
Household Economic Issues and Poverty

Description

Information collected from households, service providers and other community leaders through SCAN, together with secondary sources, portray significant economic challenges for a growing number of individuals and families in Monroe County. Our unemployment rate is low compared to other counties, and many of our families are financially well-off. Yet, there is a growing gap between the “haves” and “have-nots”. About a quarter of our population is either living in poverty, or at serious economic risk. Without a coordinated effort to address some of the root causes of a complex situation, there will be continued, if not escalating, repercussions for the entire community in terms of reduced quality of life, along with the economic costs of lost productivity and increased need for already-strained support for social services.

There are a variety of reasons that families find themselves in poverty or at economic risk. The housing costs in our county are among the highest in the state. About 56% of Monroe County households spend more than 30% of their income on rent each year. For some individuals, a lack of adequate education and job skills limits their employment options and earning capability. About 36% of the individuals considered “low income” in this study completed no more than a high school education or GED equivalency; an additional 25% in this category had less education.

Others are victims of an unfortunate series of events with economic consequences – catastrophic illness not covered by insurance leading to the loss of a home and economic ruin; the dissolution of a family and loss of income through divorce, abandonment or death of a spouse; or losing childcare vouchers due to state cutbacks and no longer being able to work without affordable childcare. Federal and state budget shortfalls have left many residents facing severe mental health challenges, or physical disabilities without a support network. Addictions to alcohol and illegal drugs often have serious long-term consequences with failing health and loss of employment.

However, the situation that many community members find particularly disturbing is the increasing numbers of employed two-parent families struggling to make ends meet, a group some refer to as the “working poor.” Local trustees, who provide Poor Relief, have reported as much as a tripling in demand over the past year. Similarly, 43% of the community social service agencies reported increases of up to 25% in the demand for assistance, ranging from supplemental food, to help with utility, clothing, medical bills and rent.

An additional 17% had increases of 25% or more in the past year. “Finding a job that pays enough to make ends meet,” and “paying for rent or mortgage” were the two most prevalent economic challenges for families identified through SCAN. This was followed closely by paying for prescription medications, dental and vision care, even

among families with health insurance. Many families who could benefit from some additional support are not eligible for services because of their incomes; while they are not earning enough to meet their basic needs, their incomes are still not low enough to qualify under the federal eligibility guidelines of “poverty” for most relief programs.

Our community is not alone. There are several recent analyses and discussions of a families’ earning power relative to the size of the household, and the amount needed to pay for food, rent, heat and other basics. The Indianapolis-based Indiana Community Action Agency released “A Dream Deferred: The First Annual Report on the State of Indiana’s Low Income Citizens” in November of 2002. Similarly, the Indiana Coalition on Housing and Homeless Issues computes a Self-Sufficiency Standard for Indiana (updated in 2002; see the Supplement for the Monroe County Standard). Both illustrate shortcomings in using the federal poverty income guidelines as a determination of eligibility for services.

The sections that follow present the results of professionally-administered surveys about household economic challenges, provide a more detailed overview of the occurrence of poverty and trends in Monroe County and discuss several of the models for looking at poverty and self-sufficiency. Examples of efforts to address the issue are presented, along with recommendations for a comprehensive approach for Monroe County.

Monroe County Fast Facts

- The median household income (2000) for Monroe County is \$33,311, placing us low (87th of 92 counties) in the state.
- There are 401 Monroe County families receiving TANF in 2001 (16th in the state), and 4,423 Food Stamp recipients (17th in state).
- The unemployment rate (June 2003) was 3.1% (88th in state).
- The percentage of children under 18 living in poverty (2000) was 11.8% (35th in state).

Please see the Supplement for additional statistics and information.

Key Findings

Households participating in the telephone survey were asked a number of questions about their experience paying for basic needs, including housing, utilities, food, clothing, medical care, transportation and childcare. For each item, the results are presented in several categories. “General households” is comprised of all the survey respondents, including full-time students. To get a better understanding of each of the issues for different subgroups, analyses were also carried out by selecting for income by non full-time student households. This was done for families with incomes below

\$15,000, and incomes below \$25,000 to allow for comparisons with research from other sources. Data for the clients at provider sites is also included.

EMPLOYMENT

Respondents were asked about their ability to find employment that allowed them to meet their basic needs.

In the past 12 months, has finding a job that pays enough to meet the family's basic needs been a...?	Major Problem	Minor Problem
general households	12%	17%
households with income < \$25,000	20%	24%
households with income < \$15,000	19%	28%
provider clients	52%	21%

HOUSING AND UTILITIES

Having enough money to pay the rent or mortgage?	Major Problem	Minor Problem
general households	6%	24%
households with income < \$25,000	17%	30%
households with income < \$15,000	28%	14%
provider clients	27%	27%

Having enough money for utility bills?	Major Problem	Minor Problem
general households	4%	18%
households with income < \$25,000	20%	26%
households with income < \$15,000	33%	24%
provider clients	27%	36%

FOOD AND CLOTHING

Having enough money for food?	Major Problem	Minor Problem
general households	2%	15%
households with income < \$25,000	9%	30%
households with income < \$15,000	19%	24%
provider clients	13%	46%

Needing emergency or supplemental food assistance?	Major Problem	Minor Problem
general households	2%	5%
households with income < \$25,000	6%	17%
households with income < \$15,000	5%	29%
provider clients	6%	26%

Having enough money to buy needed clothing and shoes?	Major Problem	Minor Problem
general households	5%	16%
households with income < \$25,000	15%	32%
households with income < \$15,000	19%	28%
provider clients	29%	33%

HEALTH CARE

Paying for health care expenses was a major challenge for a significant number of households. Even those families with health insurance found it difficult to pay for doctor's visits, prescription medications, dental care, and vision care. *Please refer to the Health Care section for detailed information.*

TRANSPORTATION

Having enough money to keep the car running?	Major Problem	Minor Problem
general households	5%	21%
households with income < \$25,000	17%	41%
households with income < \$15,000	19%	33%
provider clients	41%	47%

Respondents were asked about their primary mode of transportation. For non-students and students alike, the primary means of transportation given was the automobile.

	automobile	bus	walk	bike
Students*	62%	13%	20%	4%
non-students*	92%	2%	3%	1%
non-students, income < \$15,000	67%	10%	10%	5%
non-students, income < \$25,000	85%	4%	6%	2%

*US Census figures for Monroe County are 94% automobile, 1.7% bus, 1.6% bicycle, 9.6% walk

An analysis of transportation by income shows that:

- 64% of bus riders make less than \$15,000 a year
- 16% of car users, 50% of bike riders and 55% of walkers make less than \$15,000

AFFORDABLE LOANS AND LEGAL ASSISTANCE

For many low-income individuals, the inability to pay certain bills over a period of time leaves them with a poor credit history. In turn, this makes it more difficult, if not impossible, to obtain financing for housing, an automobile or higher education. Loans that they are able to obtain are often at very high interest rates. Instead of helping, such predatory lending leads to further inability to keep up with payments. In some cases, individuals have lost their homes or other possessions. To further complicate matters, the same individuals similarly cannot afford the legal help that might stave off the more dire consequences of poor financial decisions and dealing with creditor

demands. Without legal assistance, they are often at a disadvantage in dealing with other civil litigation matters. Some may not understand their rights or the legal language on rental agreements or loan documents, and sign without getting counsel. Legal aid and other local pro bono options are so oversubscribed that the organization has limited its services solely to clients facing family law situations involving minor children.

Getting a loan at a reasonable rate?	Major Problem	Minor Problem
general households	8%	9%
households with income < \$25,000	22%	13%
households with income < \$15,000	33%	10%
provider clients	54%	13%

Affording needed legal help?	Major Problem	Minor Problem
general households	8%	9%
households with income < \$25,000	22%	9%
households with income < \$15,000	24%	5%
provider clients	46%	12%

FINDING AFFORDABLE DAY CARE AND AFTER-SCHOOL CARE

Finding affordable day care for any children in your household?	Major Problem	Minor Problem
general households	0%	38%
households with income < \$25,000	0%	25%
households with income < \$15,000	0%	33%
provider clients	30%	30%

Finding day care during the work hours you need it?	Major Problem	Minor Problem
general households	0%	53%
households with income < \$25,000	0%	42%
households with income < \$15,000	0%	33%
provider clients	18%	37%

Finding affordable after-school programs for any children in your household?	Major Problem	Minor Problem
general households	4%	15%
households with income < \$25,000	7%	11%
households with income < \$15,000	10%	10%
provider clients	16%	16%

Barriers to Assistance

Certain policies and guidelines present barriers to providing families needing assistance. These include:

- Township trustees are prohibited from including the cost of maintaining a car in determining eligibility for income assistance according to state law; this rule prevents some individuals from qualifying
- There are minimum order requirements for items like bottled gas.
- Mental health and addiction issues, the lack of full-time employment, and low functionality combined with a lack of parenting or other life skills, present additional challenges for individuals for some clients of programs like Welfare-to-Work.
- There is a 24-month time limit for TANF.
- There are not enough bilingual, especially Spanish-speaking, case workers for the county's diverse population.
- There is a shortage of affordable health and dental services and prescription medications for low-income clients.
- A high percentage of incarcerated clients are in need of mental health or addiction services.
- Individuals with felony convictions (assault, drugs, etc.) are not eligible for public housing or Section 8 or assistance from Indiana Legal Services.
- Liability and other policy restrictions may limit the ability of some providers to transport clients to the doctor or other services.

- There are families who need child care assistance even at 200% of poverty level.
- Many individuals lack the level of insurance coverage needed in the event of a catastrophic illness, and may lose their homes and belongings.
- Federal poverty eligibility guidelines often leave out families who need services.

Definitions of Poverty and Self-Sufficiency

FEDERAL POVERTY MEASURES

Many social service programs determine eligibility for support services on the basis of the traditional federal poverty measures, the “poverty thresholds” and the “poverty guidelines.” The poverty thresholds are the original federal poverty measure. These are used mostly for statistical purposes, and are updated regularly by the Census Bureau. For example, all official poverty estimates of the American population are calculated using the poverty thresholds. These are available on the Census Bureau’s web site.

The Department of Health and Human Services (HHS) issues the poverty guidelines on an annual basis in the Federal Register. These are a simplification of the poverty thresholds for administrative purposes in determining financial eligibility for federal programs. The poverty guidelines are sometimes incorrectly referred to as the “federal poverty level.” The poverty guidelines do not provide a distinction based on age, just family size. They are designated by the year in which they are issued:

Size of Family Unit	48 Contiguous States and D.C.*
1	\$8,980
2	\$12,120
3	\$15,260
4	\$18,400
5	\$21,540
6	\$24,680
7	\$27,820
8	\$30,960
For each add'l person, add	\$3,140

*figures for Alaska and Hawaii are higher (Source: Federal Register, Vol. 68, No. 26, February 2003, pp. 6456-6458.)

Several federal programs use the poverty guidelines (or percentage multiples of the guidelines) as the basis for determining eligibility, including Head Start, the Food Stamp Program, the National School Lunch Program, the Low-Income Home Energy Assistance Program, and the Children's Health Insurance Program.

SELF-SUFFICIENCY MEASURES

Two recent reports provide a more comprehensive context for a discussion of poverty and low income. The Indiana Community Action Agency's report, *A Dream Deferred: The First Annual Report on the State of Indiana's Low Income Citizens* in November 2002 (www.incap.org), shows disturbing trends in state data for working families and a "reality gap" between the federal poverty threshold and what is required for a family to survive on a basic "Family Needs" budget. For example, a single working parent with two children would need to earn \$27,947 (in 2000 dollars) a year to meet the Family Needs budget in Indiana. This amount is \$13,797 more than the federal classification of "poor." The calculation is based on average state figures for housing, food, and other basic expenses. Yet, low-skill employment growth has created jobs that pay less than what is needed to cover the Family Needs Budget for a single wage earner. More than half of all jobs in Indiana are in occupations with average annual earnings of less than \$27,500. The study also reported that because of the high cost of , more than one-third of the Indiana renters spend 30% or more of their pretax income on rent.

The *Self-Sufficiency Standard for Indiana* (2002, Indiana Coalition on Housing and Homeless Issues) also examines "the income needed for a family of a given size and composition in a specified geographic region to adequately meet its basic needs without public or private assistance." Similar to the *Dream Deferred* report, this document found a discrepancy between the federal measures of poverty, and a family's ability to make ends meet. Costs for each family composition and county are divided into seven major categories, including housing, child care, food, transportation, health care, miscellaneous and taxes. The Standard assumes that all adults work full-time, and accounts for the costs associated with employment along with the ages of any children. It also incorporates regional and local variations in the costs of living, and the net effect of taxes and tax credits. It calculates an "income sufficient to meet minimum nutrition standards and to obtain housing that is neither substandard nor overcrowded, but does not provide for longer-term needs such as retirement, college tuition, major purchases such as a car, or emergency expenses."

The Table for the Bloomington, Indiana MSA is in the Supplement. Copies of the Self-Sufficiency Standard for Indiana are available online at www.ichhi.org.

The SCAN Research Committee constructed a parallel, but simpler analysis of the SCAN data that defined "low income" as:

- a household size of 1-2 with an income less than \$15,000, or
- a household size of 3-4 with an income of less than \$25,000, or

- a household of 5 or more with an income less than \$35,000.
(Note: This analysis did not include full-time student households.)

There were numerous items, including paying for basic necessities, that are more likely to present a major challenge to a significant percentage of households defined as “low income,” including:

Household Challenge	“low income” households Major Challenge	“low income” households Minor Challenge	All households
Paying the rent or mortgage	19%	25%	6%
Having enough money for utility bills	31%	25%	4%
Keeping the car running	22%	41%	6%
Finding a job that pays enough to meet the family’s basic needs	25%	38%	12%
Needing emergency food assistance	6%	25%	2%
Getting a loan at a reasonable rate	30%	18%	8%
Affording needed legal help	22%	9%	8%
Paying the doctor	31%	14%	8%
Buying prescription medication	31%	17%	11%
Having enough money for the dentist	39%	11%	11%
Having enough money for vision care	23%	23%	7%
Having enough money for family counseling	24%	7%	5%
Having your life negatively impacted by anxiety, stress or depression	32%	21%	11%

Fewer individuals in this category had health insurance: 78% compared to 90% of the general population. Only 53% get regular health check-ups, compared to 63%.

Community Resources

- A variety of social service providers, the city and county, other government agencies and the township trustees’ offices provide assistance to families with low-incomes, or experiencing poverty. Some agencies, like the Salvation Army and MCUM, provide services on a sliding fee scale basis. The IRIS Manual contains a comprehensive listing by service area. First Call for Help is a telephone referral hot line that individuals needing assistance can call.

- The MCCSC and RBBS School Assistance funds provide medical, dental, clothing or optical care for students in the school corporations. Teachers, the school nurse, and counselors can identify needs and make a referral to a principal. The Hoosier Healthwise program has reduced some of the need in previous years. The beginning of school in August always presents challenges when students need new clothes for school. The majority of the referrals are for, in order, clothes, vision, medical and dental. The program provides money directly to the service provider.
- The Monroe County Office of Family and Children provides support and services to eligible families in need; including food stamps, Medicaid, and cash assistance to low income families; child welfare for children who are abused, abandoned or exploited; and foster and adoption services. The Department is currently at maximum enrollment with 130 families on a waiting list; 30% or more of the population needing services are not getting it because of a lack of funding.
- Shalom Community Center primarily serves the homeless by providing meals, crisis intervention referral, and job seeking and support services (including an address and telephone number).
- PATH from the Center for Behavioral Health provides case management services for making the transition from homelessness for individuals who are homeless or mentally ill.

Places to Start

- Provide education, employment skills training and job supports to allow people to qualify for and find better employment.
- Ensure that there are enough affordable, accessible, quality child care providers for low income families.
- Provide low-cost mental health and addiction services; most community providers estimate that only a fraction of the need is being met. Some have suggested that these should be on-site with other services to make them more accessible to clients.
- Examine the feasibility and potential benefits of creating a campus- like area with related provider agencies for “one-stop” client shopping
- Advocate for eligibility guidelines that will result in the appropriate level of service provision. With tightening budgets, programs that formerly provided services at the 180% of poverty level have scaled back to 127%.
- Educate the community about the causes and potential solutions to the issues of low income and poverty. Include a realistic standard of the cost of living.
- Provide outreach services to families who are at risk to help them become more self-sufficient and keep them from falling into poverty.
- Encourage all sectors to work together to develop and implement a long-range comprehensive human services plan for our community.