

Nation's Economic Woes a Big Worry for Working Families

The economy is in trouble—and working families are worried. As Congress expedited action on the Iraq resolution at the president's request, lopsided majorities of Americans told pollsters they wanted to hear more about the economy. In October, the University of Michigan's monthly index of public sentiment pegged consumer confidence in the economy at a nine-year low.

One registered Republican spoke for millions of Americans when she told *The New York Times*, "We need to feel safe about the economy, too." But Americans don't feel safe and here's why: On the economic measures that matter most, working families are much worse off today than we were two years ago.

- Fourteen million Americans who want jobs are out of work or working part-time involuntarily, an increase of 4 million from September 2000. Long-term unemployment has nearly doubled since last year, and more than 2 million unemployed workers will run out of emergency benefits by year's end.
- More than 41 million Americans are uninsured, up 1.4 million since 2000. Health care costs are exploding, rising more than 13 percent in 2002 and expected to increase more than 15 percent next year, the greatest jump since the early 1990s. In 2002, the employee share of health care premiums increased 27 percent for individual coverage and 16 percent for family coverage.
- Retirement security has been eviscerated for millions. Fewer workers have guaranteed pensions now, and more are being forced into plans such as 401(k)s. On average, the most widely held 401(k) stock funds

have lost more than one-fourth of their value so far this year.

- Poverty rose and family incomes fell in 2001. About 33 million Americans were officially poor in 2001, up 1.3 million from 2000. Median household income fell from \$43,162 in 2000 to \$42,228 in 2001.
- Personal bankruptcies are breaking records. During the 12 months ending June 2002, more than 1.5 million individuals filed for bankruptcy, an 8.6 percent increase over the 12 months ending June 2001. The June 2002 level is the highest on record.
- Federal and state budgets have gone from boom to bust, with surpluses reported in January 2001 all but erased. States experienced \$40 billion in shortfalls in FY 2002 and expect almost \$50 billion in FY 2003 shortfalls. The federal budget will end the year in deficit for the first time since 1997, and the 10-year, \$5.6 trillion budget surplus projected in January 2001 has plunged 94 percent, with last year's millionaire tax cut causing 31 percent of the decline.

These are real problems and working families want real solutions. The president and many members of his party offer a predictable mix of tax cuts and sound bites as salve for the nation's ailing economy. But working families know the economy needs stronger and better medicine: extended unemployment benefits, a genuine Medicare prescription drug benefit and steps to rein in exorbitant drug costs, 401(k) reforms to protect workers' retirement investments and to give workers a say in running their retirement plans, an end to risky schemes to privatize Social Security and financial relief for struggling state and local governments.

Sources: American Bankruptcy Institute, Hewitt Associates, Kaiser Family Foundation, National Conference of State Legislatures, U.S. Census Bureau, U.S. Departments of Labor and the Treasury, www.morningstar.com. (AFL-CIO Public Policy Department, 202-637-5172.)

Working Families Economic Indicators at a Glance

	Jobs Lost/Added (Aug. 2000 to Aug. 2002)		Unemployment (Aug. 2002) (March – Aug. 2002)		Workers Exhausting Unemployment Benefits Coverage*		Poverty, Income and Health Insurance			401(k) Losses and Personal Bankruptcy Filings	
	All Jobs (in thousands)	Manufacturing Jobs (in thousands)	# of Unemployed (in thousands)	Unemp. Rate	# of Workers Exhausting Regular Benefits	# of Workers Exhausting TEUC Benefits	Poverty Rate*	% Change in Median House- hold Income*	Uninsured Rate*	401(k) Losses Dec. 2000-2001 (in billions)	Personal Bankruptcy Filings (2nd Quarter 2002)
US	-631.0	-1,495.3	8,142	5.7	2,333,672	1,120,832	11.7	-2.2	14.6	175.75	390,991
AL	-35.9	-35.3	122.1	5.7	25,165	13,518	14.8	-4.5	13.2	2.69	10,140
AK	9.6	-0.5	24.4	7.3	10,887	3,505	7.9	2.5	17.7	0.37	336
AZ	-0.2	-23	144.1	5.7	26,048	13,199	12.9	4.2	18.4	2.42	7,603
AR	-10.2	-25.7	64.5	5.0	22,574	9,506	16.3	2.9	15.0	1.35	5,592
CA	100.7	-115.4	1,091.1	6.2	346,898	73,727	13.1	1.0	19.2	18.20	37,113
CO	-38.1	-20.3	121	5.1	32,547	16,808	9.0	-1.8	15.1	2.65	5,416
CT	-21.8	-25.5	67.9	4.0	28,013	15,890	7.4	-0.4	9.7	2.52	3,099
DE	-2.3	-5.2	15.8	3.8	4,992	2,348	8.5	0.1	9.5	0.55	816
DC	-3.3	-0.9	15.9	5.9	10,442	4,856	16.1	0.1	13.6		602
FL	107	-44.5	418.1	5.3	88,986	75,045	12.0	-2.1	17.8	7.17	23,534
GA	-107	-65.4	195.7	4.6	57,186	52,090	12.6	0.8	15.3	5.25	17,465
HI	-3.9	0.8	23.6	4.0	7,401	4,041	10.4	0.2	9.7	0.77	1,105
ID	1.3	-4.7	36.9	5.3	11,650	3,140	12.7	0.3	16.5	0.74	2,366
IL	-143.1	-69.6	390.2	6.2	108,938	71,037	10.2	-3.1	13.6	8.66	19,996
IN	-101.6	-69.8	164.6	5.2	47,184	26,057	7.9	-3.5	10.8	4.49	13,839
IA	-18	-18.2	60.5	3.7	17,713	10,096	7.7	-3.1	8.0	2.18	3,100
KS	18.3	-12.8	65.2	4.5	17,007	5,678	10.1	2.1	11.4	1.93	3,970
KY	13.2	-18.8	103.7	5.2	20,668	13,817	12.4	3.6	13.0	2.56	6,800
LA	13.5	-8.8	119.2	5.9	18,127	11,717	17.5	-2.1	19.7	2.23	6,665
ME	5.3	-10.3	27.2	4.0	7,064	3,579	10.3	-5.9	10.7	0.93	1,122
MD	-3.1	-5.7	124.3	4.3	24,947	16,111	7.3	-1.7	11.3	3.80	8,839
MA	-55.4	-32.2	173.9	5.2	72,932	24,890	10.2	5.8	8.7	4.27	4,581
MI	-146.9	-68.8	321.2	6.2	94,692	50,359	9.7	-4.1	9.9	7.67	13,475
MN	-38.5	-32.9	123.9	4.3	37,847	21,161	6.8	2.6	7.8	4.12	4,658
MS	-20.5	-36.5	79.1	6.1	14,968	12,800	16.8	-6.2	15.2	1.48	5,265
MO	-64.2	-38.8	138.8	4.7	37,765	22,336	10.2	-2.9	8.8	4.17	8,325
MT	6.7	-1.3	18.7	4.0	5,627	1,700	14.4	-1.3	16.0	0.52	1,206
NE	-5.1	-4.3	32.2	3.4	9,495	3,607	9.7	3.1	9.6	1.24	1,994
NV	32.9	2.1	53.0	5.1	22,917	11,267	9.0	1.5	17.2	1.08	5,240
NH	3.6	-7.4	33.6	4.7	4,594	1,774	6.2	2.4	9.0	0.94	978
NJ	0.1	-35.7	224.2	5.3	104,310	24,207	7.7	-1.0	12.5	5.56	10,719
NM	14.5	-1.5	52.7	6.1	8,534	3,571	18.8	-2.1	23.2	0.91	2,131
NY	-67.9	-90.9	526.6	5.8	197,698	134,992	14.1	-0.4	15.8	10.78	18,589
NC	-55.8	-70.7	248.6	6.3	71,083	36,531	12.9	-1.8	14.2	5.02	8,735
ND	1.7	1	10.6	3.2	3,233	1,317	12.4	1.5	10.9	0.46	492
OH	-130.4	-80.3	325.2	5.5	66,266	44,385	10.8	-0.2	10.8	8.27	19,787
OK	22.5	-8.2	71.0	4.2	14,870	9,434	14.3	1.3	17.9	1.79	6,215
OR	-29.5	-12.4	127.3	7.0	39,979	1,123	11.8	-2.2	13.1	2.19	6,194
PA	-49	-83.8	327.7	5.3	103,709	48,192	9.2	4.1	8.7	8.65	13,614
RI	5.8	-5.5	24.6	4.8	9,869	5,750	10.0	0.4	7.2	0.70	1,289
SC	-29.6	-26.5	108.6	5.4	32,015	22,128	12.7	-1.3	13.3	2.52	3,708
SD	3.6	-6.3	10.6	2.6	1,055	414	9.0	2.1	10.4	0.52	650
TN	-31.8	-41.3	131.5	4.6	46,361	36,233	13.2	-4.1	10.8	3.37	14,986
TX	-47.7	-82.5	653.1	6.1	191,530	94,212	15.2	-0.3	23.0	11.47	18,606
UT	-14.7	-12.8	56.9	5.0	15,198	7,647	8.0	-1.6	13.6	1.24	5,389
VT	-2.3	-3.8	14.7	4.2	3,285	1,281	9.8	-4.0	9.7	0.43	441
VA	-37.1	-37.2	153.7	4.1	30,496	19,178	8.0	1.8	11.9	4.87	10,937
WA	-76.4	-44.2	218.7	7.2	58,803	7,699	10.4	-6.3	13.5	3.90	9,804
WV	-1.9	-7.7	47.9	5.9	6,325	3,783	15.6	-2.4	14.2	0.97	2,443
WI	-3.5	-45.1	159.6	5.2	51,814	21,982	8.6	-3.3	8.5	4.40	6,677
WY	12.3	-0.2	9.8	3.6	1,933	1,115	10.3	0.2	15.6	0.32	617

Sources: U.S. Department of Labor; Center on Budget and Policy Priorities; Institute for America's Future; America Bankruptcy Institute; National Conference of State Legislatures; U.S. Census Bureau.

* To improve reliability, the Census Bureau uses two-year moving averages and three-year averages for some state data. For state data on health insurance coverage and poverty rates, the Census Bureau uses a three-year average (1999-2001). For changes in median household income by state, the Census Bureau compares a two-year moving average (1999-2000) with another two-year average (2000-2001). For U.S. data on poverty rates and health insurance coverage, the data are for 2001. For changes in U.S. median household income, the comparison years are 2000 and 2001.