

The Measure of Poverty:

A Boston Indicators Project Special Report

2011



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The Boston Indicators Project is a Special Initiative of the Boston Foundation and Greater Boston's Civic Community

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Introduction

In late 2008, the global and national economies crashed, with cascading challenges for people throughout the world and here at home, especially low-income households. The subsequent Boston Indicators Project's report, *A Great Reckoning: Healing a Growing Divide*, highlighted widening income inequality.

That report found Suffolk County to be among the most unequal counties in the nation due to the uneven impact of the regional knowledge economy on those with more and less education. It also noted the increasing stress on low-income households in a high-cost city and region.

Today, almost three years after the onset of the Great Recession, those stresses are greater than ever. While Massachusetts and Boston are doing better than the nation in recovery, unemployment rates remain abnormally high, and highest for the least well educated. Joblessness and underemployment, in turn, have produced fewer tax revenues—and a state budget gap. Massachusetts agencies are heading into their fourth fiscal year of deep cuts in a wide array of social services.

Many programs proven to protect children and families from the harshest effects of poverty or provide ladders of opportunity out of poverty have been eliminated or severely reduced. Families with children and others whose circumstances were alleviated by such programs as the Special Supplemental Nutrition Program for Women, Infants and Children (WIC), child care subsidies and other safety net services are now at risk of permanent setbacks as the economy continues to struggle.

This short report is designed to take the measure of poverty in Boston over the last several years in the context of broader trends. National policies and economic trends have not been kind to families on the lower end of the ladder of opportunity, or to industrial workers, many of whose jobs have been automated or off-shored. Nationwide, poverty has deepened and income inequality has widened, and for far too many Bostonians—especially people of color living in a geographical spine that runs directly through the middle of our city—the American Dream is receding to the point of disappearing.

As Boston Mayor Thomas M. Menino has said, “While Boston is exceptionally strong and resilient, some of us experience great opportunity and prosperity while others experience great hardship, and growing inequalities now threaten to divide our great nation and its great cities. This is the issue of our time. A city works best when it works for all residents. Let us make sure that the recovery is shared widely. We won’t develop all of the solutions here, but we can start here.”

We at the Boston Foundation are proud of our role in the Boston Indicators Project and of our partnership with the Commonwealth of Massachusetts and City of Boston in addressing many of the challenges detailed in this report. We believe that information has the power to first open eyes and then energize those who cannot allow poverty in Boston and the Commonwealth to deepen—diminishing both the economic prospects of the most vulnerable and our dream of a future that offers opportunities for all to thrive and prosper.



Mary Jo Meisner

Vice President for Communications, Community
Relations and Public Affairs, The Boston Foundation

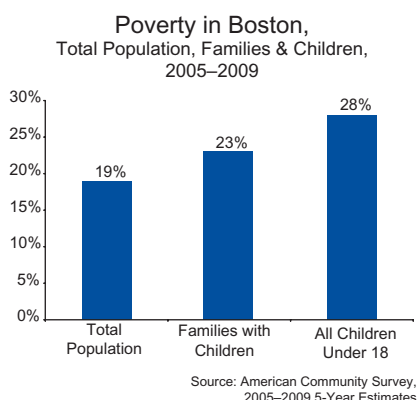
Summary of Findings

Between 1990 and 2010, Boston underwent great economic and demographic transformation, but its official poverty profile remained nearly constant. Since 1990, Boston's population has grown by about 43,000. Its white population declined by 48,000, Latinos increased by 46,000, Asians by 25,000 and African Americans by 1,200. Boston's economy continued its shift from manufacturing to a knowledge base. Yet the number and percentage of Boston families with children at or below the official Federal Poverty Standard remained remarkably consistent. In 1990 and in 2005–2009, 13,000–14,000 Boston families with children under 18, in both cases 23%, were living in poverty. Among all groups, poverty declined only for whites over those two decades. Throughout 2005–2009, an estimated 90,000 Bostonians—not including college students—were living in poverty. The Federal Poverty Standard in 2009 for a family of four was \$22,050.

- **Of Boston families with children under 18 living at or below poverty in 2005–2009, 85% were headed by a single parent.** Of the approximately 13,000 families with children in poverty in 2005–2009, an estimated 11,000 were headed by a single-parent, with high rates across all racial/ethnic groups. Boston's single-parent families reflect starkly lower educational attainment levels than married-couple families: 51% of single parents have completed high school or less compared to more than 50% of married couples with a B.A. or higher.
- **Households at or below poverty and those with very low educational attainment are concentrated in the Roxbury/Dorchester/Mattapan neighborhoods of Boston (Census PUMA 03303). With 42% of its children in poverty, this area represents Massachusetts' largest concentration of child poverty.** And while 43% of all adult Bostonians hold a B.A. or higher—one of the highest rates in the nation—just 18% of the adults in this part of Boston hold a 4-year college degree and in a number of Census Tracts, 40%–50% of residents lack a high school diploma.
- **Boston's recent economic dynamism reflects an increase in wealthy, well-educated residents rather than a decline in poverty, with widening inequality and stark racial/ethnic disparities.** Low-income Bostonians' incomes are lagging as top earners' rise. In 2009, the top 5% of earners in Boston accounted for more than 25% of total annual income while the bottom 20% earned just 2.2% of the total. Boston's income inequality has a strong racial/ethnic component. More than one-third of families of color had annual incomes of less than \$25,000—and 10% had incomes of less than \$10,000—while almost half of Boston's white families had annual incomes of \$100,000 or more and just 10% had incomes of less than \$25,000.
- **Because the Federal Poverty Standard has not kept pace with Boston's high cost of living, the “officially” poor are poorer today than they were 20 years ago.** Between 1990 and 2010, prices in Greater Boston increased at a faster rate than the official poverty threshold. Had they kept pace with regional inflation, many more Bostonians would be officially “poor.” For example, in 1990, the official poverty threshold for a family of four was \$14,350—equivalent to \$23,555 in 2009 dollars. However, the current poverty threshold is \$22,050, creating an inflation gap of \$1,505, or about \$125 a month.

- **When the region's high cost of living is taken into account, as many as 340,000 Bostonians (excluding college students) may be challenged to make ends meet in post-Recession Boston—a figure that includes more than half of Boston's population.**
- Roughly 160,000 Bostonians, including nearly 50,000 children, have incomes up to 185% of the Federal Poverty Standard—the uppermost eligibility threshold for most safety net services such as reduced-price school lunches and food stamps.
- In addition, as many as 150,000 Bostonians, including 30,000 more children, have incomes between 186% and 400% of poverty—the income it actually takes to sustain a household based on calculations by the Crittenton Women's Union. The calculations show that when the actual cost of necessities such as housing, food, transportation, child care and energy are taken into account for various family types, the income needed to sustain a Boston household without subsidy exceeds the Federal Poverty Standard by a factor of three to four.
- **Demand for safety net programs is rising.** More than 35,000 Boston households received food stamps in 2009, up from about 25,000 in 2006, with the percentage increasing from 11% to more than 14% of all households. In 2009, Action for Boston Community Development (ABCD) received 50,000 more applications for fuel assistance than in 2006. That same year, the Greater Boston Food Bank served 394,300 individuals in eastern Massachusetts, a 23% increase over 2005. Of those served, 27% did not have a place to live, up from 16% in 2005.
- **Many of these safety net programs are being cut—some dramatically—to balance state budgets. This strategy risks both immediate harm to vulnerable residents and may incur major future costs.** Today's budget gaps reflect cyclical challenges, such as unemployment and declining tax revenue, that for two years after the onset of the Great Recession were filled in part by Federal stimulus funds and one-time revenues. However, a \$1.9 billion revenue shortfall for fiscal year 2012 coincides with the end of the Federal stimulus program, resulting in cuts of \$1.4 billion to the social safety net. As many of these programs are reliant on federal funding, which in the current national political climate face a serious threat of even more drastic reductions, these cuts will likely create permanent societal and structural economic damage.
- **Without a shift to broad-based structural solutions to balance government budgets, residents in, near or at risk of poverty may incur permanent setbacks. Structural solutions do exist.** For example, Massachusetts' health care costs—the most expensive in the nation and projected to double by 2020—are crowding out all other public and private investments and driving deficits. Massachusetts' regressive state and local tax structure, in which the lowest quintile pay more than 10% of their income in all state and local taxes while the top 1% pay less than 6%, could be reconfigured.
- **The long-term potential impact of short-sighted cuts to the social safety net in an era of weak job growth and strained public budgets cannot be overestimated.** Long-term studies have shown both the benefits of preventive measures, such as high-quality early intervention and education, in costs avoided and the return on investment to state coffers of high-quality public education and workforce development. Boston and Massachusetts are at a crossroads. Our response today to increasing economic distress will likely determine the level of available resources to invest in the quality of life for all residents in years to come.

Despite Great Changes in Boston Over 20 Years, Poverty Has Remained Constant



Boston underwent a period of city building and demographic and economic transformation between 1990 and 2010, with sustained efforts to boost opportunity for low-income residents. Between 1990 and 2010, Boston's economy continued its shift from a manufacturing to a knowledge base. The city's population increased by about 43,000 even as its child population declined by 6,000.

Over that period, Boston's Latino population increased by 46,000, its Asian population by 25,000 and African Americans by 1,200 as whites declined by 48,000. However, despite these great demographic shifts, Boston's landscape of poverty remained relatively unchanged.

In 1990, Boston's poverty rate was 18.7%. In 2000, 19.5% of Bostonians lived at or below poverty. Averaged across 2005–2009, according to American Community Survey estimates, 19% of Bostonians were living at or below poverty. By comparison, 10% of Massachusetts residents were living in poverty. (see table: *Federal Poverty Standard, 2009*)

Federal Poverty Standard, 2009

Family Size	Poverty Threshold
1	\$10,830
2	\$14,570
3	\$18,310
4	\$22,050
5	\$25,790
6	\$29,530
7	\$33,270
8	\$37,010

Source: US Department of Health and Human Services

Among families with children in Boston in 1990, 24% lived at or below the Federal Poverty Standard, and in 2005–2009, that rate was 23%. In numerical terms, about 14,000 Boston families lived in poverty in 1990, with an estimated 12,800 living in poverty in 2005–2009. In 1990, the number of Boston children living at or below the poverty line was 30,372; that figure is estimated at 30,900 today—in both cases roughly 28% of all children in the city.

Current rates of family poverty by race and ethnicity also closely mirror those of 1990, with the exception of poverty among white families with children, which has fallen by almost half.

In 1990, Boston was in recession and in the throes of a state fiscal crisis following a housing boom and bust—with high rates of foreclosure in low-income neighborhoods and increasing youth violence.

Today's low-income families in Boston face many of the same challenges.

Boston, like other successful cities, has acted as a springboard for many low-income residents and particularly for newcomer immigrants, many of whom arrive with both skills and high aspirations. However, like other US urban centers, Boston also contains pockets of intergenerational, or persistent, poverty.

Poverty in Boston: 1990 and 2005–2009*

In Poverty	1990		2005–2009*	
All Boston Residents	102,092	19%	112,667	19%
Families with Children	13,980	24%	12,850	23%
All Children	30,372	28%	30,957	28%
Latino	8,375	45%	11,227	40%
African American	14,664	34%	13,842	35%
Asian	2,142	33%	2,502	31%
White **	8,213	18%	2,962	9.5%

Source: US Census Bureau 1990 Decennial Census, American Community Survey 2005–2009
 *See Notes and References for complete table with margins of error and data notes.
 **1990 counts combine race and ethnicity, 2005–2009 counts separate race from Latino status.

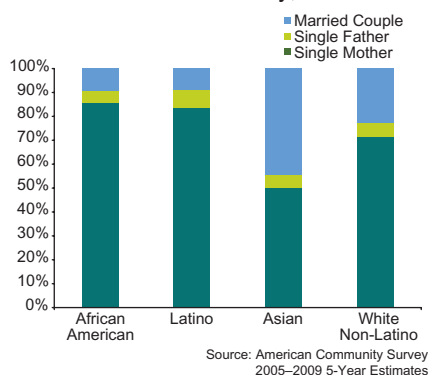
The consistency of poverty rates over time raises the question of whether Boston is serving as a platform for upward mobility, with new individuals and families launched each decade, or whether its knowledge economy, which abundantly rewards high academic achievement and harshly punishes low skills, is exerting a strong downward pull on disadvantaged households.

It also raises the question of whether the policy framework for addressing poverty is supporting households to move out of poverty, or whether, because of such triggers as the “cliff effect” of sudden ineligibility beyond a certain wage threshold, those in poverty are impeded from making progress.

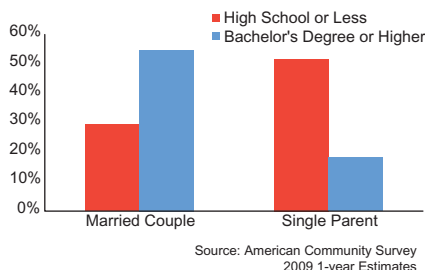


Of Boston Families with Children in Poverty, 85% Are Headed by a Single Parent

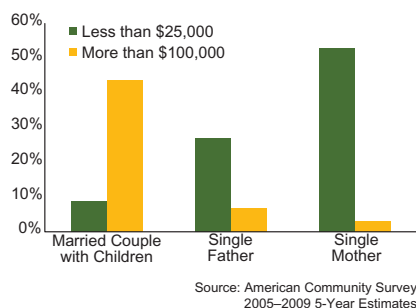
Family Structure of Boston's Families with Children in Poverty, 2005–2009



Educational Attainment of Householder by Family Type
Families with Children, Boston, 2009



Percent of Families with Income Less Than \$25,000 & More Than \$100,000 by Family Type, Boston 2005–2009



More than half of the nearly 50,000 families with children under 18 living in Boston are headed by a single parent, and of those in poverty, 85% are headed by a single parent or related guardian.

There are many causes of single parenthood—from death and divorce to teen pregnancy—but across all races and ethnicities, single parenthood intensifies the risk of poverty.

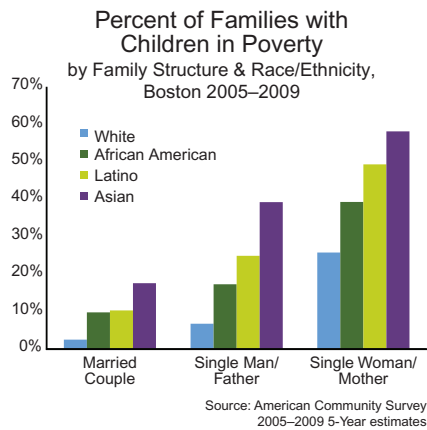
Of Boston families with children under the age of 18 living at or below the Federal Poverty Standard in 2005–2009, according to American Community Survey estimates:

- **50% of Asian families with children in poverty were headed by a single woman (mother or related guardian). Adding single-father households, the figure rises to 56%.** Of approximately 4,500 Asian families with children in total Boston, 12% were headed by a single parent.
- **72% of white families with children in poverty were headed by a single woman. Adding single-father households, the figure rises to 77%.** Of approximately 20,100 white, non-Latino families with children in Boston, 10.5% were headed by a single parent.
- **84% of Latino families with children in poverty were headed by a single woman. Adding single-father households, the figure rises to 90%.** Of approximately 14,600 Latino families with children in Boston, 48.5% were headed by a single parent.
- **86% of African American families with children in poverty were headed by a single woman. Adding single-father households, the figure rises to 91%.** Of approximately 20,600 African American families with children in Boston, 45% were headed by a single parent.

The gap in economic circumstances between married-couple and single-parent families in Boston is wide, not only in household income but in educational attainment: 56% of married-couple families contain at least one adult with a Bachelor's degree or higher; in contrast, 51% of single mother-headed families have a high school diploma or less.



Poverty in Boston Is Highly Concentrated, Demographically and Geographically

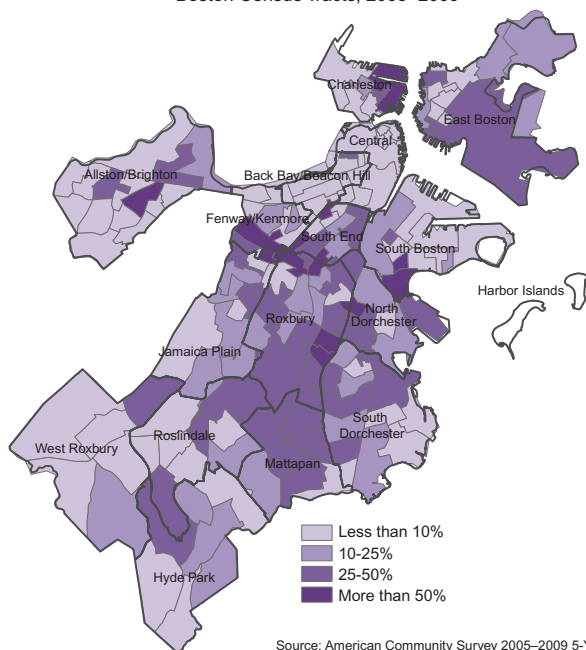


While Boston is increasingly prosperous overall, those experiencing poverty are highly concentrated and to a large extent isolated within specific demographic groups and locations.

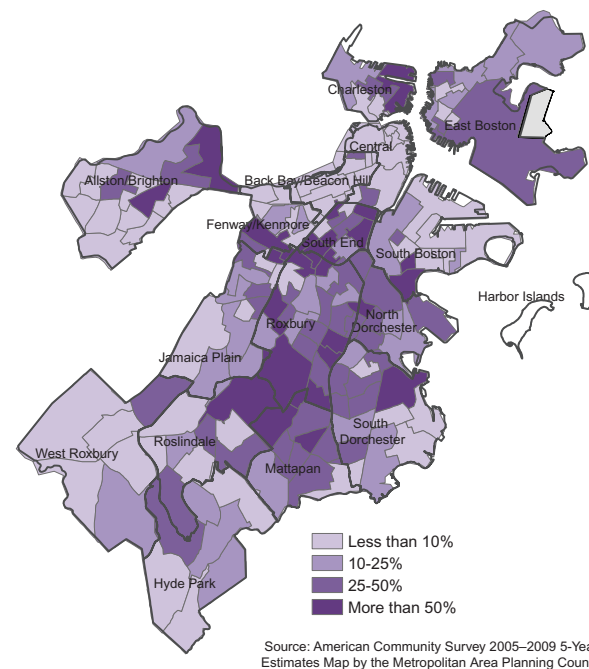
Single Mother-Headed Families: Just as child and family poverty is strongly concentrated in single-parent households, Boston’s single mother-headed families are highly clustered geographically. The dark Census Tracts in the left map below indicate the residency of as many as 500 single mother-headed families with children. Such high concentrations generally indicate the location of Boston Housing Authority (BHA) family developments.

Children Under the Age of 18: Of the estimated 109,000 children under the age of 18 in Boston, 30,400 (28%), live at or below the Federal Poverty Standard, and 13% live at or below half the Federal Poverty threshold. Child poverty in Boston is highly concentrated in subsidized housing developments and in the neighborhoods of Roxbury, Dorchester and Mattapan (Census PUMA 03303), where the child poverty rate is 42%—the highest concentration of child poverty in the Commonwealth. Some Census Tracts containing Boston Housing Authority (BHA) family developments are home to more than 1,200 low-income children.

Percent of Children in Single Mother-Headed Families At or Below Poverty, Boston Census Tracts, 2005–2009



Percent of Children Living In Families At or Below Poverty Boston Census Tracts, 2005–2009

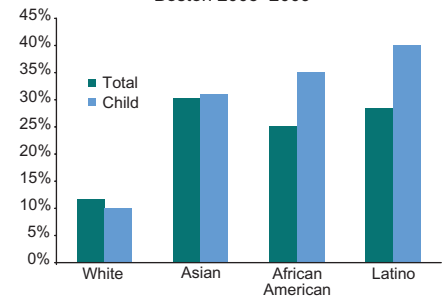


Boston Public Schools Students: Of the 56,000 school-age children attending the Boston Public Schools (BPS) in the 2010/2011 school year, 41,700 (74%), live in households earning 185% of or less than the Federal Poverty Standard—the eligibility threshold for free- or reduced-price meals at school. More than two-thirds of BPS students—38,640, or 69%—live in households earning less than 130% of the Federal Poverty Standard, and are eligible for free meals.

Bostonians of Color: Boston is a “majority-minority” city with fast-growing Asian and Latino populations. However, the great majority of Bostonians of color live in Boston’s high-poverty neighborhoods of Roxbury, Dorchester, Mattapan and East Boston. In contrast, Back Bay/Beacon Hill, South Boston and parts of Central Boston are more than 80% white. Across 2005–2009, almost one in three Asians and about one in five African Americans and Latinos were living at or below the Federal Poverty Standard compared to about one in ten whites. The racial/ethnic poverty income gap in Boston is most pronounced for children. In 2005–2009, 40% of Latino, 35% of African American and 31% of Asian children lived in poverty compared to 10% of white children.

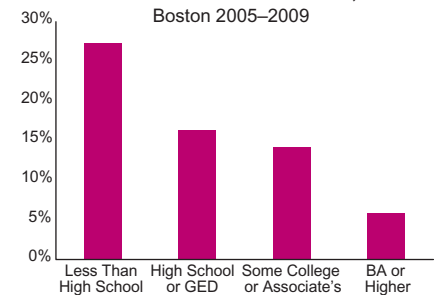
Adults with Low Educational Attainment: Boston is one of the nation’s most highly educated cities, but in some Census Tracts within the city, as many as 50% of adults do not have a high school diploma. In the Roxbury/Dorchester/Mattapan corridor, all Census Tracts have between 20% and 40% of adults without a high school diploma. Citywide in 2005–2009, 27% of those without a high school diploma were living in poverty compared to 6% of those with a B.A. or higher.

Poverty Rates for Total & Child Populations by Race/Ethnicity, Boston 2005–2009



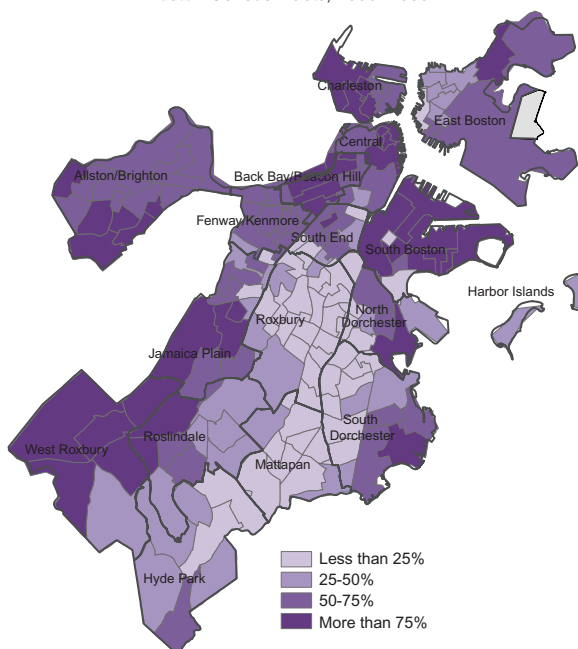
Source: American Community Survey 2005–2009 5-Year Estimates

Poverty Rates by Educational Attainment, Boston 2005–2009



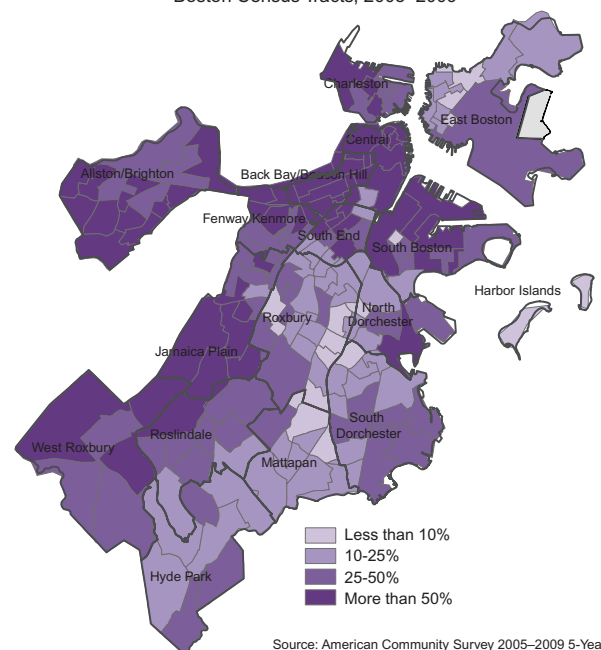
Source: American Community Survey 2005–2009 5-Year Estimates

Percent of the Population that is White Non-Latino
Boston Census Tracts, 2005–2009



Source: American Community Survey 2005–2009 5-Year Estimates Map by the Metropolitan Area Planning Council

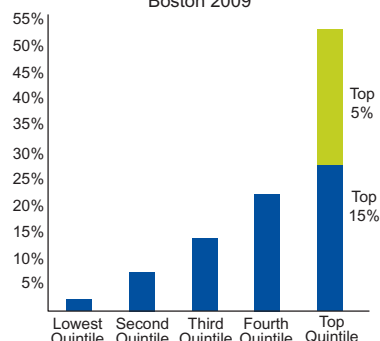
Percent of Adults 25 Years and Older
with a Bachelor's Degree or Higher
Boston Census Tracts, 2005–2009



Source: American Community Survey 2005–2009 5-Year Estimates Map by the Metropolitan Area Planning Council

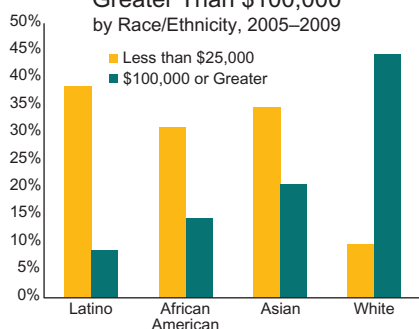
Income Inequality in Boston Continues to Widen

Share of Aggregate Income by Quintile, Boston 2009



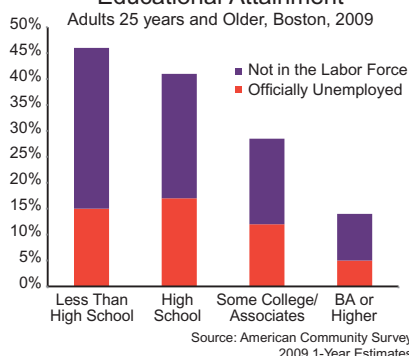
Source: American Community Survey 2009 1-Year Estimates

Boston Families with Incomes Less Than \$25,000 & Greater Than \$100,000 by Race/Ethnicity, 2005–2009



Source: American Community Survey 2005–2009 5-Year Estimates

Unemployment and Laborforce Participation Rates by Educational Attainment Adults 25 years and Older, Boston, 2009



Source: American Community Survey 2009 1-Year Estimates

Greater Boston's economic dynamism reflects its diversified knowledge economy and an increase in educated wealthy residents rather than a decline in poverty. In June 2011, Metro Boston's unemployment rate was 6.8% and Boston's was 7.7%—lower than the national rate of 9.2%—and Boston's average wage greatly exceeds that of Massachusetts as a whole. However, those figures mask a trend toward increased inequality within Boston.

In 2009, the top 5% of Boston earners accounted for 25% of total annual income while the bottom 20% earned just 2.2% of the annual total.

This disparity plays out across race/ethnicity, with the per capita income for white Bostonians estimated at \$45,633 compared to \$21,603 for Asians, \$18,184 for African Americans and \$16,266 for Latinos averaged across 2005–2009.

Riding High: High-earning Bostonians are increasing in both number and in their portion of Boston's total annual income. In 2006, 24% of Boston families earned more than \$100,000. That figure increased to 32% in 2009 as families earning more than \$200,000 increased by 60% from about 6,000 to nearly 10,000.

The Stretched Middle: Seemingly secure during two decades of ascending home prices, Boston's middle class is now stretched thin by a weak housing market, sharply rising health care and college costs and increases in gas, food and energy prices.

Hanging by a Thread: With stagnant wages and job loss fears compounded by credit card and mortgage debt or rising rents, student loans, and the rising cost of food, fuel and health care, more Boston households are turning to food pantries and the Earned Income Tax Credit to make ends meet—many for the first time.

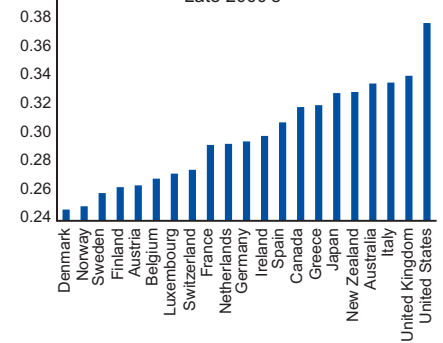
Hitting Rock Bottom: Unemployment for those without a high school diploma in 2009 was three times the rate of those with a B.A. or higher. Almost one-third were out of the labor force completely.

A 2011 survey by the Donahue Institute at UMass-Dartmouth found that of Bay State residents making \$100,000 or more, 8.5% feared falling behind on their rent or mortgage compared to 41% of those earning \$20,000–\$40,000. One-third of high-income residents saw safety as a key issue compared to 75% in the bottom tier.

BOSTON'S INCOME INEQUALITY IN A GLOBAL CONTEXT

US income inequality is now almost “off the chart” compared to rates in our peer nations such as Germany, Japan, Canada and France. Of more than 3,000 US counties, Suffolk is among the top 50 most unequal due in part to its successful knowledge economy, which abundantly rewards those with advanced skills while harshly punishing those without a good education.

Gini Index of Income Inequality,
US & OECD Peer Nations,
Late 2000's



Source: Organisation for Economic
Co-operation and Development

Bostonians in Official Poverty Are Poorer Than They Were in 1990

Between 1990 and 2009, the cost of living in Greater Boston increased by 68%, but the Federal Poverty Standard for families of two, three, or four increased by just 55%, creating an inflation gap in buying power.

In 1990, the official poverty threshold for a family of four was \$14,350—equivalent to \$23,555 in 2009 dollars. However, the current poverty threshold is \$22,050, creating an inflation gap of \$1,505, or about \$125 a month.

For a family of four with a slightly higher income of 125% of the Federal Poverty Level, the inflation gap would be \$1,880—enough to cover community college tuition. For a family of four with an income of 150% of the official poverty threshold, the inflation gap would be \$2,257—the cost for fresh fruits and vegetables, transportation or utilities for that family for a year, as estimated by the Crittenton Women's Union.

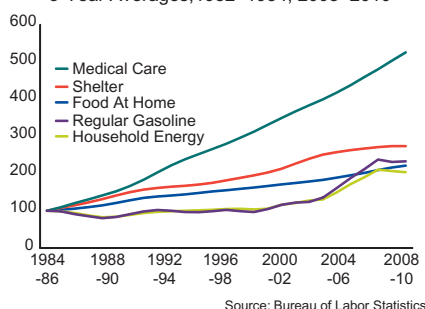
Change in Federal Poverty Level 1990–2009 Gap Between Actual Increase and Inflation-Adjusted Increase for Greater Boston

	Federal Poverty Level Income 1990	Inflation- Adjusted 1990 Level in 2009 \$	Actual Federal Poverty Level Income 2009	Real Change in Federal Poverty Level Income	\$ Gap between 2009 and 1990 Inflation- Adjusted Federal Poverty Level
Family of 2	\$9,430	\$15,479	\$14,570	-5.90%	(\$909)
Family of 3	\$11,890	\$19,517	\$18,310	-6.20%	(\$1,207)
Family of 4	\$14,350	\$23,555	\$22,050	-6.40%	(\$1,505)

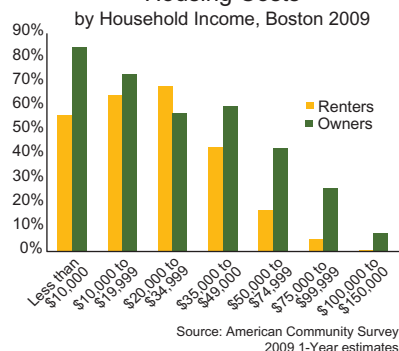
Source: US Department of Health and Human Services; Bureau of Labor Statistics

The Federal Poverty Threshold Has Not Kept Pace with Greater Boston's Rising Cost of Living

Greater Boston Consumer Price Index
3-Year Averages, 1982–1984, 2008–2010



Percent of Renters and Owners Paying
More Than 35% of Income Towards
Housing Costs



Greater Boston is one of the most expensive regions in the nation, but the Federal Poverty Standard is applied to all states and regions uniformly and does not take into account variations in the cost of living. The region's high costs increase financial pressure on families in official poverty and also mask a high number of households that cannot make ends meet but are not counted as officially in poverty.

Between 1990 and 2010, Greater Boston's Consumer Price Index—a measure of the cost of living—increased dramatically due largely to a 159% increase in medical care costs. Over the same period, housing costs rose by 70%, the cost of eating food at home increased by 60%, home heating and energy costs increased by 110% and gasoline by 128%. However, over that same period, median wages in Greater Boston increased only slightly.

Greater Boston's rising cost of living, stagnant wages, and recent job losses have increased hidden, or unofficial, poverty. According to The Greater Boston Food Bank, for example, of those served in 2009 who had a home: nearly one-third had missed the previous month's rent or mortgage payment; 34% had made a choice between paying for food or paying for housing; 44% had chosen between food or heat; and 43% had chosen between food and medical care.

In addition to high health care costs, high housing costs are a particular burden. In 2009, more than half of Boston renters earning less than \$35,000 annually paid more than 35% of their income in rent. In 2010, 70%–80% of foreclosed properties in Boston were renter occupied—four times the foreclosure rate for owner-occupied units—forcing many renters to move into even more expensive units, as rents increased. In July 2011, the Boston area—including Cambridge, Somerville, Brookline and other surrounding communities—had the fifth highest rental costs in the nation with an average asking price of \$1,900 for a two-bedroom unit. According to the City of Boston Department of Neighborhood Development, median rent for a two-bedroom unit in Boston's higher-poverty neighborhoods of Roxbury, Dorchester and Mattapan is slightly lower than \$1,400.

The Region's High Costs Increase the Number of Vulnerable Households Well Beyond Those in "Official Poverty"

The number of Bostonians at or below 185% of the Federal Poverty Standard, who qualify for public assistance of some kind, is estimated at about 165,000 across the years 2005–2009. However, the Crittenton Women's Union used the actual cost of basic goods and services to calculate the 2010 Massachusetts Economic Independence Index, an alternative to the annual Federal Poverty Standard Wage, which is \$22,050 for a family of four.

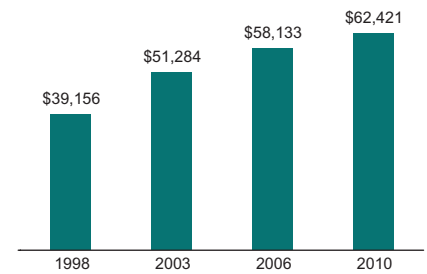
They found that in Boston today, a family of four consisting of one adult, one infant, one preschooler and one school-age child, for example, would need more than \$81,000 to cover basic necessities, such as food, housing and child care without subsidies—about four times the Federal Poverty Standard.

This figure greatly expands the number of Bostonians in, near or at probable risk of poverty or economic distress. To clarify:

- An estimated 90,000 Bostonians, including 30,000 children under 18 were living at or below 100% Federal Poverty Level in 2005–2009—a figure that excludes about 20,000 undergraduate and graduate students.
- The number of Bostonians living between official poverty and 185% of poverty—the top threshold for eligibility for public assistance—was estimated between 70,000 and 75,000 including 20,000 children.
- An additional 150,000 Bostonians, including 30,000 children, were living above 185% of poverty but earning less than 400% of the Federal Poverty Standard—a proxy for economic self-sufficiency in Boston.

In total, more than half of all Bostonians—not including the student population—are estimated to be living in poverty or in some degree of probable economic stress.

Massachusetts Economic Independence Index for a Single Parent with One Preschooler & One School-Age Child, Boston 1998–2010



Source: Crittenton Women's Union

Massachusetts Economic Independence Index Income Gap (for a family of four in Boston)

Federal Poverty Threshold Wage for a Family of Four	\$22,050
185% of Federal Poverty	\$40,793
Economic Independence Wage for a Family of Four (1 adult, 1 infant, 1 pre-schooler, 1 school-age child)	\$81,419

Source: US Department of Health and Human Services, Crittenton Women's Union

The Need for Safety Net Services Is Rising

Federally funded, state-administered and sometimes state-supplemented safety net programs are designed to mitigate the effects of poverty. Throughout the Great Recession and its aftermath, requests for these services have been rising in Boston and statewide. By and large, such programs support individuals, families and households earning as much as 185% of the Federal Poverty Standard (*see table for program eligibility*).

Together, food stamps, fuel assistance, Medicaid, child care vouchers, housing subsidies and income supports can add as much as \$3,800 a month in assistance for eligible families. However, very few families receive all benefits within income eligibility, time and availability constraints.

FOOD STAMPS

Eligibility: Massachusetts households with incomes up to 185% of poverty are eligible for up to \$668 per month in food purchasing assistance depending on household size.

Utilization: In 2009, more than 35,000 (14%) of Boston households received SNAP/Food Stamps—up from about 25,000 (12%) in 2006. Statewide, the SNAP caseload for April 2011 was 446,579, 68% higher than in April 2008.

TRANSITIONAL AID TO FAMILIES WITH DEPENDENT CHILDREN (TAFDC)

Eligibility: TAFDC provides time-limited cash benefits to certain families with dependent children and pregnant women in the last 120 days of pregnancy, with a lifetime limit of 60 months. A family of four in Massachusetts is eligible to receive up to \$731 per month in supplemental income. The average monthly benefit is \$475, including a \$40 rental voucher for families in unsubsidized housing.

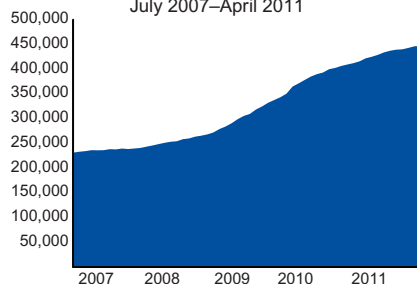
Utilization: As of June 2011, 51,480 families received TAFDC, up from a low of 44,089 in July 2008, which was also the last “peak” in monthly employment before the recession. Bostonians receiving TAFDC reached a decade-long high in 2009 at 8,529 from the low of 7,268 in 2007.

THE SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS AND CHILDREN (WIC)

Eligibility: The average monthly subsidy for food for pregnant women, infants and very small children is \$41.31 per person.

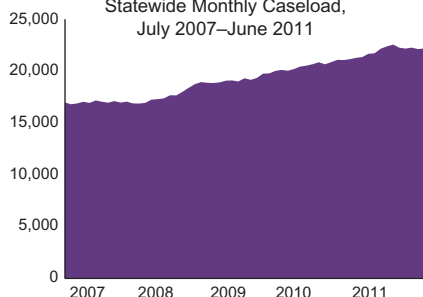
Utilization: As of April 2011, 119,043 Massachusetts residents were receiving food and nutritional subsidies through WIC, including 27,599 infants and 63,086

Supplemental Nutritional Assistance Program (Food Stamps), Statewide Monthly Caseload, July 2007–April 2011



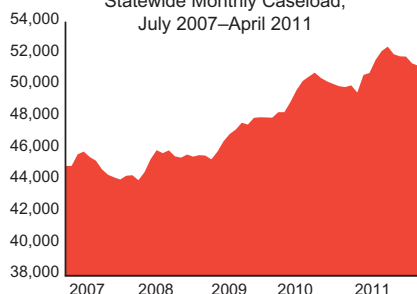
Source: Massachusetts Department of Transitional Assistance

Emergency Aid to The Elderly and Disabled Statewide Monthly Caseload, July 2007–June 2011



Source: Massachusetts Department of Transitional Assistance

Transitional Aid to Families with Dependent Children, Statewide Monthly Caseload, July 2007–April 2011



Source: Massachusetts Department of Transitional Assistance

children under five. The most recent data for Boston show more than 20,000 participants in 2007.

LOW-INCOME HEATING ASSISTANCE PROGRAM (LIHEAP)

Eligibility: A subsidy of up to \$1,090 assists eligible low-income households with the purchase of home heating oil.

Utilization: Over the last three years, Action for Boston Community Development (ABCD) has received 50,000 more LIHEAP applications than previously, with a 10% increase in applications over the last year alone.

HOUSING SUBSIDIES

Subsidies are up to \$1,200 per month based on 30% of gross income for a family of four earning 50% of the state's median income.

TAX CREDITS

In the 2009 tax year, 11,243 low income Bostonians received an average \$1,998 in tax credits and refunds from the: Earned Income Tax Credit (\$1,210 on average), Child Care Credit (\$426 on average) and Education Credit (\$802 on average).

FOOD SERVICES

According to The Greater Boston Food Bank, the number of people seeking food assistance increased by 23% between 2005 and 2009. The profile of those served has changed: 14% had a college degree; 25% were employed (of which 23% were in managerial positions); and 5% had incomes higher than 185% the Federal Poverty Standard, too high to qualify for food stamps.

NONPROFIT SERVICES

A 2010 Nonprofit Finance Fund survey of Massachusetts nonprofits—of which 32% are lifeline safety net organizations—found that 81% saw an increase in need for services. Of those who saw an increase, 41% experienced a significant increase; 55% could not fulfill all the needs and demands of their constituents; and 86% expected further demand in 2011. Nearly 60% estimated that they would be unable to serve all of their constituents.

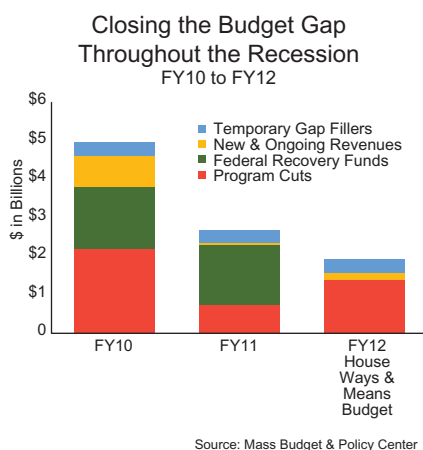
Earned Income Tax Credit:

The federal Earned Income Tax Credit (EITC) delivers up to \$5,666 in federal tax credit and \$849.90 in state tax credit—up to a combined \$6,515.90—for low- and moderate-income taxpayers earning less than \$43,000 annually. The City of Boston's Earned Income Tax Credit Coalition has increased awareness and utilization of this program through free technical assistance, expanding the number of taxpayers served from 4,860 in FY04 to more than 11,000 in FY09. As a result, EITC credits to Boston taxpayers increased from \$2.2 million in 2004 to \$6.6 million in 2009.

Income Eligibility Standards for Select Safety Net Services (Federally Subsidized, State Administered)

Safety Net Program	Income Eligibility
SNAP Food Stamps & WIC	185% of Poverty
Head Start	100% of Poverty
Fuel Assistance	175% of Poverty
MassHealth/Medicaid	150% of Poverty
Child Care Voucher	50% State Median Income
Housing Subsidies	50% State Median Income
Transitional Aid to Needy Families	Under \$10,000 for a family of four
Federal School Lunch Program	Reduced Price: 185%; Free: 130%

Closing the State Budget Gap by Cutting Programs



The City's Response

Since the recession of 2001, state local aid to the City of Boston has declined by \$208 million, and is expected to decline by an additional \$24 million this fiscal year. In response, the City of Boston prioritized maintaining level funding (and in some cases slight funding increases) for high return-on-investment programs serving vulnerable families such as Pre-K, summer jobs, summer school, and public health. Boston has been able to draw on revenue from new local option taxes, including the meals tax, which nearly doubled from \$9.9 million in fiscal year 2010 to a projected \$18 million for fiscal year 2012.

Rising unemployment, declining wages and reduced purchasing power associated with the Great Recession have left the Commonwealth—along with every other state—with a budget deficit for the fourth year running of \$1.9 billion for FY12.

The budget outlook has improved considerably. The current gap is down from almost \$5 billion in FY10. The loss of Federal stimulus funding, temporary gap-fillers and one-time revenues, however, means that the majority of the FY11–FY12 budget gap—\$1.4 billion—was filled by program cuts. Unless progress is made in addressing structural challenges such as health care costs and tax revenue, more such cuts will be necessary in the future.

In July 2011, the Commonwealth passed a \$30.6 billion budget against the backdrop of continued economic uncertainty. A handful of high points include FY11 revenues that were \$723 million higher than expected, a shift in homelessness funding to support permanent housing over temporary shelters and a large increase in youth violence prevention programs. However, many crucial services to low-income residents—and programs that have proven long-term results—are funded well below levels even in the midst of the recession in FY09.

- Head Start and Universal Pre-K will be level-funded from FY11 to FY12, but have been cut 27% and 40% respectively since FY09.
- Child Care subsidies for income-eligible and TAFDC recipients were reduced by \$629,000 and \$4.9 million respectively from FY11. This follows a combined reduction of \$55 million (-16%) between FY09 and FY11.
- Health Promotion and Disease Prevention Programs received just \$3.4 million in the FY12 budget—a 43% reduction from FY11 funding. This follows a 57% reduction since FY09 when these programs received \$14.7 million.
- Transitional Aid to Families with Dependent Children was cut by \$8.1 million from FY11 to FY12, including a reduction of the child clothing allowance from \$150 to \$40 per child. This cut will affect an estimated 70,000 across Massachusetts.
- SNAP (Food Stamps) in FY12 allocates \$900,000 in state support, down from \$1.2 million in FY09. Because of Federal stimulus provisions, the state did not fund SNAP in FY11, but the stimulus provisions ended in FY11.

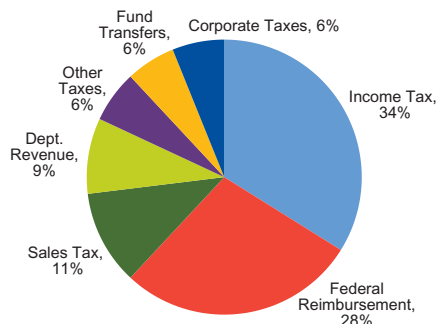
Change in State Funding for Select Services, FY09–FY12, in Millions

	FY09	FY12	% Change
Early Intervention	\$49.40	\$31.10	-37%
Youth Violence Prevention	\$9.30	\$12.70	37%
Health Promotion & Disease Prevention	\$14.70	\$3.40	-77%
Head Start	\$10	\$7.50	-25%
Universal Pre-K	\$12.10	\$7.50	-38%
Child Care Subsidies for Income-Eligible and TAFDC Families	\$411.30	\$365.40	-11%
Smoking Prevention	\$12.80	\$4.20	-67%
Teen Pregnancy Prevention	\$4.10	\$2.40	-41%
The Special Supplemental Nutrition Program for Women, Infants & Children Program (WIC)	\$13.60	\$12.40	-9%
Department of Youth Services	\$163.10	\$142.50	-13%
Employment Services Program	\$34.70	\$7.10	-80%
Transitional Aid to Families with Dependent Children	\$298.10	\$316	6%
Supplemental Nutritional Assistance Program	\$1.20	\$900,000	-25%
Workforce Training Programs & Fund	\$23.2	\$19.8	-15%
Adult Basic Education / ESOL	\$29.9	\$27.7	-7%

Source: Commonwealth of Massachusetts, Massachusetts Budget & Policy Center

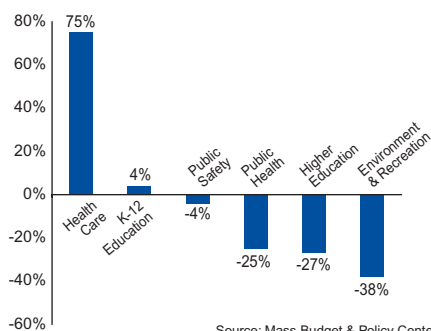
Cyclical Cuts Rather than Structural Solutions

Massachusetts Revenues by Source
FY2011



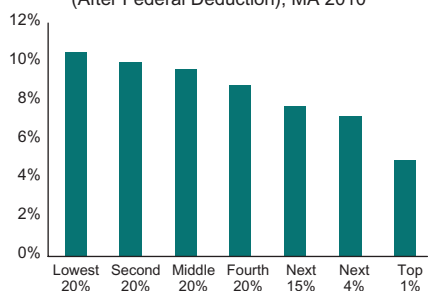
Source: Massachusetts Department of Revenue

Massachusetts State Spending Imbalance:
Net Change by Category FY01–FY11



Source: Mass Budget & Policy Center

State & Local Taxes as a
Percent of Personal Income by Quintile
(After Federal Deduction), MA 2010



Source: Institute for Taxation and Economic Policy

State program cuts cannot address the real drivers of the state's budget shortfall, which are structural in nature rather than cyclical. This structural gap reflects increased debt service, retiree pensions and above-inflation increases in the cost of health care—Medicare, Medicaid and employee health care benefits.

Rising health care costs, in particular, have crowded out other state budget line items, forcing program cuts across the board.

It is also important to note that sales and property taxes are regressive, with the poorest 20% paying nearly twice the rate of the wealthiest 5% in Massachusetts. In 2010, the poorest 20% of Massachusetts residents paid nearly 10% of their income in all state and local taxes combined, including the state's income tax, while the wealthiest 1%—with incomes greater than \$580,000—paid less than 6%.

One approach to the budget gap would be to reexamine the Commonwealth's tax structure to explore ways of increasing revenue in order to preserve highly effective programs.

Governor Patrick's recent call for global payments for health care and accountable care organizations is another research-based structural solution as identified by the RAND Corporation in a study for the Commonwealth.

Recent research has also shown that many social safety net programs have long-term positive effects, or return on investment (ROI), and that some return many multiples of their original cost.

Without rigorous assessment of programs' long-term rates of return, it is likely that programs with important multiplier benefits will be cut, at great expense to both program participants and to the Commonwealth's fiscal future.

Estimated Return on Investment for Select Safety Net and Social Services

Head Start	Every \$1 spent has been found to save \$7–\$9 in future public costs and to increase lifetime earnings. For example: a 62% reduction in special education at \$11,000 per student annually; a 12% reduction in incarceration at \$29,000 per-inmate nationally; a 19%–25% reduction in adult obesity and attendant health risks and costs.
SNAP / Food Stamps	Every \$1 spent on SNAP generates nearly \$2 in economic activity. The \$1.2 billion in SNAP / Food Stamps benefits issued annually in Massachusetts results in \$2.4 billion of economic activity.
Public Housing	Every \$1 of capital funds for the Boston Housing Authority is estimated to produce \$2.12 in economic activity.
Employment Services Program	Every \$1 spent on ESP yields \$1.52–\$3.50 in economic activity.
Early Intervention	Spending on EI services saved Massachusetts' cities and towns an estimated \$29 million in Special Education Services in the 2009–2010 school year.
Workforce Investment Act	WIA Adult program services yield, on average, a 10%–15% increase in annual earnings for participants and a \$1.50 return for every dollar spend.
Youth Build	Education and workforce training for youth offenders is estimated to produce a minimum return of \$10.80 for every dollar spent.

See Notes and Sources for source information

Looking Ahead: The Long-Term Cost of Short-Sighted Cuts

Cuts in state-funded safety net programs and services alongside federal cuts will likely result in future costs that dwarf short-term savings. For example, researchers at Boston Medical Center have found that children in food-insecure families that are behind on rent are more likely to incur developmental delays, poor health outcomes and missed school days. As little as one week without adequate nutrition for an infant can result in lasting cognitive damage.

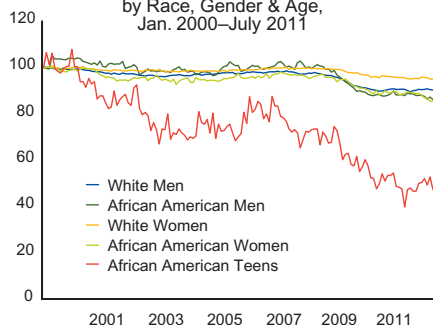
Beyond the immediate impact of safety net cuts on children and families, the long-term consequences have been well documented:

Teen Unemployment: Despite Mayor Menino's focus on summer jobs and Governor Patrick's recent pledge of \$6 million, young people of color in low-income communities are experiencing depression-level unemployment. Nationally, the Great Recession cut the employment-to-population ratio for African American teens by half.

Loss of Future Tax Revenue: Analysis by Northeastern University's Center for Labor Market Studies finds that, on average in 2002 and 2004, a Bay State high school dropout paid 70% less in total state and local taxes than an adult with a B.A. or higher. Over the course of a working lifetime, a high school dropout, on average, was found to have a negative tax impact on state and local taxes.

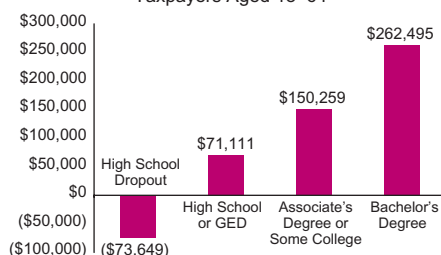
Reduced Economic Mobility: The effects of growing inequality may result in reduced intergenerational economic mobility, which has already been eroding in the US. The Economic Mobility Project of the Pew Charitable Trusts—using the ratio of parent's to children's income as an indicator of relative mobility—found that Germany is 1.5 times more mobile and Canada is 2.5 times more mobile than the United States.

Monthly Change in Employment to Population Ratio by Race, Gender & Age, Jan. 2000–July 2011



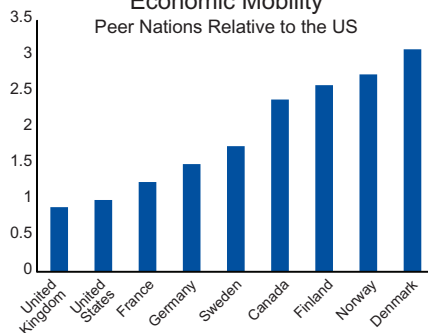
Source: Bureau of Labor Statistics

Estimated Lifetime Net State & Local Tax Contributions by Educational Attainment, Taxpayers Aged 18–64



Source: Northeastern University Center for Labor Market Studies

Ratio of Intergenerational Economic Mobility Peer Nations Relative to the US



Source: Economic Mobility Project, Corak, 2006

Notes and Sources

Poverty in Boston: 1990 & 2005–2009 Detailed Estimates with Margins of Error

	Total Population	In Poverty 1989	Percent in Poverty	Total Population for Whom Poverty Status is Determined 2005–2009	Total Population In Poverty 2005–2009	Percent in Poverty
All Boston Residents	574,283	109,092	19.0%	591,056 (+/-)4,591	112,667 (+/-)2,847	19.1% (+/-)0.5%
All Families with Children	58,419	13,980	23.9%	55,111 (+/-)1,491	12,805 (+/-)854	23.2% (+/-)1.4%
All Children under 18	109,456	30,372	27.7%	109,717 (+/-)2,223	30,469 (+/-)1,425	27.8% (+/-)1.2%
Latino Children	18,381	8,375	45.6%	28,282 (+/-)1,193	11,227 (+/-)785	39.7% (+/-)2.2%
African American Children	43,422	14,664	33.8%	39,565 (+/-)1,579	13,824 (+/-)1,071	34.9% (+/-)2.3%
Asian Children	6,406	2,124	33.2%	8,076 (+/-)633	2,502 (+/-)370	31.0% (+/-)3.8%
White Children (Not Latino or Hispanic)	45,346	8,213	17.9%	31,057 (+/-)1,212	2,962 (+/-)571	9.5% (+/-)1.8%

Source: US Census Bureau 1990 Decennial Census, American Community Survey 5-Year Estimates 2005–2009.

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