even after the economic downturn," he said.

Single mothers were not helped by the fact that the earnings of women overall suffered, declining by 0.6 percent. Women made 76 cents for every dollar earned by men in 2003, compared with 77 cents in 2002. Others who felt the sting included Hispanics, whose median income dropped 2.6 percent last year.

Viewing the increase in poverty by race, Asian Americans were hit hardest, but census officials said the rise appeared to be a statistical anomaly resulting from a small sample size.

Since 2000, the number of uninsured Americans has grown by 5.2 million people, or 13 percent.

"The latest data indicate that loss of insurance is of particular concern for middle-income and low-wage workers," said Karen Davis, president of the nonpartisan Commonwealth Fund, a private foundation that studies health and social policy trends.

More Americans were enrolled in government health programs such as Medicaid and Medicare than at any time in the past two decades. Last year, 26.6 percent of the population was covered by government health insurance, the highest percentage since 1995.

The State Children's Health Insurance Program appeared to be the leading reason the number of youngsters without coverage did not rise, even though millions more fell into poverty.

At the libertarian Cato Institute, Michael Cannon, the director of health studies, attributed the rise in uninsured to government regulation. Health and Human Services Secretary Tommy G. Thompson said it was the Senate's fault, even though Republicans control both houses of Congress.

"The big failure is not what is happening in the administration. We are doing everything we can," he said in a conference call. "Individuals in the United States Senate have failed to adopt the president's proposals dealing with health care."

Proposals to cap malpractice awards, to provide tax credits for individuals purchasing insurance and to create small-business insurance purchasing pools "show a president that is leading and a Congress that is not," he said.

The Census Bureau normally releases its income, poverty and health insurance figures in September. It moved the release date up a month to make it coincide with the release of a separate set of data. Democrats

have charged that the timing is suspicious, given that many people take vacations in August and could miss the bad news.

Senior polling analyst Christopher Mustie contributed to this report.