



# PENNIES FOR POVERTY

## 2 Cents 4 Change

### Report on Poverty in the Greater Newburyport Area

October 2014

Pennies for Poverty: 2 Cents 4 Change, Inc. prepared this report on poverty in the Greater Newburyport Area<sup>1</sup> in order to make the extent of poverty in our communities more visible so that we, as a community, will pitch in to reduce poverty and alleviate its devastating impact on our neighbors.

This report relies on the poverty estimates<sup>2</sup> made by the United States Census Bureau's American Community Survey<sup>3</sup>, an ongoing statistical survey that samples a small percentage of the population each year and provides data in five year increments. The Report compares the periods 2005-2009 and 2008-2012, the two most recent surveys for the towns in the Greater Newburyport Area. Appendix 1 provides additional information on poverty risk factors, causes, related social issues and myths.

**Caveat:** The only poverty survey results available at the town level are those that define poverty according to the federal poverty threshold, which assumes that people can live less expensively than research organizations think possible. As a result, the extent of poverty in our communities is likely much higher than that indicated by the federal poverty threshold.

The federal poverty threshold used in the American Community Survey has significant limitations<sup>4</sup> but is reported here because federal and state governments use it in funding formulas to allocate funds to local communities. The American Community Survey also identifies the number of people living under 200% of the federal poverty threshold and we report those numbers as well. Even these numbers, however, assume that one can live less expensively than research organizations think is possible. In particular, the Crittendon Womens Union prepares an annual report of the "economic independence wage" for each county of Massachusetts based on a budget for specified household types, as shown in Appendix 2. Below is a comparison of the federal poverty threshold, 200% of the threshold, and the "economic independence wage" calculated for Essex County by Crittendon.

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<sup>1</sup> In this report, the Greater Newburyport Area includes Newburyport, Rowley, West Newbury, Newbury, Amesbury and Salisbury.

<sup>2</sup> Poverty status is determined by comparing annual income to a set of dollar values called poverty thresholds that vary by family size, the number of related children, and the age of the householder. If a family's before-tax money income is less than the dollar value of the corresponding threshold, then that family and every individual in it are considered to be in poverty. For people not living in families, poverty status is determined by comparing the individual's income to a poverty threshold for one adult.

<sup>3</sup> U.S. Census Bureau's American Community Survey five-year estimates. See <http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml> to delve more deeply into the data.

<sup>4</sup> The poverty thresholds are generally recognized as being too low. They were established in the 1960's when the cost of food was calculated at 1/3 of the cost of a family's basic needs. The poverty threshold calculation uses today's cost of certain food items and multiplies by 3 despite the fact that food today is typically about 1/7 of a family's basic needs because of the higher cost of housing, childcare, transportation and healthcare. In addition thresholds do not vary geographically although the cost of living does.

### Comparison of Threshold Incomes used to Define Poverty

Threshold	Two Adults	Two Adults + Two School-Age Children
Federal Poverty Level 2012	\$15,000	\$23,000
200% of Federal Poverty Level 2012	\$30,000	\$46,000
Essex County Economic Independence Wage 2013 <sup>5</sup>	\$40,000	\$71,000

**Observation based on federal threshold:** Poverty, as defined by the federal threshold, increased only slightly in the Greater Newburyport Area in the time periods measured. Still there were some dramatic shifts in the towns most hard hit. See Table 1.

- In the 2008-2012 time period, 3500 people or 5.9% of the population in the Greater Newburyport Area lived below the federal poverty level. The earlier measurement (2005-2009) showed about 3000 people or 5.1% of the population living below the federal poverty level.
- On a town-by-town basis, there were large increases in the percentage and number of people living in poverty in the towns of Rowley, West Newbury, Newbury and Amesbury. By contrast, Salisbury's number decreased considerably and Newburyport's increased only slightly.
- As noted above, defining poverty according to the federal threshold leaves out many who don't have enough money to cover basic needs.

**TABLE 1**  
**Population Living Below the Poverty Level in Greater Newburyport**

Jurisdiction	For the period 2005-2009			For the period 2008-2012		
	Total Population	Number of Neighbors Living Below Poverty Level	Percent of Neighbors Living Below Poverty Level*	Total Population	Number of Neighbors Living Below Poverty Level	Percent of Neighbors Living Below Poverty Level**
Rowley	5726	204	3.6%	5767	525	9.1%
West Newbury	4295	89	2.1%	4263	311	7.3%
Newburyport	17075	1013	5.9%	17197	1063	6.2%
Newbury	6814	267	3.9%	6657	390	5.9%
Salisbury	8414	785	9.3%	8231	401	4.9%
Amesbury	16221	631	3.9%	16073	761	4.7%
	58545	2989	5.1%	58188	3451	5.9%

\*From 2005 - 2009 Essex County had 10% and Massachusetts had 10.1% of the population living below the poverty level.

\*\*From 2008 - 2012 both Essex County and Massachusetts had 11% of the population living below the poverty level.

Source: U.S. Census Bureau, 2005-2009 and 2008-2012 American Community Survey 5-Year Estimates

See: <http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml>

<sup>5</sup> <http://www.liveworkthrive.org/site/calculator>

**Observation based on 200% of the federal poverty threshold:** Using a threshold of 200% of federal poverty level, the survey found that over 16% of the people in the Greater Newburyport Area, about 9500 of our neighbors, lived in poverty in the 2008-2012 period. This is a three percentage point increase over the number of people living in poverty in the 2005-2009 period. See Table 2.

- On a town-by-town basis, there were large increases in the percentage and number of people living in poverty in the towns of Rowley, Newbury and especially West Newbury. By contrast, the percentage and number of people living in poverty in Salisbury and Amesbury decreased somewhat and Newburyport's increased only slightly.
- Unfortunately, as described earlier, even the 200% threshold leaves out many individuals and families who don't have enough money to cover basic needs.

Jurisdiction	For the period 2005-2009			For the period 2008-2012		
	Total Population	Number of Neighbors Living Below 200% of Poverty Level	Percent of Neighbors Living Below 200% of Poverty Level	Total Population	Number of Neighbors Living Below 200% of Poverty Level	Percent of Neighbors Living Below 200% of Poverty Level
Rowley	5726	648	11.3%	5767	931	16.1%
West Newbury	4295	243	5.7%	4263	2042	47.9%
Newburyport	17075	2115	12.4%	17197	2313	13.5%
Newbury	6814	560	8.2%	6657	710	10.7%
Salisbury	8414	1808	21.5%	8231	1502	18.2%
Amesbury	16221	2214	13.6%	16073	2042	12.7%
	58545	7588	13.0%	58188	9540	16.4%

Source: U.S. Census Bureau, 2005-2009 and 2008-2012 American Community Survey 5-Year Estimates

See: <http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml>

**Observation:** More than 25% of those living in poverty are children. See Table 3.

- Over 900 children in the Greater Newburyport Area lived below the federal poverty threshold in the 2008-2012 period. This includes nearly 50% of children in Rowley. Towns like Newburyport, Salisbury and Amesbury which have lower rates of children living in poverty have high rates of people over 65 living in poverty.
- If data were available on the more realistic measure of 200% of the federal poverty threshold, they would likely show that about 2500 children actually lived in poverty<sup>6</sup> during the 2008-2012 survey period.

Jurisdiction	Total Number of Neighbors Living Below Poverty Level	Percent of Neighbors Living Below Poverty Level	Number of Children (under 18) Living Below Poverty Level	Percent of Children (under 18) Living Below Poverty Level	Number of Neighbors Age 18-64 Living Below Poverty Level	Percent of Neighbors Age 18-64 Living Below Poverty Level	Number of Neighbors 65+ Living Below Poverty Level	Percent of Neighbors 65+ Living Below Poverty Level
Rowley	525	9.1%	332	24.1%	181	4.9%	12	1.7%
West Newbury	311	7.3%	216	17.7%	93	3.6%	2	0.5%
Newburyport	1063	6.2%	114	3.3%	752	6.9%	197	7.0%
Newbury	390	5.9%	144	9.6%	189	4.5%	57	5.7%
Salisbury	401	4.9%	22	1.5%	278	5.2%	101	7.1%
Amesbury	761	4.7%	82	2.4%	536	4.9%	143	8.4%
	3451		910		2029		512	
Percent of Total	100%		26.4%		58.8%		14.8%	

Source: U.S. Census Bureau, 2008-2012 American Community Survey 5-Year Estimates.

See: <http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml>

<sup>6</sup> The survey doesn't reveal the age distribution of those living under 200% of the poverty threshold. This estimate is based on the assumption that children comprise the same percentage of those living in poverty in the estimates based on the poverty threshold and those based on 200% of the poverty threshold.

## **What does it all mean?**

Too many people in our community are struggling: children, the elderly, minimum wage workers, single parents, school drop outs, the disabled, those who have lost their jobs, their home or encountered a health crisis, and others who just haven't been as fortunate as many who live in our communities. We cannot ignore their suffering...and we can do many things to help. We can start by helping organizations that help those in need by:

- Donating money, food, and household items
- Volunteering our time on special projects (e.g., a food drive) or ongoing activities (e.g., tutoring in an after-school program)
- Providing expertise in specialized areas (e.g., working on board committees, organizing a silent auction)

We never know when we or someone we love will need the help we can give to others today.

## **Why does Pennies for Poverty issue a report on Poverty?**

Increasing awareness of poverty in Greater Newburyport is an important component of the mission of Pennies for Poverty: 2 Cents 4 Change, Inc. We do this work through our monthly Poverty Awareness Discussion Group, where community leaders discuss programs that serve those in need and help us understand the impact of poverty on families and individuals. Our donation jars by the registers at local businesses, the volunteer directory on our website and our food drives also serve as reminders that people in our community need our help. Learn more about our work as ways you can help on our website: [www.penniesforpoverty.org](http://www.penniesforpoverty.org).

## Appendix 1: General Poverty Information

### Poverty risk factors:

- Inadequate assets
- High debt
- Not graduating from high school
- Young single parent
- Divorce, especially for the wife
- Inadequate health insurance

### Financially devastating bumps in the road for those without assets or adequate

#### income:

- Illness needing medical or dental treatment
- Car or house repair
- Missing work due to caring for sick family member.
- Spousal abuse
- Alcoholism or drug abuse
- Affordable day care
- Cuts in services that are depended upon to make it through the month.
- Increase in living expenses without an increase in wages.

### How to reduce risk of poverty:

- Finish high school
- Work full-time and get paid a living wage.
- Don't be a single young parent.

### American myths about poverty

- Myth: America is the land of opportunity and if you work hard enough, you will succeed and move up the ladder of success.
  - Truth: Only 35 % of poor children will be middle class as adults.
- Myth: Americans take care of their poor.
  - Truth: Compared to other Western industrialized nations, we have one of the highest poverty rates and spend the least on social programs to help the poor.
- Myth: Poverty is something that happens to the lazy.
  - Truth: Close to half of Americans will experience poverty in their lifetime.
- Myth: Poor people don't work.
  - Truth: Two out three families in poverty have one or more employed.

### Social issues tied to poverty:

- Poor health & lower life expectancy
- Teenage pregnancy
- Drug and alcohol use
- Low school performance
- Increase in missing school
- Increase in crime
- Increase in domestic violence
- Lower economic potential and productivity

### Leading causes of poverty:

- Lack of affordable housing.
- Low wages and reduced government assistance
- Lack of affordable services (health care, child care)
- Lack of affordable educational opportunity
- Lack of job opportunity

Source: The Poverty Program: [www.povertyprogram.com](http://www.povertyprogram.com)

## Appendix 2: Economic Independence Calculator

What are the real costs of living in Massachusetts in 2013? Based on research conducted for the Massachusetts Economic Independence Index 2013 report, this interactive tool will allow you to easily determine how much it costs for a specific family-type to live in any community in Massachusetts. By selecting your city or town, and number and ages of children in your care, you will learn the real costs for housing, child care, health care, food, and transportation.

Below are the economic independence indicators for *Essex* based on:

	<u>2 Adults</u>	<u>2 Adults and 2 School-Age Children</u>
<b>MONTHLY COSTS</b>		
Housing	\$886	\$1050
Utilities	\$184	\$ 219
Food	\$479	\$820
Transportation	\$434	\$477
Child Care	\$0	\$1375
Personal/Household	\$351	\$474
Health Care	\$387	\$595
Taxes	\$609	\$1168
Tax Credits	\$0	\$-267
<b>ECONOMIC INDEPENDENCE WAGE</b>		
Hourly per adult	\$9.57	\$16.99
Monthly per adult	\$1,665	\$2956
Annually per household	\$39,960	\$70,932

\* *Earned Income Credit, Child Tax Credit, Additional Child Tax Credit, Child and Dependent Care Credit*

Source: <http://www.liveworkthrive.org/site/calculator>. Many more household types are profiled online.