COMMONWEALTH INSIGHTS

A publication of the Massachusetts Nonprofit Network
2016 Second Edition

Poverty in Massachusetts: Lower Than Average But Far Too High, Especially for Children

Key Points:

- County-level poverty in Massachusetts is as high as 20%, and linked to unemployment.
- County-level child poverty is as high as 30%, and closely tied to high school dropout rates.

Key Strategies for Reducing Poverty:

- Expanding job growth policies
- Strengthening the Earned Income Tax Credit
- Minimizing the "cliff effect"
- Helping more students complete high school
- Creating new partnerships

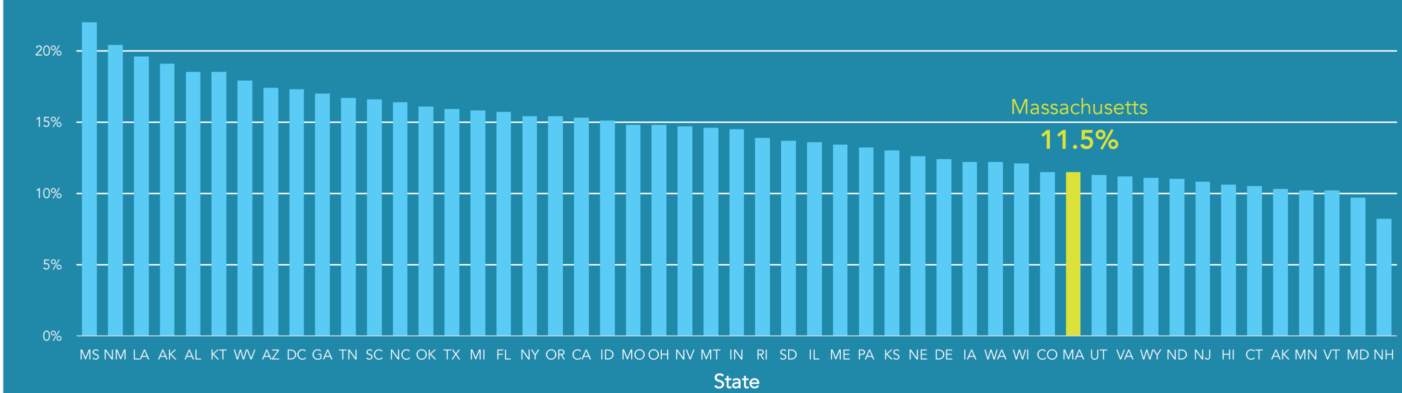
While there are many indicators of opportunity, and the condition of communities, few are more important than the poverty rate. That rate–the percentage of people with incomes below the federally-defined poverty level–is a powerful tool for identifying people under the most economic duress. It's not perfect; debates have taken place for years about how the rate is calculated. It doesn't tell the full picture; income is a necessary but not sufficient prerequisite for people to thrive. But the poverty rate is an essential metric for organizations that work to alleviate suffering, help people meet basic needs, and expand opportunity.

Those goals represent the overarching mission of the nonprofit sector. Nonprofits of all specialties, whether they be small, medium, or large, work to improve people's lives and help communities thrive.

Nonprofits strive to eliminate the causes and devastating effects of poverty. The entire sector has a stake in that effort, because poverty does not have a single cause. It can arise from a lack of jobs, insufficient educational opportunities, poor housing options, health care difficulties, or other factors. Likewise, poverty's solutions are not limited to one subsector of the nonprofit world. The sector as a whole plays a key role in the drive to reduce, and eventually eliminate, poverty and its effects.

Each fall the U.S. Census Bureau publishes new data on poverty in its American Community Survey (ACS). In addition to widely publicized national and state rates, the Bureau provides poverty estimates for nearly every county (excluding those with very small populations). Those include nearly all Massachusetts counties, and the results are striking.

Figure 1: U.S. State Poverty Rates 2015



In 2015, the statewide poverty rate in Massachusetts was 11.5%. Within that average are key facts that must be understood, outlined below. They point to strategies that the nonprofit, government, business and civic sectors can execute together to reduce poverty, making Massachusetts a truer Commonwealth than it has ever been before.

POVERTY: THE NUMBERS AND THE CRITICAL FACTS

Statewide: 3% Lower Than the National Average, 13th Best in the Country

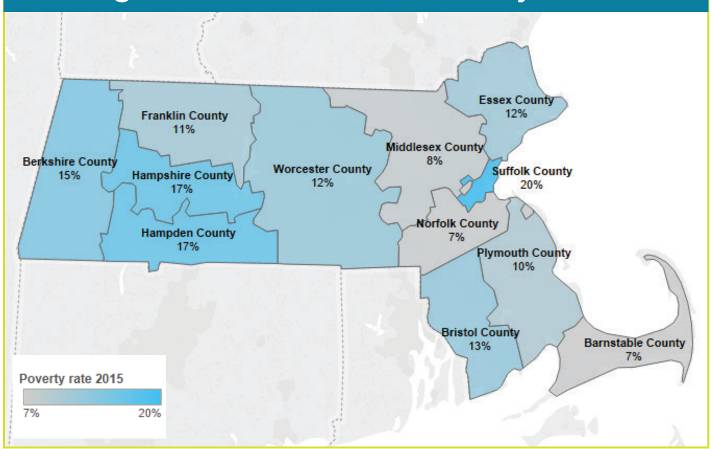
Massachusetts's statewide 2015 poverty rate is 11.5%, according to the ACS. The ACS's national poverty rate is 14.7%, which means that the Massachusetts rate is 3% below the national average (see data footnote at end of text). As illustrated by Figure 1, when compared to all 50 states and the District of Columbia, the Commonwealth's poverty rate is 13th-lowest in the country.

In both comparisons, Massachusetts is doing better than the national average. But the Commonwealth's rate of 11.5% means that 750,000 people–more than 1 in 9–live in poverty. There is plenty of room for improvement.

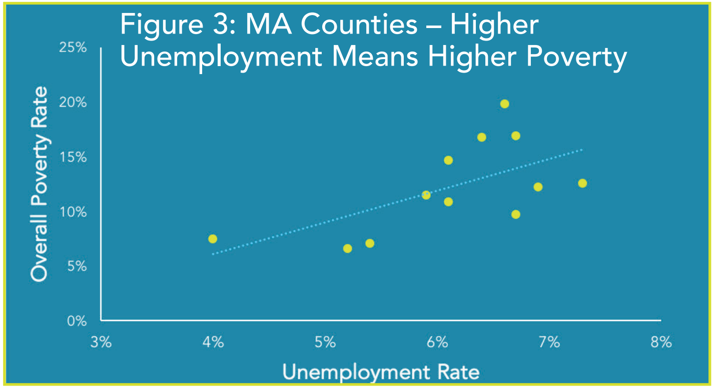
Poverty in Massachusetts Counties: Wide Variations, As High as 20 Percent

The need for improvement is illustrated vividly by county poverty rates. Figure 2 shows that in Massachusetts they rank as high as 20% in Suffolk County, with rates at or near 15% in three more counties. Six of the twelve counties for which data is available have poverty rates above the statewide average, five have poverty rates below it, and one has a poverty rate equal to the statewide average of 11.5%. (ACS rates are not available for Dukes and Nantucket Counties.)

Figure 2: MA Counties Poverty Rates



High poverty rates are not confined to one region of Massachusetts; they exist in the easternmost part of the state and in some of the farthest west counties as well. In Eastern Massachusetts, the state's highest-poverty county (Suffolk) sits next to two of the lowest-poverty counties (Middlesex and Norfolk). The range of poverty rates, and the high levels in some counties, make it clear that the state's growing economy is not yet reaching everyone.



Connection: Unemployment and Poverty

A look at county unemployment rates shows a clear relationship between unemployment and poverty. As Figure 3 illustrates, each Massachusetts county with a below-average unemployment rate (below 5.8%) has a below-average poverty rate (below 11.5%). And most of the counties with above-average unemployment rates have above-average poverty rates. While there is no single cause of poverty, Figure 3 shows that a higher unemployment rate increases a county's chance of having a higher poverty rate.

Poverty Among Children: 20 to 30 Percent in Five Counties

Poverty affects people of all ages–most of all children. When poverty rates are analyzed by age group within each country, a disturbing picture emerges. Table 1 shows that in five Massachusetts counties, 20 to 30 percent of all children under the age of 5 live in poverty. That rate is 30% in Hampden County–nearly one in every three children. It is 26% in Bristol County, 24% in Suffolk County, 24% in Berkshire County and 21% in Essex County, and it is in the high teens in two more counties. Statewide, 60,000 children under the age of 5 live in poverty. The picture is not much better for children between ages 5 and 17. Their poverty rate is 31% in Suffolk County, 26% in Hampden County, and between 15 and 20%

Table 1: Child Poverty Rates in MA Counties		
County	Under Age 5	Ages 5-17
Barnstable	5%	7%
Berkshire	24%	19%
Bristol	26%	15%
Essex	21%	16%
Franklin	14%	12%
Hampden	**30%**	26%
Hampshire	8%	13%
Middlesex	9%	7%
Norfolk	4%	6%
Plymouth	19%	13%
Suffolk	24%	**31%**
Worcester	17%	15%

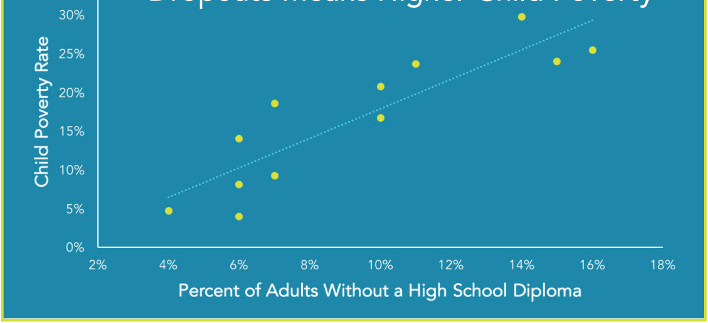
in four more counties. Statewide, 360,000 children between ages 5 and 17 live in poverty.

As with overall poverty rates, these rates are not confined to one part of Massachusetts. High levels of child poverty exist in many parts of the state–north, south, east and west. Their existence will come as a surprise to those who think that poverty only affects a small proportion of Massachusetts residents. And their impact is widespread. Reducing child poverty below these high levels, and addressing the stresses it produces in children and their families, is critical to the Commonwealth's long-term economic and social health.

Connection: Dropout Rates and Child Poverty

The ACS data provides information about a wide range of conditions, including educational attainment. When child poverty rates in each Massachusetts county are compared to high school dropout rates, a striking picture emerges. Figure 4 shows child poverty rates versus dropout rates for Massachusetts counties. The pattern is even more disturbing than in Figure 3–a strong, clear relationship between high dropout rates and high child poverty rates.

Figure 4: MA Counties - More High School Dropouts Means Higher Child Poverty



WHAT SHOULD BE DONE?

What should be done to reduce county-by-county poverty in Massachusetts? While a complete list is beyond the scope of this publication, the ACS data points to several strategies that deserve emphasis.

Expanding Job Growth Policies—Statewide and Regional

The connection illustrated in Figure 3, between unemployment and poverty, means that more must be done to create jobs in Massachusetts. Statewide job growth policies are critical and need to be expanded. Whether they focus on workers' skills, employers' competitiveness, or the promotion of innovation, all increase opportunity and raise incomes.

Also critical, given the data in Figure 2 and 3, are region-specific policies that focus on areas with high unemployment. The Gateway Cities initiatives are an excellent example. Targeted at areas which have lagged economically, they include state-administered development incentives, workforce programs, and creative local partnerships. These and other regional job growth efforts should be expanded.

Strengthening the Earned Income Tax Credit

Reducing unemployment does not completely eliminate poverty; lower-income workers need additional support. One of the best ways to provide that support is through the Earned Income Tax Credit (EITC). It increases take-home pay, raising more above the poverty level.

The EITC's impact can and should grow. Options include ensuring that all who are eligible receive it, making it more user-friendly (e.g. periodic payments rather than a single annual payment), expanding its amount, or expanding eligibility. Although the state's fiscal condition makes the latter steps challenging, there are ways to meet the challenge. A phased increase in the EITC, linked to growth in state revenues or the state's economy, can help ensure that a rising tide lifts as many boats as possible.

Minimizing the Cliff Effect

Sometimes it's economically unfeasible for people receiving public assistance to take a job, because doing so will make them ineligible for assistance–the "cliff effect". The cliff effect is often a side effect of an income eligibility cap, or a sliding scale of means-testing (less assistance as income rises). Both are valid public policies. But when they trigger a strong cliff effect, they can be counterproductive. Strategies for minimizing the cliff effect need to be expanded.

Reducing the cliff effect is difficult not just because of the policy and fiscal challenges it presents, but because separate programs can have a large combined cliff effect. Efforts to reduce it should begin with baseline information about the full range of programs that have income thresholds. Changes to income thresholds, phaseouts, and funding should also be considered. Nonprofits are uniquely qualified to help lead this effort; they hear the voices of people in poverty and have firsthand knowledge of how the cliff effect traps them.

Doing More to Help Students Complete High School

There has long been a consensus on the need for dropout prevention strategies, to give high school students the best chance to succeed in life. The data herein makes it clear that such strategies are also critical for the youngest generation. The clear linkage between high school diplomas and lower child poverty creates an imperative to invest in and expand initiatives that help high school students stay in school and earn their diplomas.

Those efforts don't begin in high school. Early awareness of students who are struggling due to the stressors of poverty, at every grade level, makes it possible to help them with proven interventions. In addition, it is essential to strengthen the connection between schools and the world of work. Stronger vocational educational programs in high-poverty communities and school-to-career partnership programs—many operated by nonprofits—can make a big difference.

Creating New Partnerships and Collaborations

In the long term, solving a multifaceted issue such as poverty will continue to require more cross-sector efforts and solutions. Strategic partnerships that bring together the best ideas, innovation, and practices from government, the nonprofit sector, and business to reduce poverty should be expanded.

Partnerships and collaborations can transform the impact of all types of anti-poverty efforts. The Federal Reserve Bank of Boston's Working Cities Challenge, a Gateway Cities initiative, expressly requires collaborative partnerships across sectors. And there are promising partnerships between public schools, higher education, and the nonprofit sector focusing on high school graduation and the completion of a 2 or 4 year college degree.

CONCLUSION

The persistence, high levels among many populations, and multiple causes of poverty make it a daunting challenge. But all are reasons to attack it head-on. Our shared prosperity is directly linked to the meeting of everyone's basic needs, and to the opportunity for economic and social mobility. Reducing poverty–with the goal of ultimately eliminating it–will make a profound difference in the lives of people across Massachusetts, as well as the communities they live in.

The nonprofit sector will continue to be at the forefront of that effort. Thousands of nonprofits across Massachusetts work every day to help people escape poverty, or avoid falling into its trap. Their creativity, focus on helping others, and dedication are critical to the fight against poverty. So too are the partnerships that nonprofits have with each other, their funders, government, and business. MNN will work with leaders in all of those sectors to strengthen our collective capacity to help people and communities thrive.

About the Massachusetts Nonprofit Network

MNN is the only statewide organization that brings together nonprofits, funders, business leaders, and elected officials to strengthen nonprofits and raise the sector's voice on critical issues. The network has more than 650 nonprofit member organizations and more than 100 for-profit affiliate partners. To join visit massnonprofitnet.org/join.

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Note on the Data

For consistency, this publication utilizes American Community Survey (ACS) data for all poverty rates. The Census Bureau measures poverty in two surveys. The Current Population Survey produces the national rate which is the first to be released each fall, and the ACS then produces a national rate plus state and local rates. The ACS rates enable comparison of local rates to national averages.

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