

Reductions in Poverty, Uninsurance at Risk due to New Budget Ray Noonan and Karen Siegel

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The latest data from the U.S. Census Bureau's American Community Survey suggest that from 2011 to 2016, Connecticut reduced disparities in overall poverty, child poverty, and uninsurance between people of color and white residents. However, the state's inequities remain larger than the national average, with the median Black and Latino households earning less than sixty cents for every dollar their white counterparts make.

The latest state budget jeopardizes Connecticut's progress and is likely to widen disparities. By increasing taxes on low-income families, forcing parents to choose between working and caring for their young child, reducing opportunities for youth attending state universities, and eliminating parents' health coverage, the state is creating obstacles for working families trying to make ends meet. The legislature must instead take a balanced approach to the next state budget, adopting systemic revenue reforms and prioritizing strategic spending decisions to promote a more prosperous and equitable society.

Our findings include:

- Although overall poverty in Connecticut dropped from 2015 to 2016, only Latino residents experienced a statistically significant decline.
- Child poverty in Connecticut decreased slightly more rapidly than in the nation as a whole, with disparities between white residents and their Black and Latino counterparts decreasing while national disparities remained essentially flat.
- Connecticut's overall median household income remained flat over the last year, with only white and Latino residents seeing gains.
- Thanks to the Affordable Care Act, Connecticut's uninsurance rates have dropped and disparities in health insurance coverage between white residents and residents of color have narrowed.
- Connecticut's budgetary challenges threaten the state's ability to improve opportunity for all families.

What is statistical significance?

When we say that the difference between two values is statistically significant, we mean that the difference is unlikely to be attributable to random chance alone. For example, if we rolled a six-sided die 1,000 times and it landed on six 999 times, then it is much more likely that the die is loaded rather than that we were just unlucky. Similarly, when we observe statistically significant differences between two groups in the American Community Survey sample, it is much more likely that these differences are not solely because the American Community Survey happened to select people who differed.

All changes described below are statistically significant. When we say that a value did not change or remained flat, we mean that there was no statistically significant change.

Poverty

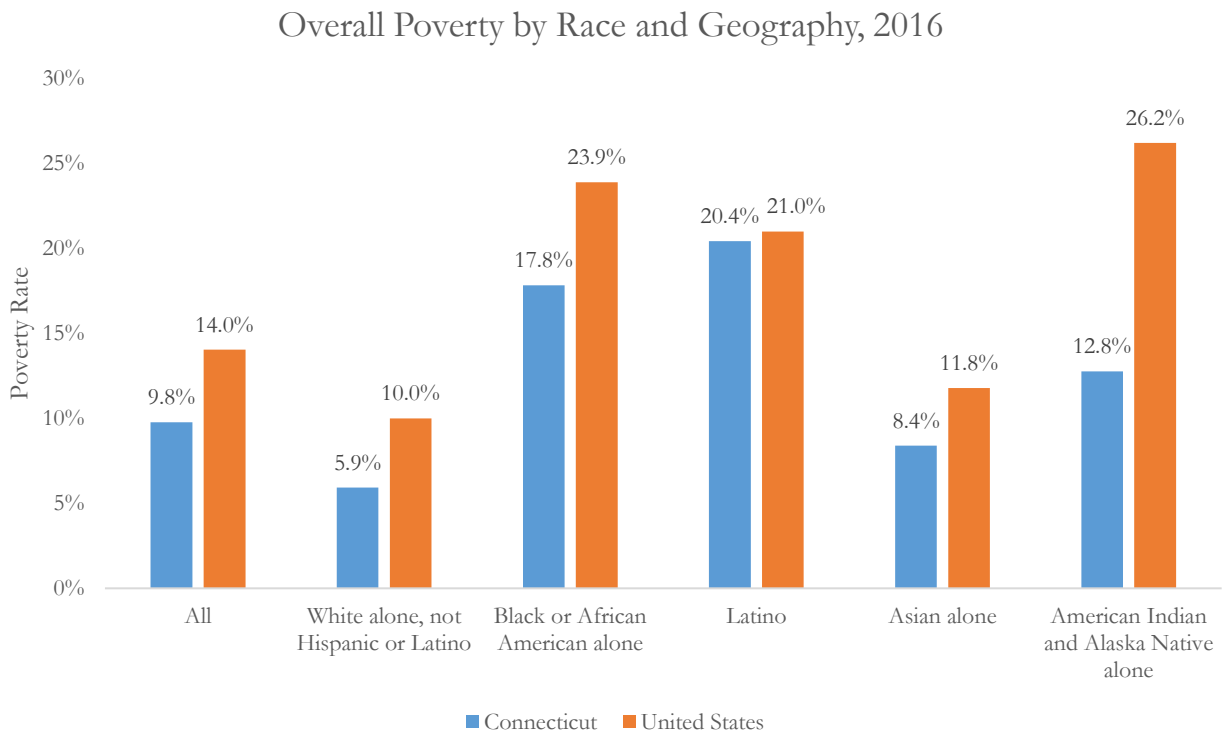
Overall Poverty

Although overall poverty in Connecticut dropped from 2015 to 2016, Latino residents were the only racial/ethnic group that experienced a statistically significant decline in poverty. This is consistent with our State of Working Connecticut 2017 report, which found that Latino residents were the only racial group to experience declines in unemployment and underemployment during that period.¹ National trends show a different story: poverty rates not only declined overall, but also for white, Black, and Latino residents, with disparities closing between Black and white residents and between Latino and white residents.

Over a longer period, the story is more complicated. Since 2011, Connecticut’s racial disparities in poverty have decreased largely because poverty rates for white residents have remained the same while poverty rates for people of color have decreased, from 22.9 percent in 2011 to 17.8 percent in 2016 for Black residents and from 27.3 percent in 2011 to 20.4 percent in 2016 for Latino residents. These disparities have decreased more rapidly than national trends. However, looking even farther back, Connecticut’s 2016 poverty rates in absolute terms are not much different than they were in 2007. From 2007 to 2016, the rate of Black residents in poverty *increased* by 1.5 percent.

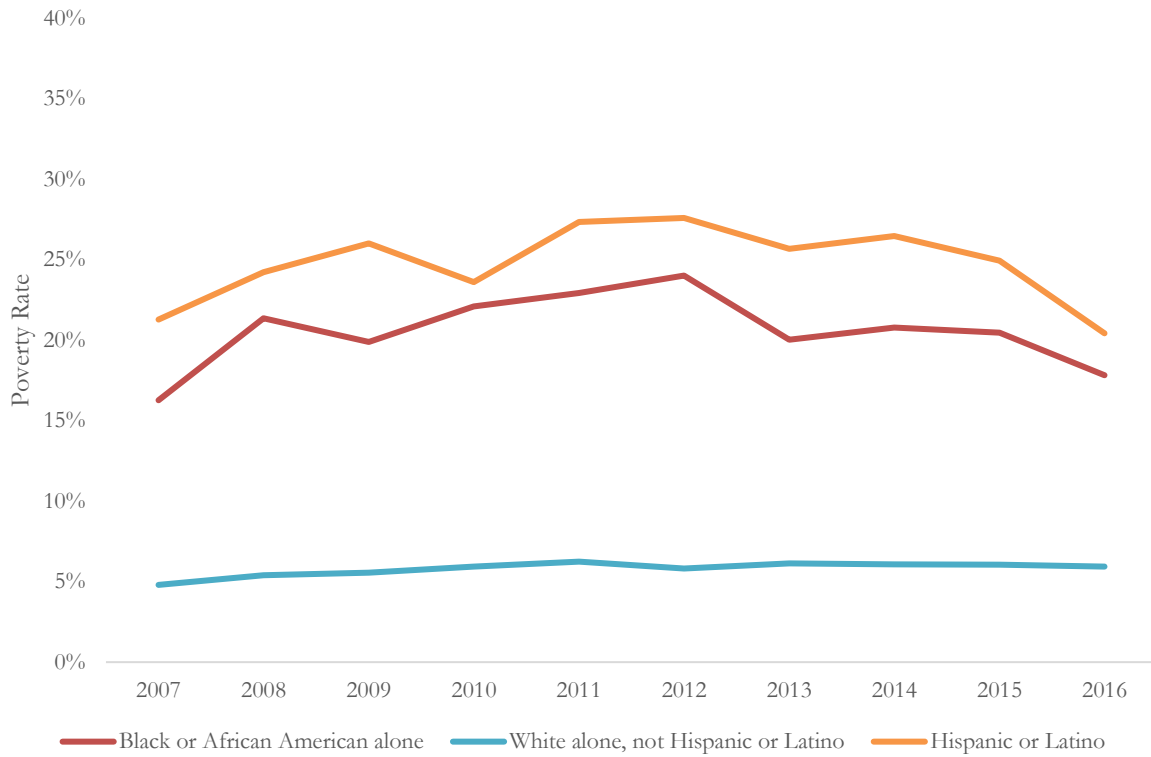
Connecticut’s latest budget includes policy changes that will increase hardships for families living in poverty and may exacerbate these disparities. The Earned Income Tax Credit (EITC), one of the state’s most effective tools for combating poverty, helped nearly 200,000 households make ends meet in 2015.² Despite these benefits, the latest budget cut the state EITC from 27.5 percent of the federal credit to only 23 percent, renegeing on a 2015 promise to restore the credit to its original 30 percent level.³ This raises taxes on low-income recipients of the program—who make less than \$20,000 annually on average—by \$35 million per year.^{4,5} Furthermore, new restrictions on spending and raising revenue will weaken the state’s ability to remove the systemic barriers that make life more difficult for families trying to provide food and shelter for their children.

Figure 1. Connecticut’s Poverty Rates are Lower than the National Average



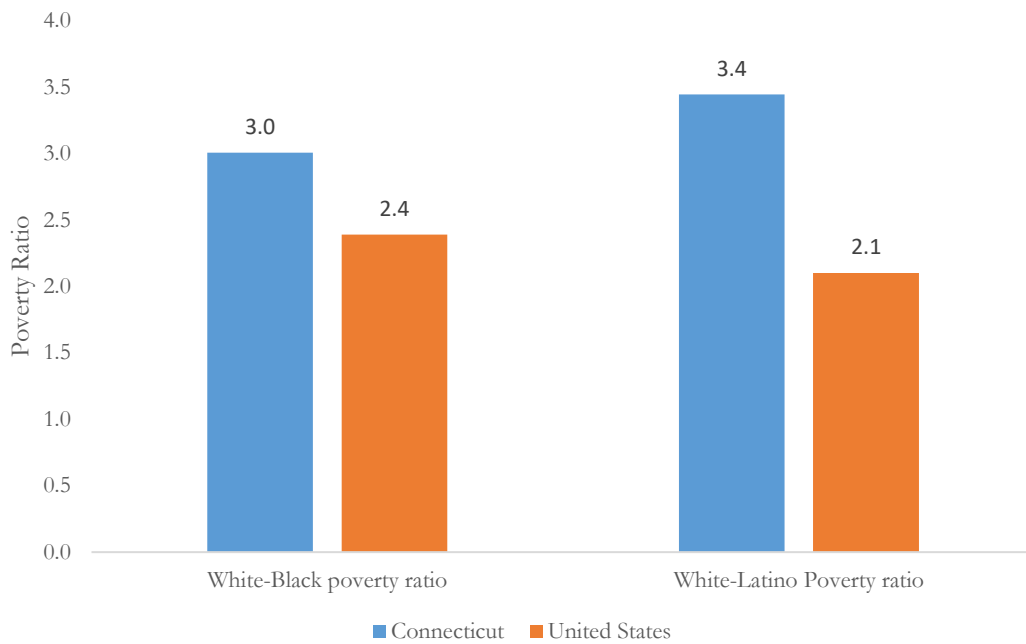
Source: CT Voices analysis of American Community Survey.

Figure 2. Connecticut's Disparities in Overall Poverty Have Decreased Since 2011



Source: CT Voices analysis of American Community Survey.

Figure 3. Connecticut's Racial Disparities are Greater than the National Average
Disparities in Poverty Rates by Race and Geography, 2016



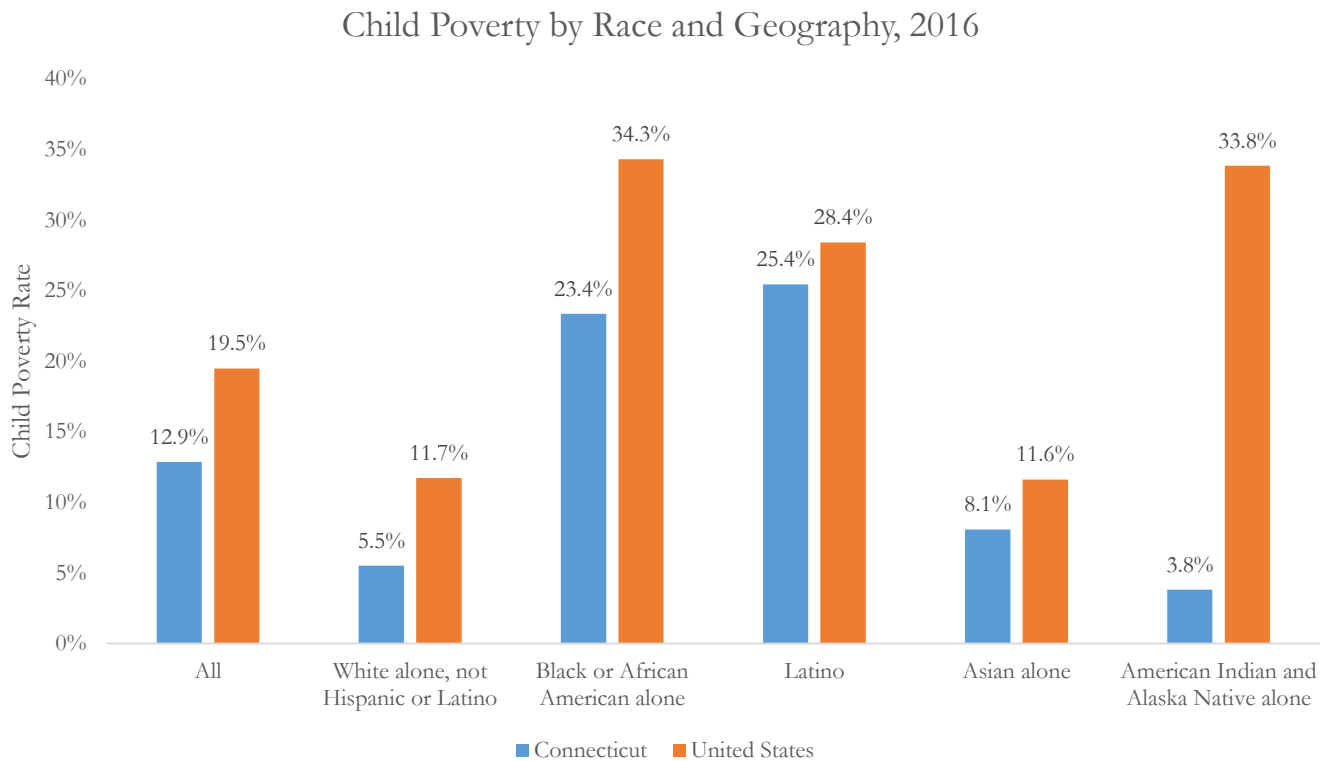
Source: CT Voices analysis of American Community Survey. Ratio of Black/Latino poverty rate to white poverty rate.

Child Poverty

Child poverty in Connecticut decreased slightly more rapidly than in the nation as a whole, with disparities between white residents and their Black and Latino counterparts decreasing while national disparities remained essentially flat. Although overall poverty among Connecticut's Black residents did not decrease, poverty among Connecticut's Black *children* did. However, Connecticut's racial disparities in child poverty were much larger than the national average to begin with and remain that way: Connecticut's Black and Latino children live in poverty at rates more than quadruple their white counterparts, compared to a national difference of 2.4 to 2.9 times. Connecticut's disparities have narrowed greatly since 2011 due to reductions in poverty among Black and Latino children. However, compared to 2007, the state's story is slightly different: disparities in poverty rates between Black and white children remain close to the same, whereas disparities between Latino and white children have decreased.

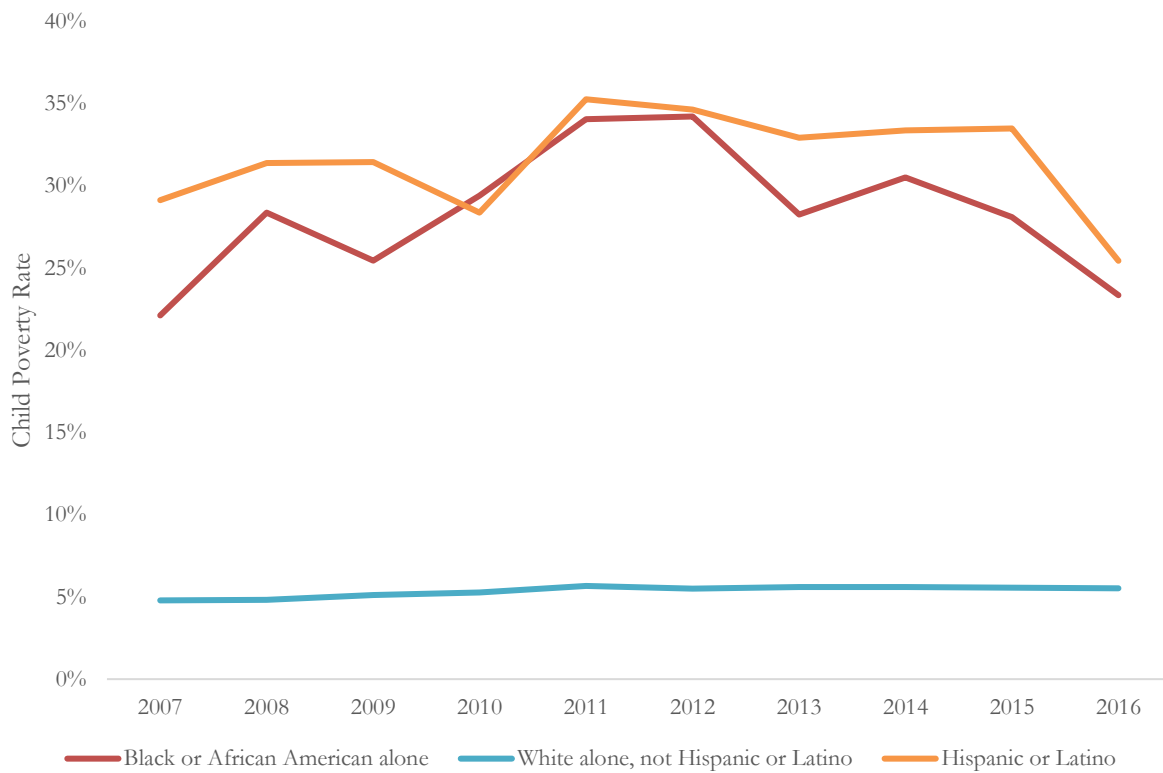
Connecticut's latest budget threatens to undo the state's progress since 2011. Care 4 Kids, the state's child care subsidy program for low-income families, remains underfunded, making it more difficult for parents with young children to work.⁶ Cuts to Medicaid for low-income parents jeopardize children's health, too, because parents may avoid seeking care for their children and be unsure of which family members are covered for various services. Furthermore, the budget re-invests little of what it saves from closing the Connecticut Juvenile Training School, which will stagnate Connecticut's progress toward becoming a state that no longer incarcerates children.⁷

Figure 4. Connecticut's Child Poverty Rates are Lower than the National Average



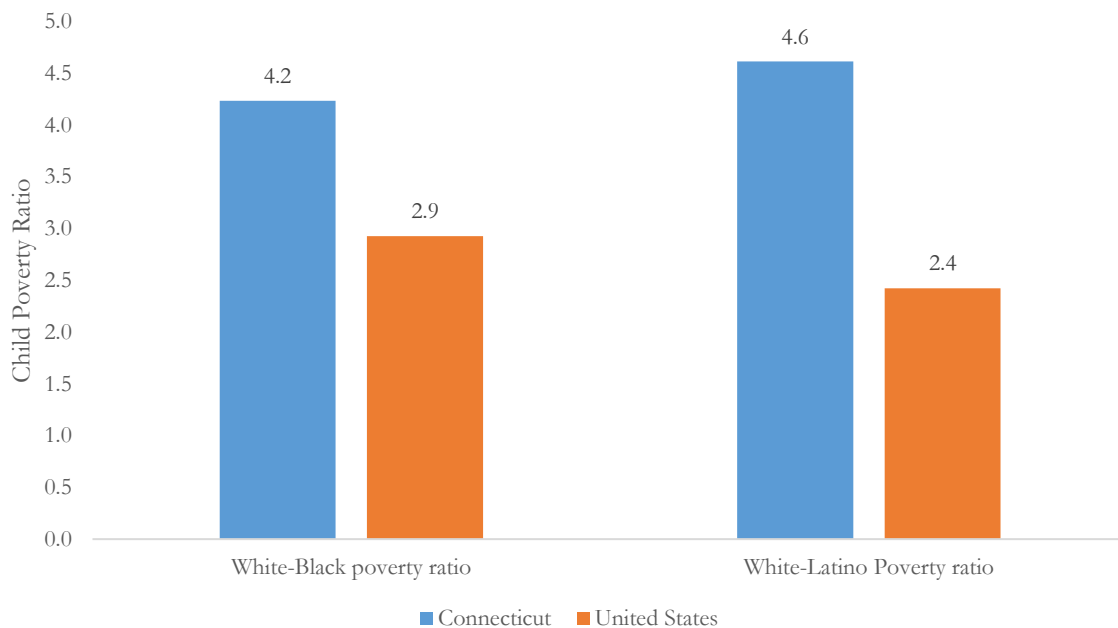
Source: CT Voices analysis of American Community Survey.

Figure 5. Connecticut's Disparities in Child Poverty Have Decreased Since 2011.



Source: CT Voices analysis of American Community Survey.

Figure 6. Connecticut's Racial Disparities in Child Poverty Greater than National Average
Disparities in Child Poverty Rates by Race and Geography, 2016



Source: CT Voices analysis of American Community Survey. Ratio of Black/Latino child poverty rate to white child poverty rate.

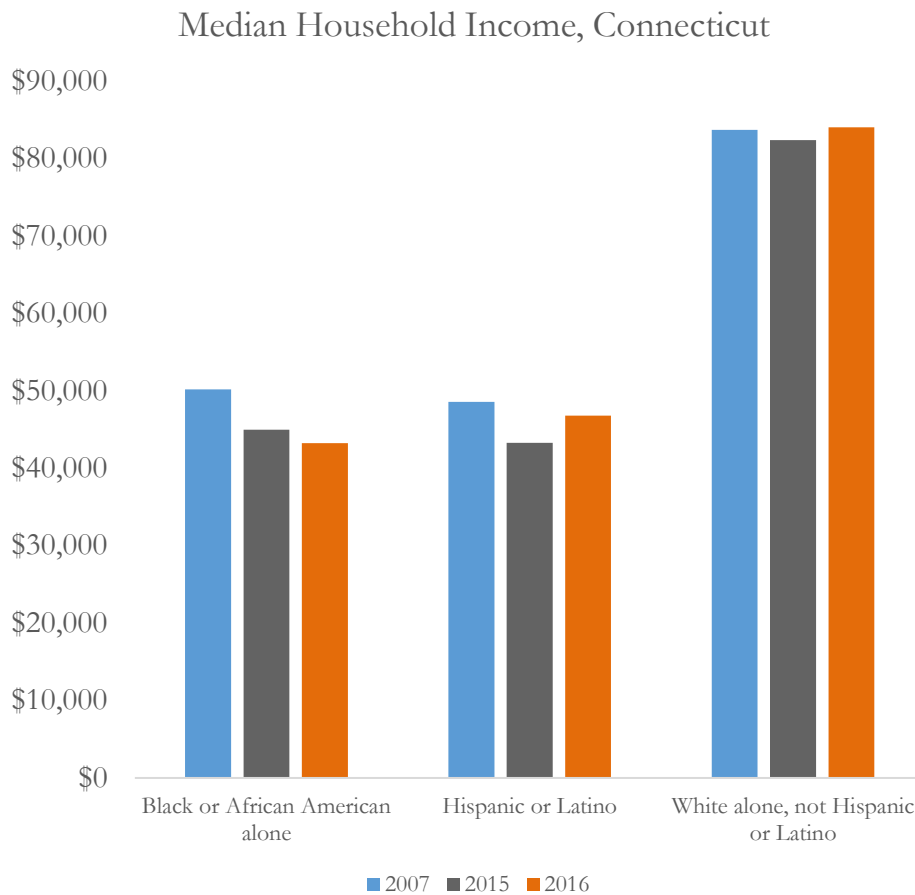
Median Household Income

Connecticut’s overall median household income remained flat over the last year, with only white and Latino residents experiencing a statistically significant increase. The median Latino household’s annual income increased more than twice as much as the median white household’s—\$3,532 (8.2%) compared to white households’ increase of \$1,669 (2.0%). Both of these increases exceeded national trends: the national median Latino household income grew by 3.4 percent while the national median white household income grew by 1.6 percent. However, Connecticut’s gains narrowed only slightly the large disparity between these groups’ incomes. In 2016, Connecticut’s median Latino household earned \$46,808, compared to the state’s median white household income of \$84,030.

Still, racial disparities in Connecticut remain larger than the national average, with Connecticut’s median white household earning nearly twice that of the median Black or Latino household. In contrast, the national median white household income is 1.64 and 1.35 times greater than the national median Black and Latino household incomes, respectively.

The latest budget’s cuts to K-12 education, higher education, and workforce development threaten to reduce opportunities for families to learn the skills necessary for secure, high-wage work. Including the Governor’s reductions on November 17, the budget cuts the University of Connecticut and its health system by \$55.4 million, or 15.2 percent, and the state college system by \$38.7 million, or 11.6 percent.⁸ Cuts to other components of our educational system, such as Regional Vocational-Technical Schools and minority teacher recruitment, will further weaken the state’s ability to ensure opportunities for all children.

Figure 7. Only White and Asian Residents Experienced Meaningful Increases in Median Household Income



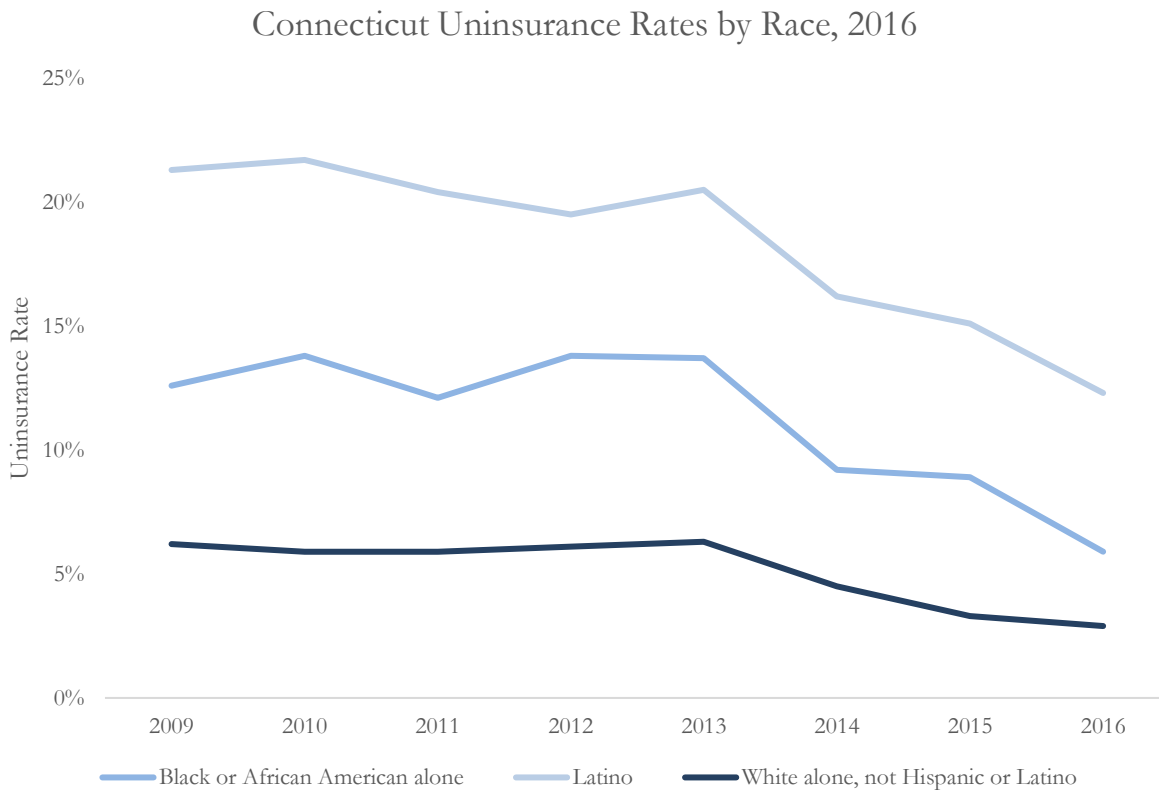
Source: CT Voices analysis of American Community Survey.

Health Insurance

Connecticut has seen dramatic progress since 2009 and maintains one of the nation's lowest rates of uninsurance for both adults and children. Unfortunately, this progress is at risk as the state's fiscal crisis continues. While we do not yet have data on the effects of recent cuts to Medicaid on statewide rates of insurance coverage, only 12 percent of parents who lost HUSKY eligibility in 2015 remained enrolled in the healthcare exchange as of October 2017.⁹ Cuts due to austerity budgeting in 2015 and 2017 will not be apparent until the 2017 and 2019 Census data are available, respectively.

Research shows that children are more likely to be insured and access services when their parents are insured.¹⁰ As parents lose coverage, they may be unsure about their children's eligibility and avoid seeking care. With federal funding for Medicaid, cost-sharing reductions for marketplace plans, and CHIP reauthorization uncertain, it is crucial that Connecticut preserves our low rate of uninsurance. Further, large disparities, particularly for Connecticut's Latino residents, illustrate that past progress has not had a universal reach.

Figure 8. Thanks to Affordable Care Act, Uninsurance Rates Have Dropped, Gaps have Narrowed



Source: CT Voices analysis of American Community Survey.

Appendix: Tables

Table 1. Changes in Overall Poverty from 2015 to 2016, Connecticut

Race / ethnicity	2015	2016	Difference	Statistically Significant?
All	10.5%	9.8%	-0.8	Yes
White	6.1%	5.9%	-0.1	No
Black	20.5%	17.8%	-2.6	No
Latino	24.9%	20.4%	-4.5	Yes
Asian	7.3%	8.4%	1.1	No
Native American	15.8%	12.8%	-3.0	No

Source: CT Voices analysis of American Community Survey.

Table 2. Changes in Overall Poverty from 2015 to 2016, United States

Race / ethnicity	2015	2016	Difference	Statistically Significant?
All	14.7%	14.0%	-0.7	Yes
White	10.4%	10.0%	-0.4	Yes
Black	25.4%	23.9%	-1.5	Yes
Latino	22.6%	21.0%	-1.6	Yes
Asian	12.0%	11.8%	-0.2	No
Native American	26.6%	26.2%	-0.3	No

Source: CT Voices analysis of American Community Survey.

Table 3. Changes in Child Poverty from 2015 to 2016, Connecticut

Race / ethnicity	2015	2016	Difference	Statistically Significant?
All	14.5%	12.9%	-1.7	Yes
White	5.6%	5.5%	0.0	No
Black	28.1%	23.4%	-4.7	Yes
Latino	33.5%	25.4%	-8.0	Yes
Asian	8.2%	8.1%	-0.1	No
Native American	5.8%	3.8%	-1.9	No

Source: CT Voices analysis of American Community Survey.

Table 4. Changes in Child Poverty from 2015 to 2016, United States

Race / ethnicity	2015	2016	Difference	Statistically Significant?
All	20.7%	19.5%	-1.2%	Yes
White	12.5%	11.7%	-0.8%	Yes
Black	36.5%	34.3%	-2.2%	Yes
Latino	30.5%	28.4%	-2.1%	Yes
Asian	12.1%	11.6%	-0.4%	No
Native American	33.8%	33.8%	0.1%	No

Source: CT Voices analysis of American Community Survey.

Table 5. Changes in Median Household Income from 2015 to 2016, Connecticut

Race / ethnicity	2015	2016	Difference	Statistically Significant?
All	\$72,256	\$73,433	\$1,177	No
White	\$82,361	\$84,030	\$1,669	Yes
Black	\$44,984	\$43,236	-\$1,748	No
Latino	\$43,276	\$46,808	\$3,532	Yes
Asian	\$92,053	\$89,946	-\$2,107	No
Native American	\$44,025	\$42,841	-\$1,184	No

Source: CT Voices analysis of American Community Survey.

Table 6. Changes in Median Household Income from 2015 to 2016, United States

Race / ethnicity	2015	2016	Difference	Statistically Significant?
All	\$56,486	\$57,617	\$1,131	Yes
White	\$62,177	\$63,155	\$978	Yes
Black	\$37,010	\$38,555	\$1,545	Yes
Latino	\$45,353	\$46,882	\$1,529	Yes
Asian	\$78,355	\$80,720	\$2,365	Yes
Native American	\$39,021	\$39,719	\$698	No

Source: CT Voices analysis of American Community Survey.

Table 7. Changes in Percent Uninsured from 2015 to 2016, Connecticut

Group	2015	2016	Difference	Statistically Significant?
All	6.0%	4.9%	-1.1	Yes
Under 18 Years	3.3%	2.8%	-0.5	No
White	3.3%	2.9%	-0.4	Yes
Black	8.9%	5.9%	-3.0	Yes
Latino	15.1%	12.3%	-2.8	Yes
Asian	7.7%	6.3%	-1.4	No
Native American	11.5%	12.9%	1.4	No

Source: CT Voices analysis of American Community Survey.

Table 8. Changes in Percent Uninsured from 2015 to 2016, United States

Group	2015	2016	Difference	Statistically Significant?
All	9.4%	8.6%	-0.8%	Yes
Under 18 Years	4.8%	4.5%	-0.3%	Yes
White	6.3%	5.7%	-0.6%	Yes
Black	11.0%	9.7%	-1.3%	Yes
Latino	19.5%	18.0%	-1.5%	Yes
Asian	7.8%	6.8%	-1.0%	Yes
Native American	20.7%	19.2%	-1.5%	Yes

Source: CT Voices analysis of American Community Survey.

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- ¹ Noonan, R. (2017, September). Update: State of Working Connecticut 2017 (Issue brief). Retrieved October 9, 2017, from Connecticut Voices for Children website: <http://www.ctvoices.org/publications/state-working-connecticut-2017>. Pages 3 and 6.
- ² Thomas, D., & Noonan, R. (2017, May). Connecticut's Earned Income Tax Credit (EITC) (Issue brief). Retrieved October 19, 2017, from Connecticut Voices for Children website: <http://www.ctvoices.org/sites/default/files/EITC%20Brief%20vFINAL.pdf>.
- ³ PA 17-2 Sec. 645. Retrieved November 21, 2017, from Connecticut General Assembly website: <https://www.cga.ct.gov/2017/ACT/pa/2017PA-00002-R00SB-01502SS1-PA.htm>
- ⁴ Office of Fiscal Analysis. (2017). Fiscal Note for S.B. 1502. Retrieved November 14, 2017 from Connecticut General Assembly website: <https://www.cga.ct.gov/2017/FN/2017SB-01502-R00-FN.htm>
- ⁵ Thomas, D., & Noonan, R. (2017, May). Connecticut's Earned Income Tax Credit (EITC) (Issue brief).
- ⁶ Noonan, R. et al. (2017, November). Impact of the Final FY 18-19 Budget on Children and Families. Retrieved November 21, 2017 from Connecticut Voices for Children website: <http://www.ctvoices.org/publications/impact-final-fy-18-19-budget-children-and-families>.
- ⁷ *Ibid.*
- ⁸ Includes Governor's holdbacks for FY 2018. Office of Policy and Management. (2017). Holdback List. Retrieved December 11, 2017 from http://www.ct.gov/opm/lib/opm/budget/fy2018_holdbacks/holdback_list.pdf.
- ⁹ Department of Social Services, HUSKY A Transition, Presentation to the Council on Medicaid Assistance Program Oversight, November 9, 2017. Available at: https://www.cga.ct.gov/med/council/2016/1209/20161209ATTACH_HUSKY%20A%20Transitions%20Presentation.pdf
- ¹⁰ Hudson, J and Moriya A. (2017) "Medicaid Expansion for Adults had Measurable 'Welcome Mat' Effects on Their Children." Health Affairs; September 2017 36:91643-1651 <http://content.healthaffairs.org/content/36/9/1643.abstract>