

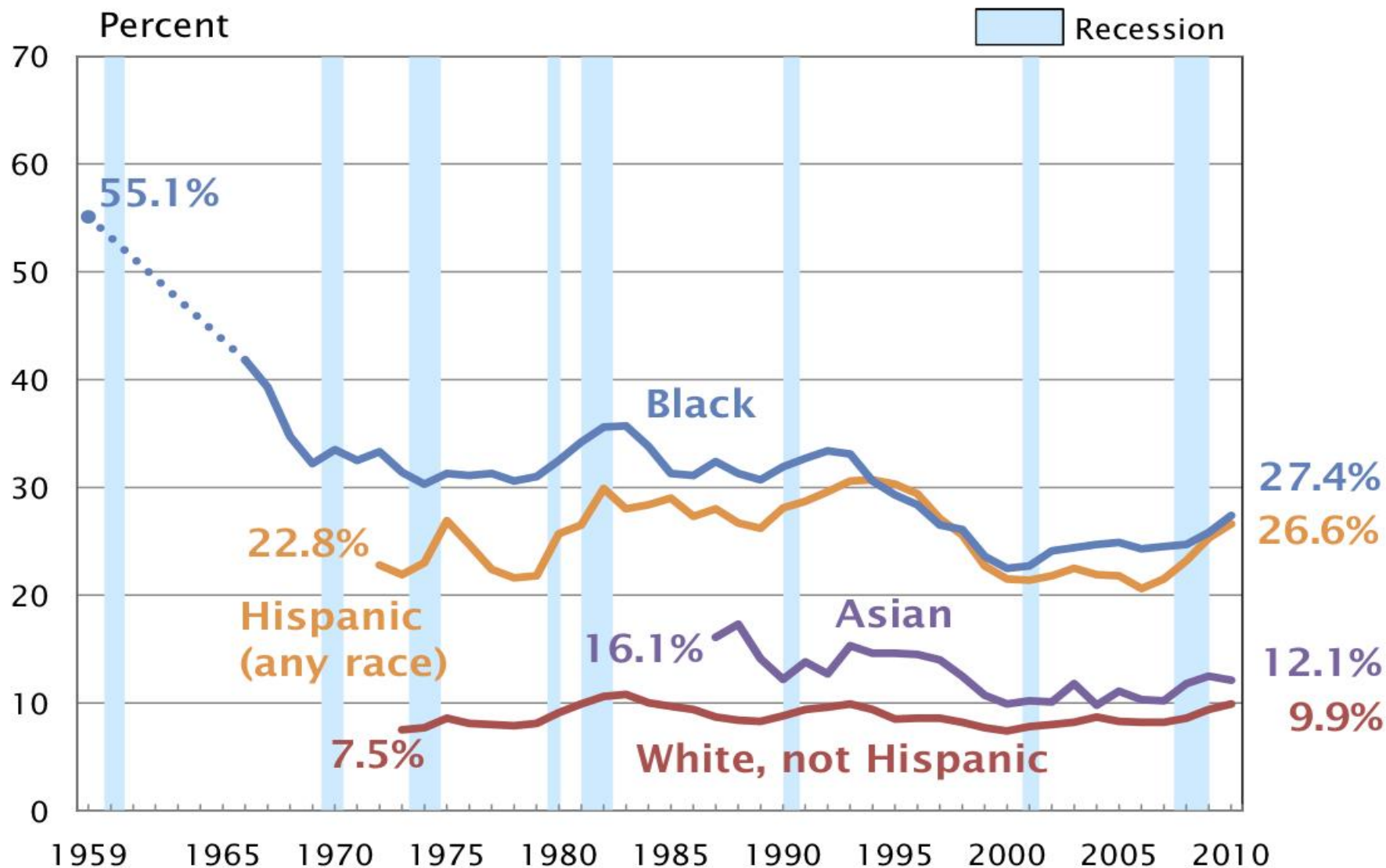


**Impact of Poverty on Judicial Decision Making**

**December 10, 2014**

**Michael Reisch, Ph.D., MSW**

# Poverty Rates by Race and Hispanic Origin: 1959 to 2010



# Official U.S. Poverty Rate 2014

## (FPL in 2014: \$23,850 for family of 4)

- U.S. poverty rate is 16%, up from 11.7% in 2000. Over 46.2 M Americans are poor. OECD -17.3%
- African Americans: 25.8%; Latinos: 25.3%; Whites: 9.4%. Unmarried female-headed households: 38.5%.
- Deep poverty (< 50% of poverty) is 6.3%. Higher among African Americans (11.9%), Latinos (10.4%) and unmarried female-headed households (14%).
- Extreme Poverty (\$2/day) up 130% since 1996 (affects 4 million people; ~ 3 million children)
- Over 25% of people in Baltimore are officially poor.

# The Real Poverty Rate

- FPL has not been adjusted for increases in median income & changes in living standards since early 1960s.
- Official Poverty Statistics Exclude:
  - (1) Homeless persons & prisoners;
  - (2) People “doubled up” or living with family;
  - (3) Cost of living in expensive states like MD
- If poverty line was increased 10%, ~1/3 of US population would be poor (100 M).
- 75% of Americans have incomes <\$50,000/year. Income has actually dropped since 2008.

# Poverty's Long-Term Impact: It's Pervasive and Chronic

- Over half of U.S. population is poor at some time before age 65, especially when young.
- 91% of African Americans are poor at some time in their lives especially when young.
- Individuals have 1/3 chance of escaping poverty in a given year – much lower probability among people of color & female-headed households
- ~1/2 who escape poverty are poor again in 5 years.
- For those poor for 5+ years, more than 2/3 of those who escape poverty are poor again within 5 years.

# Poverty among Women & Children

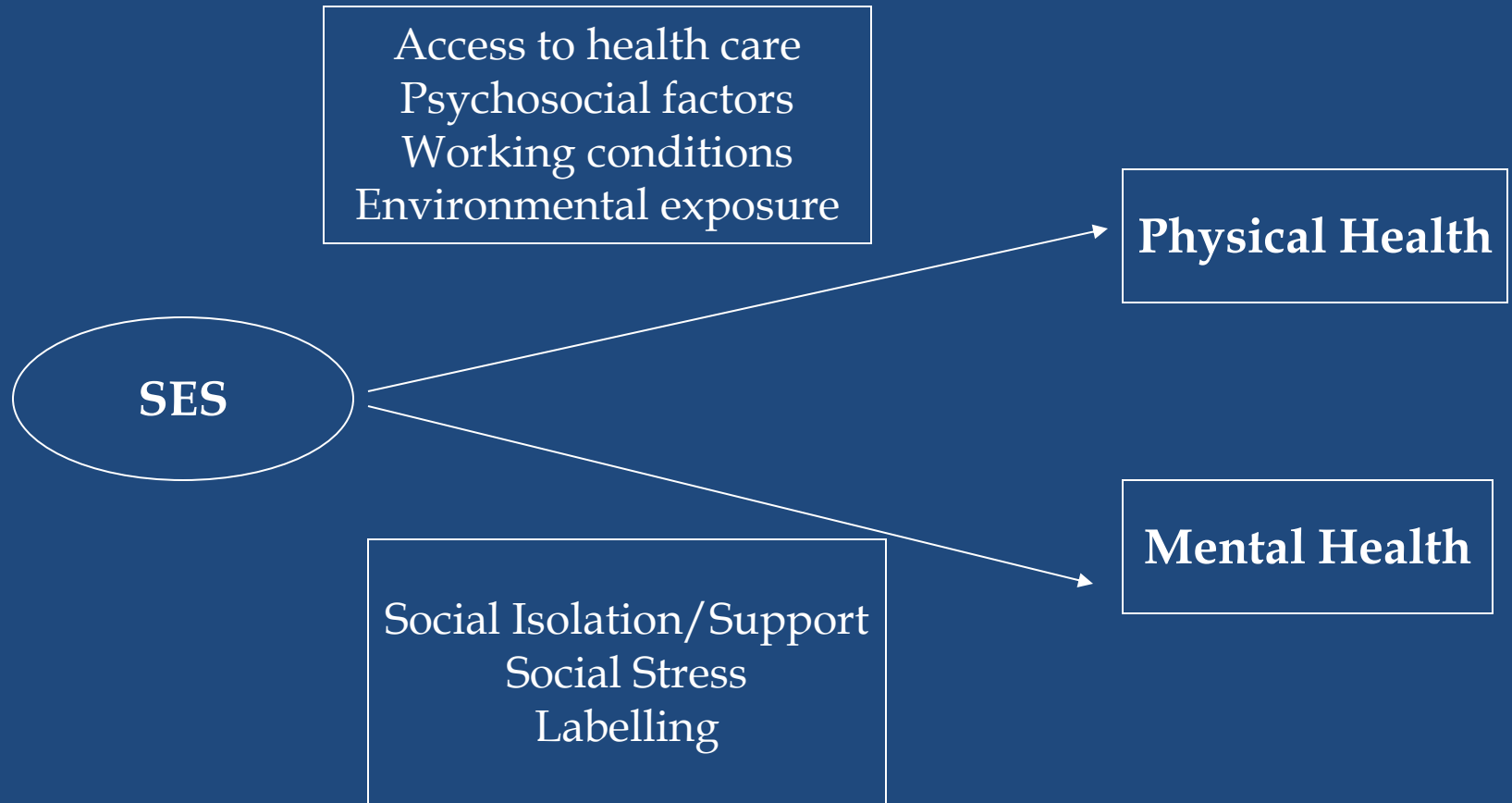
- Adult women at every educational level are 32% & elderly women are 62% more likely to be poor
- Female-headed households are 5x more likely
- U.S. has the highest rate of poverty for female-headed households and children among the 22 most industrialized nations.
- U.S. child poverty rate is now 20.7%. It is 35.7% among African Americans
- Child poverty in MD is ~13%; 37.8% in Baltimore

# 3 Explanations for Poverty

1. **Cultural:** Emphasizes “human capital deficiency” & criticizes “the poor” for differences in their values & lifestyle
2. **Situational:** Focuses on life stages & circumstances (e.g., old age, disability)
3. **Structural:** Focuses on class, racial, & gender issues & links poverty to socio-economic inequality

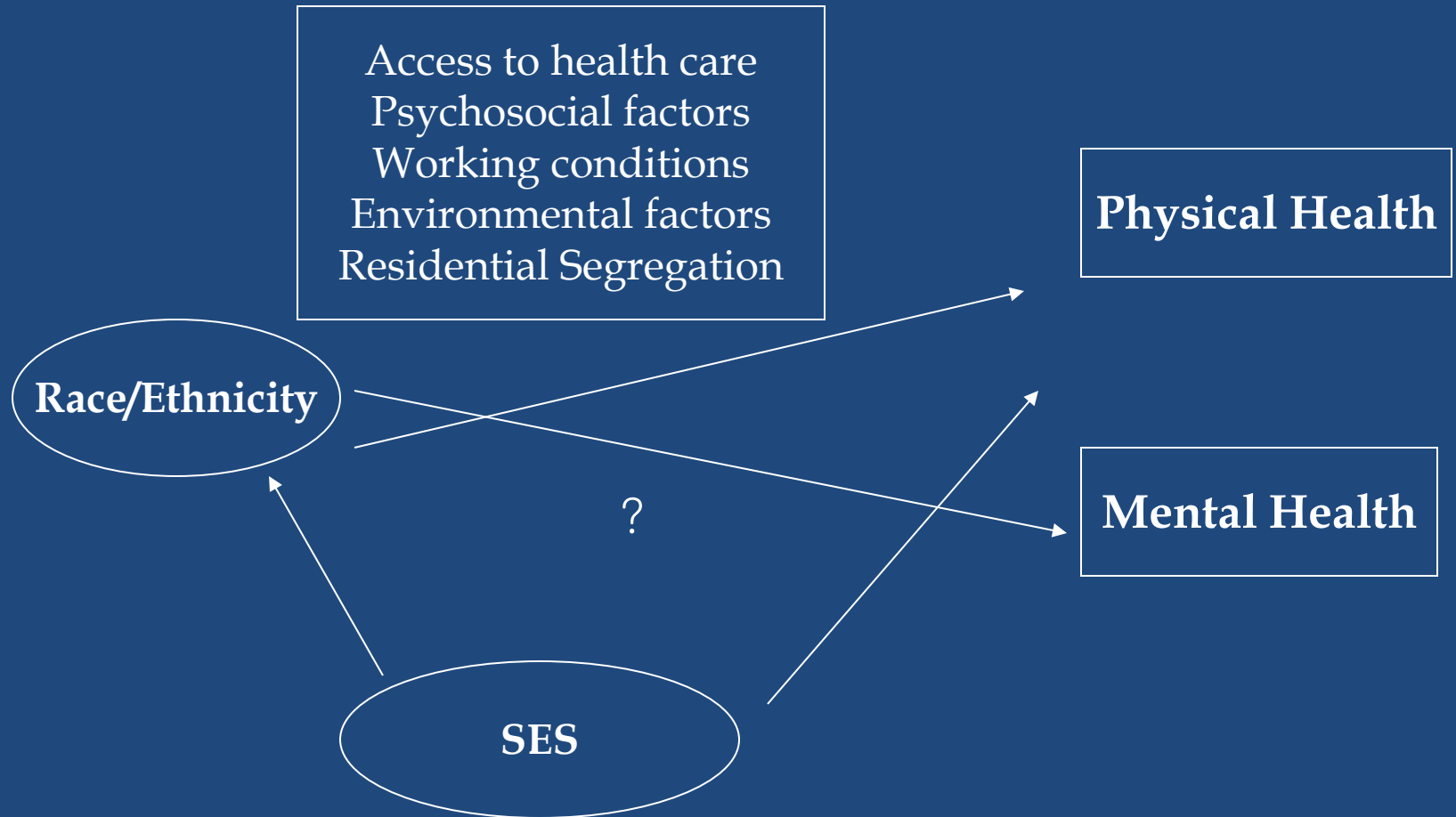
# Example:

## Poverty & Health/Mental Health



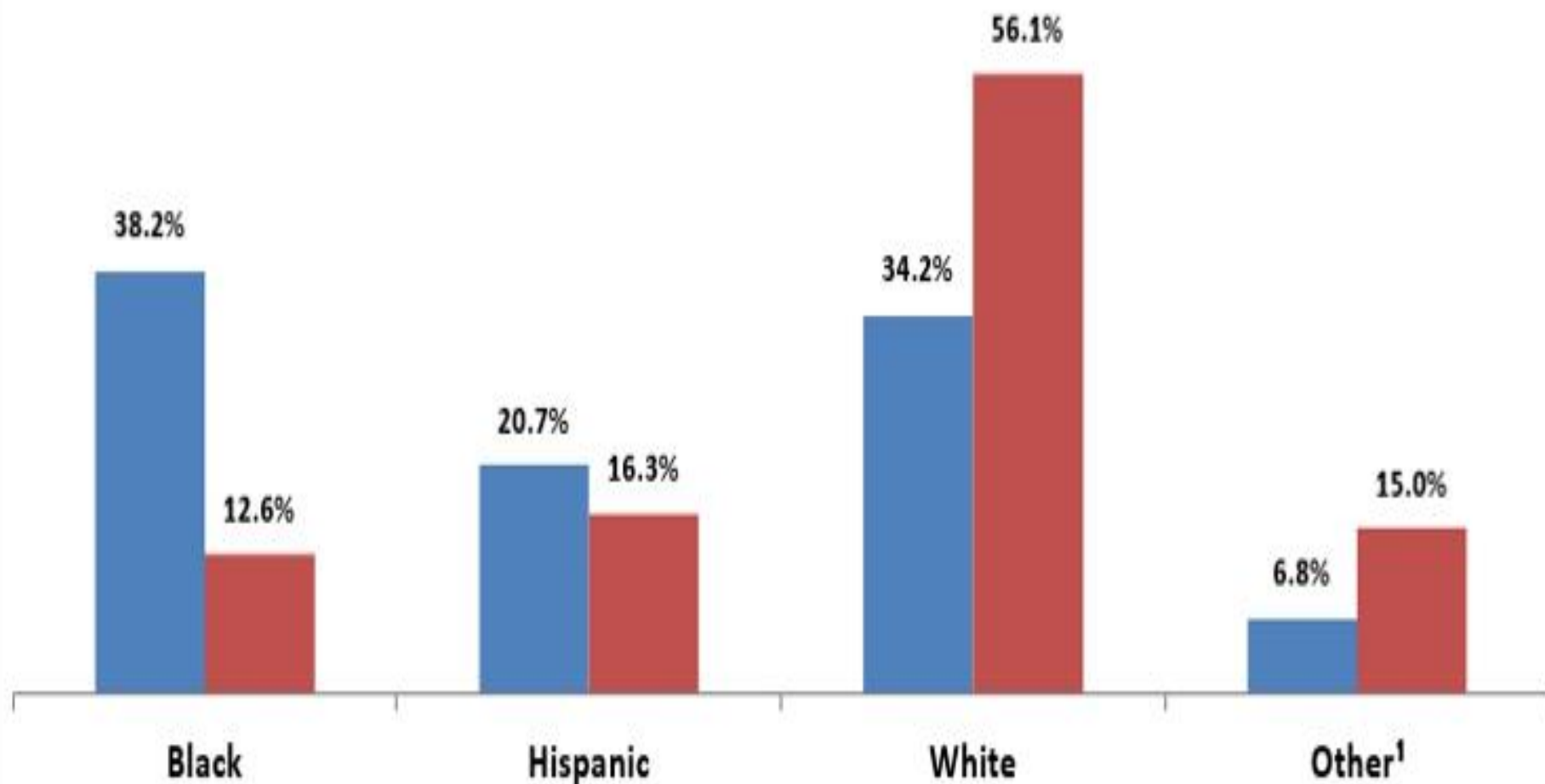


# Which is Compounded by Race



# Racial Dimensions of Incarceration

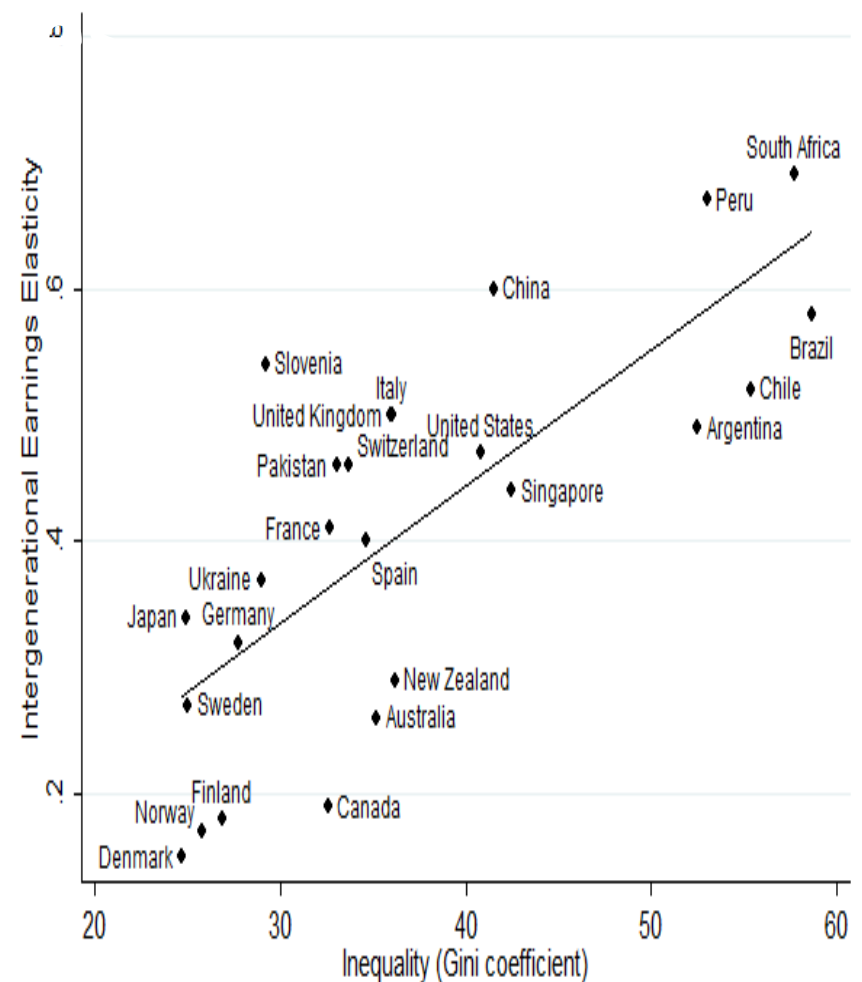
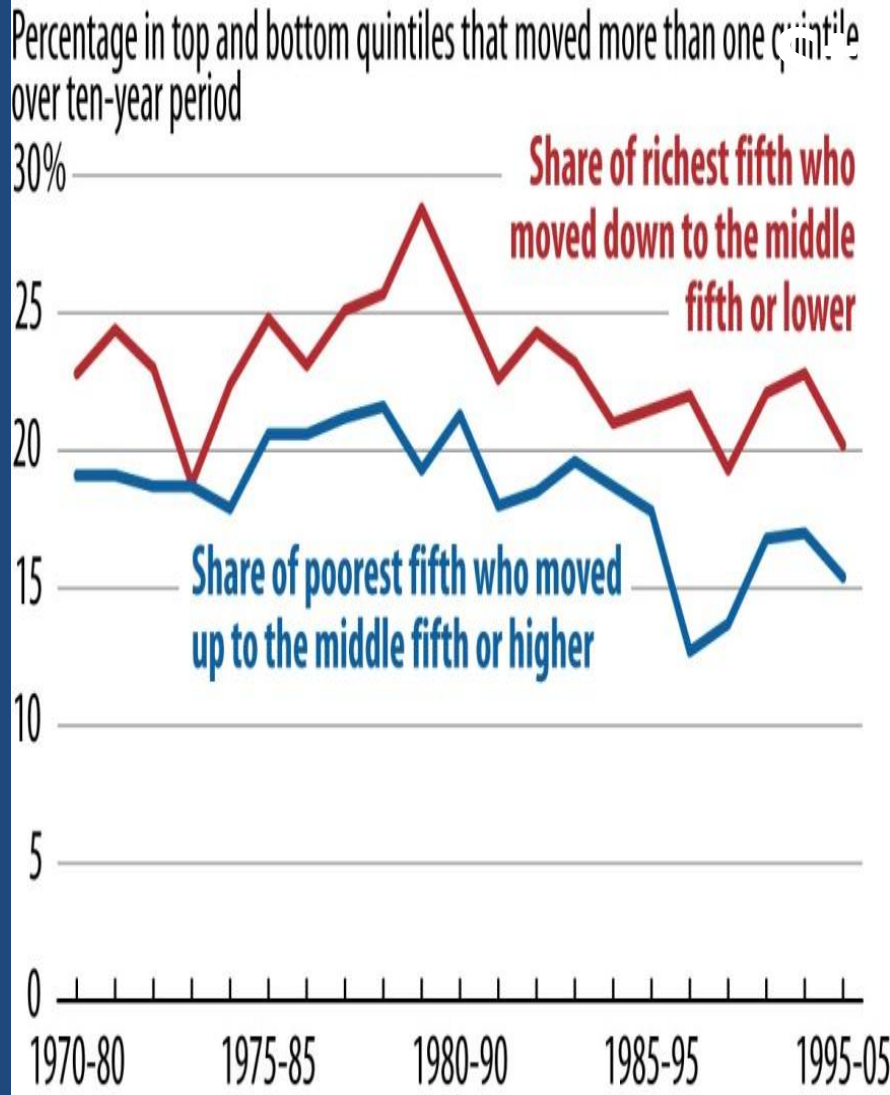
■ % of Prison Population by Race ■ % of US Population by Race



# Education, Poverty, & Opportunity

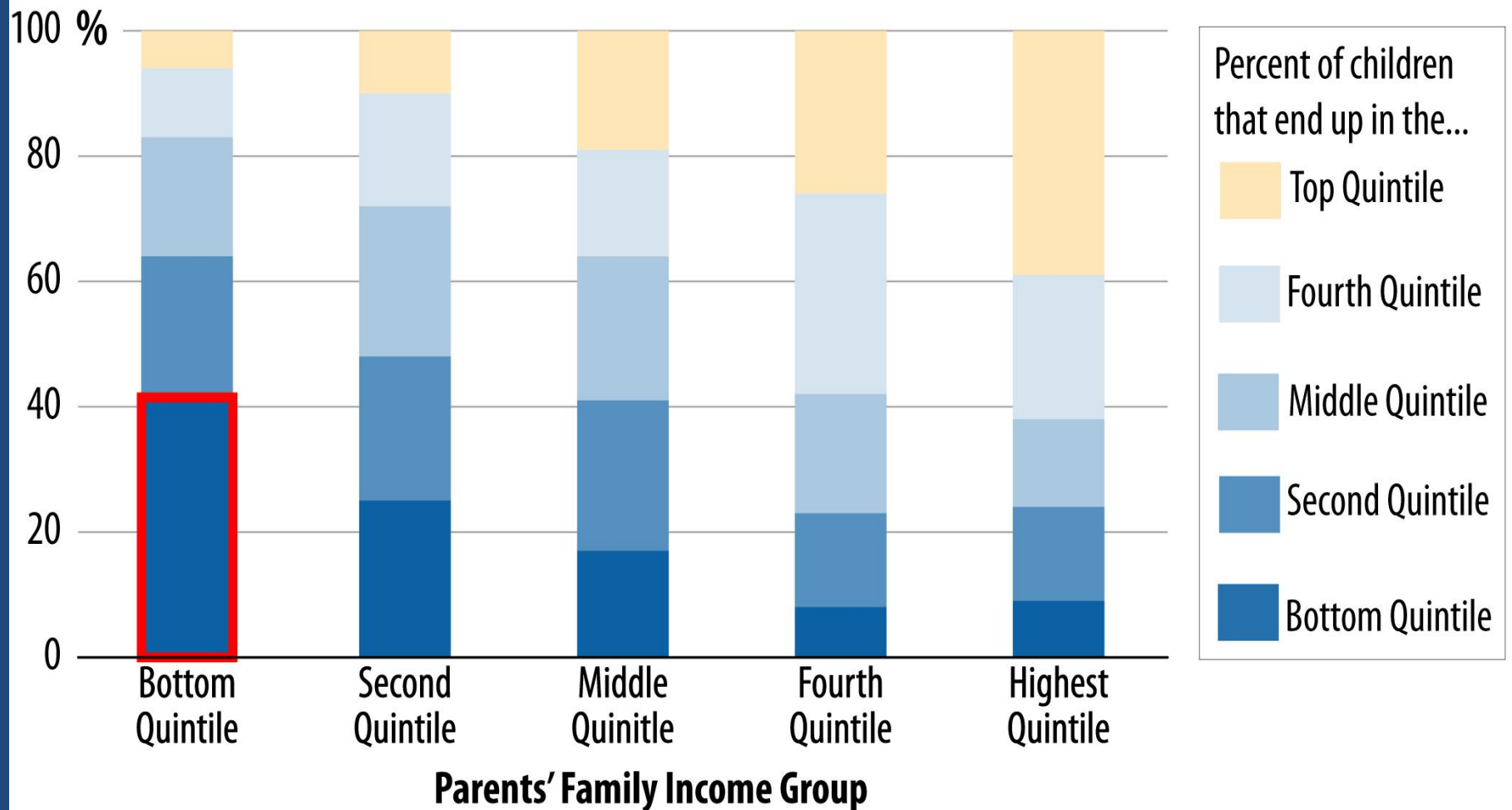
- Baltimore metropolitan area has the 2<sup>nd</sup> highest gap in the U.S. between urban & suburban H.S. graduation rates (39.2%)
- Urban Districts: ~40% Suburban Districts: ~80%  
Since 1980: Pay for college grads up 15.7%  
Pay for workers w/o HS diploma is down 25.7%
- In 2012-2013, 134,013 Pell Grant Recipients in MD. Yet – Maximum grant is \$5,550 (2011-2012)

# Declining Social Mobility in the US



Source: Miles Corak (2011)

# Children's Chances of Getting Ahead or Falling Behind by Parents' Family Income

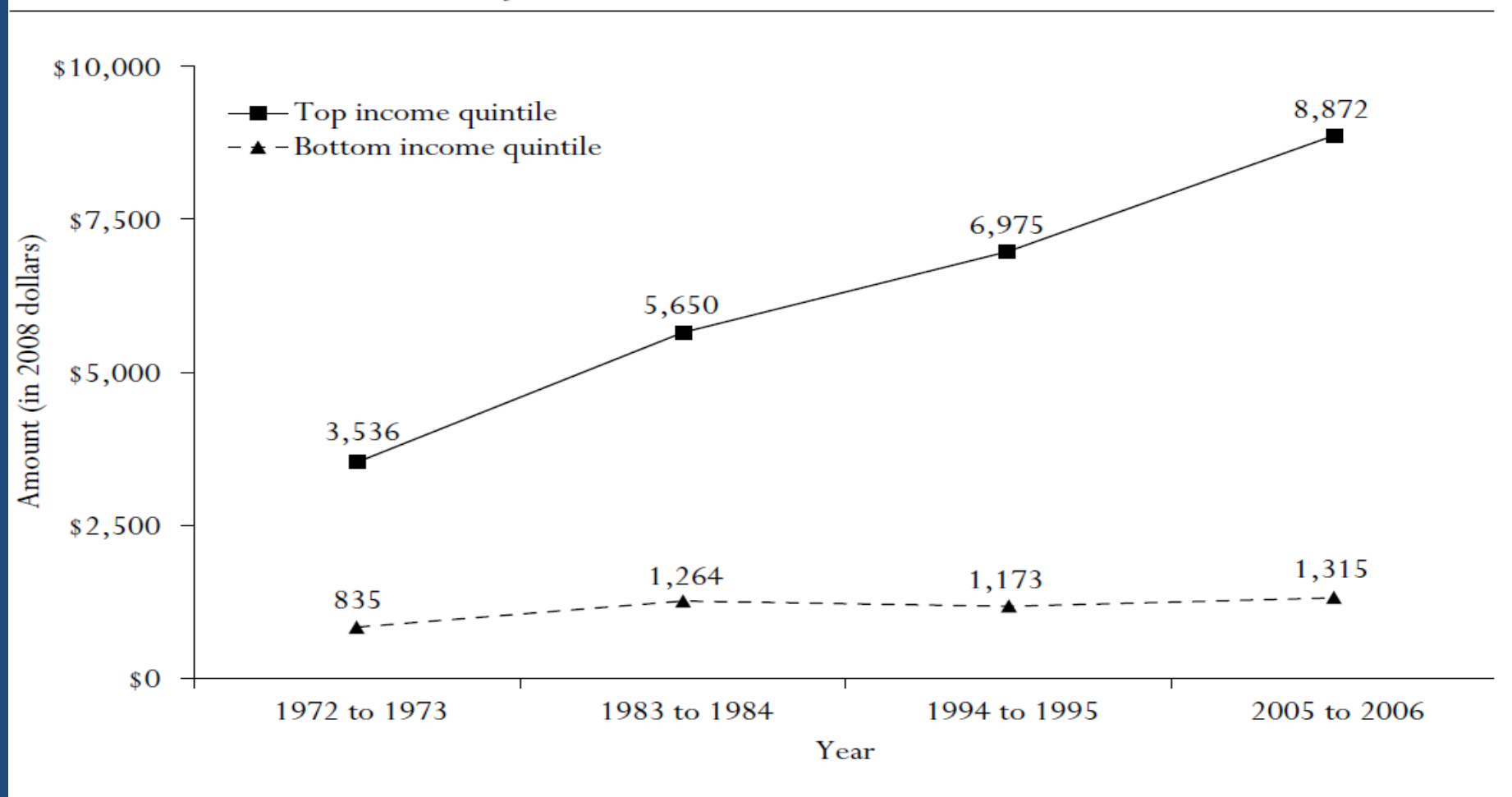


Source: CBPP based on Pew Economic Mobility and the American Dream Presentation

Center on Budget and Policy Priorities | [cbpp.org](http://cbpp.org)

# Widening Gap in Enrichment Expenditures: Music & Art Lessons, Books, Sports, Tutoring

FIGURE 1.6 *Enrichment Expenditures on Children, 1972 to 2006*



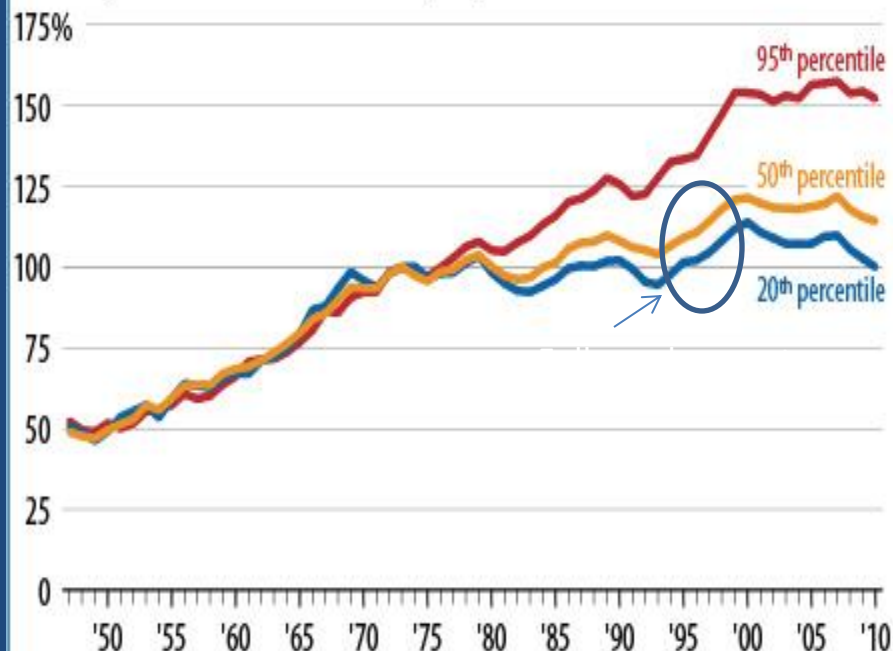
# Growing Inequality Among Middle Income Households and Higher Poverty

- Inequality has gone up and that has contributed to higher poverty and stagnant growth in middle-incomes.

Figure 1:

Income Gains Widely Shared in Early Postwar Decades —  
But Not Since Then

Real family income between 1947 and 2010, as a percent of 1973 level



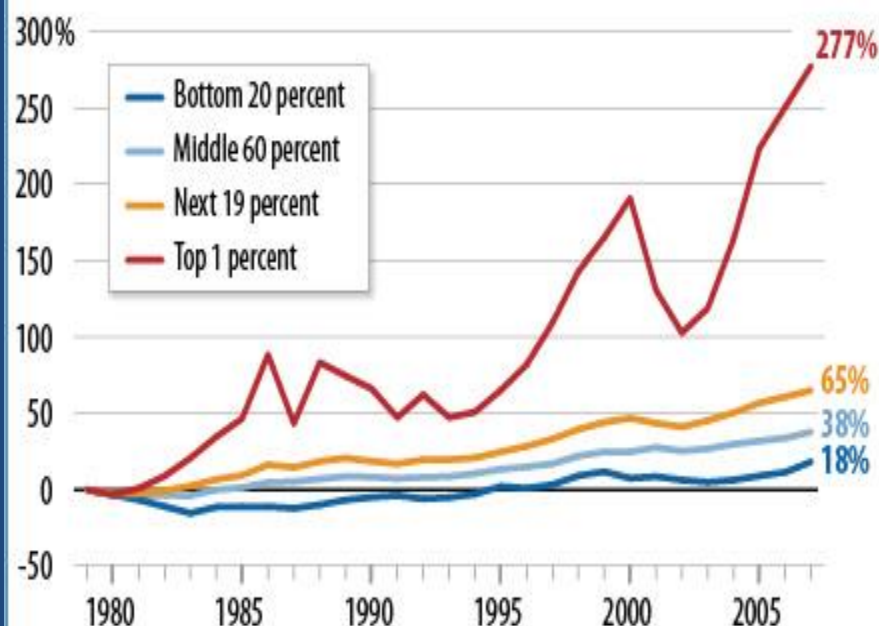
Source: CBPP calculations from U.S. Census Bureau data

Center on Budget and Policy Priorities | cbpp.org

Figure 2:

Income Gains at the Top Dwarf  
Those of Low- and Middle-Income Households

Percent change in after-tax income since 1979

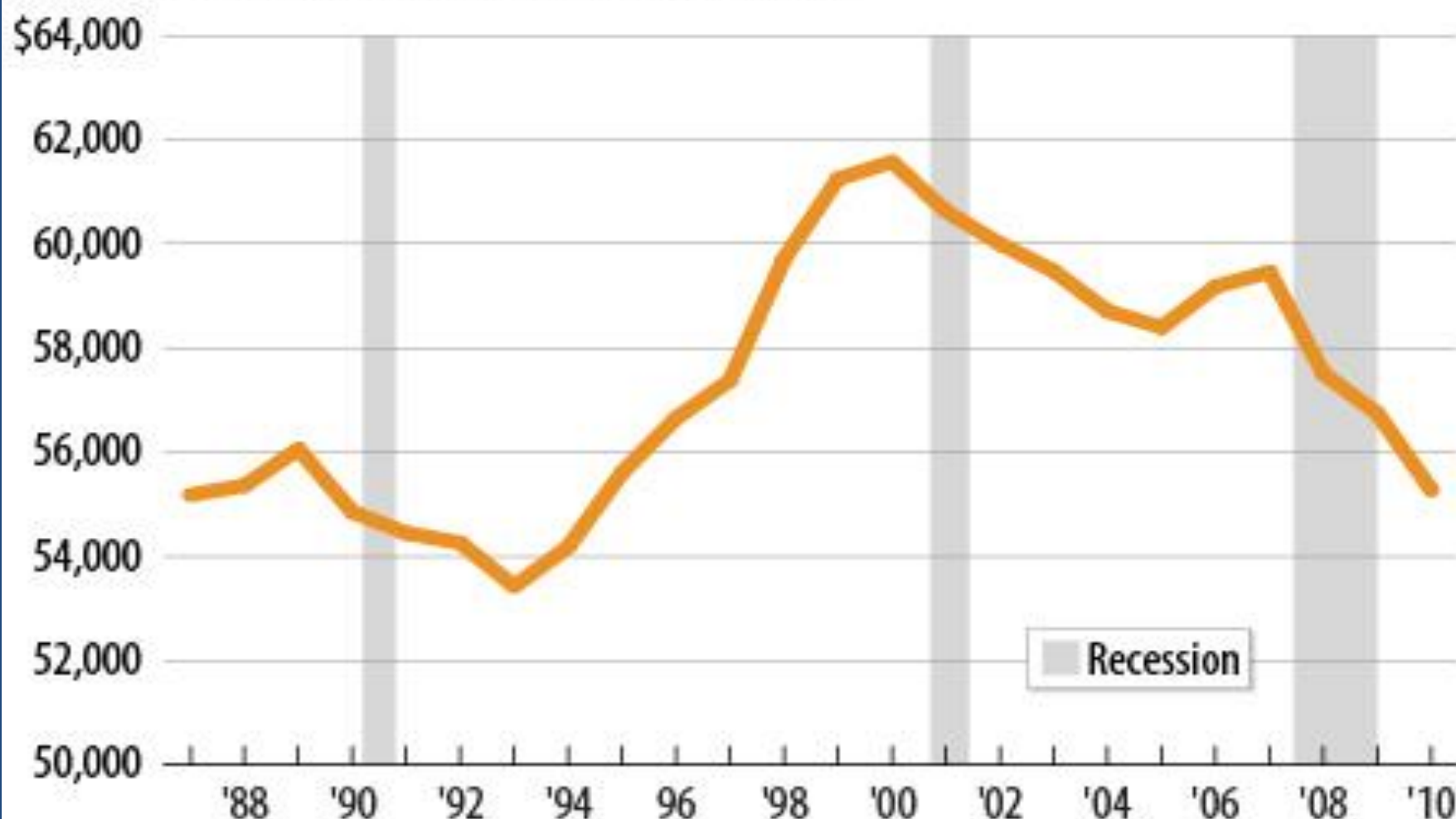


Source: Congressional Budget Office

Center on Budget and Policy Priorities | cbpp.org

# Real Income for Working-Age Households Reaches Lowest Level Since 1994

Non-elderly median household income (2010 dollars)

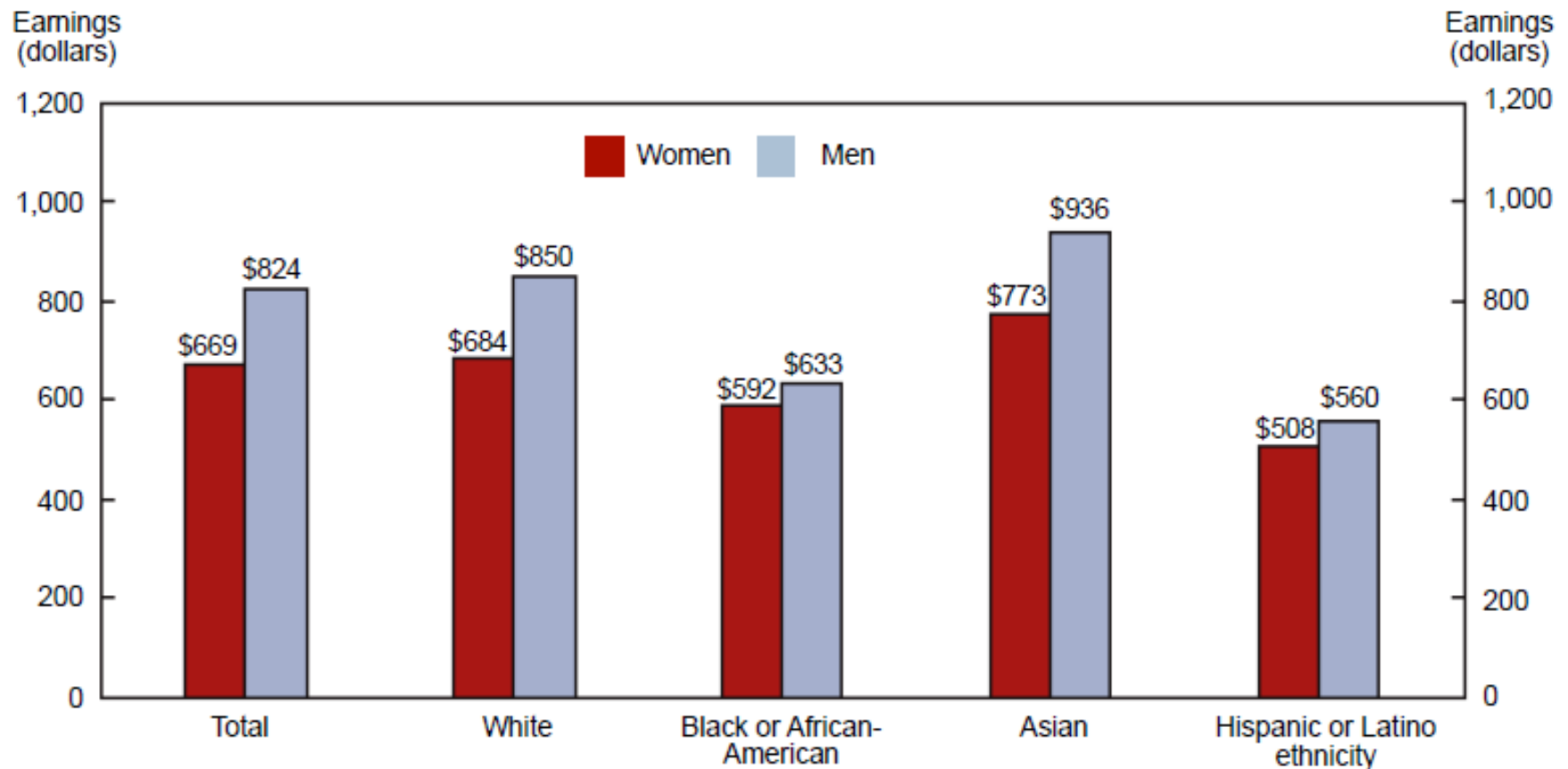


Sources: U.S. Census Bureau, National Bureau of Economic Research



# Income Inequality by Race & Gender

Chart 2. Median weekly earnings of full-time wage and salary workers, by sex, race, and Hispanic or Latino ethnicity, 2010 annual averages



NOTE: Persons whose ethnicity is identified as Hispanic or Latino may be of any race.

SOURCE: U.S. Bureau of Labor Statistics.

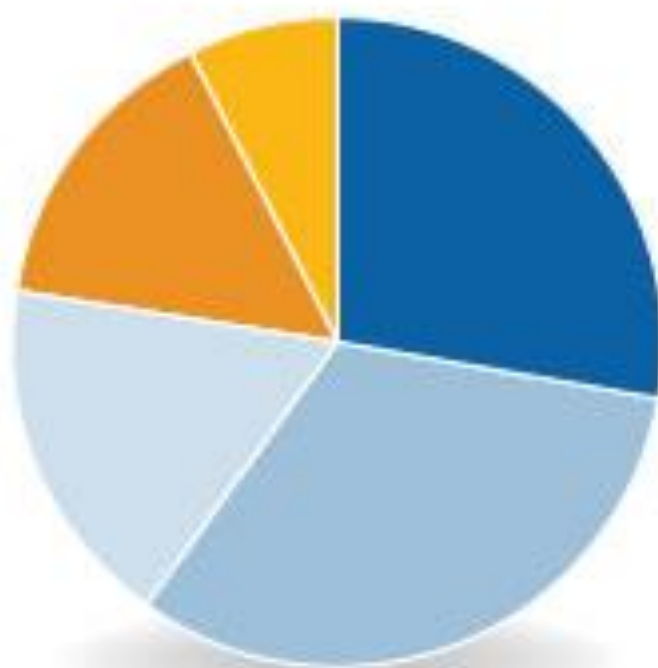
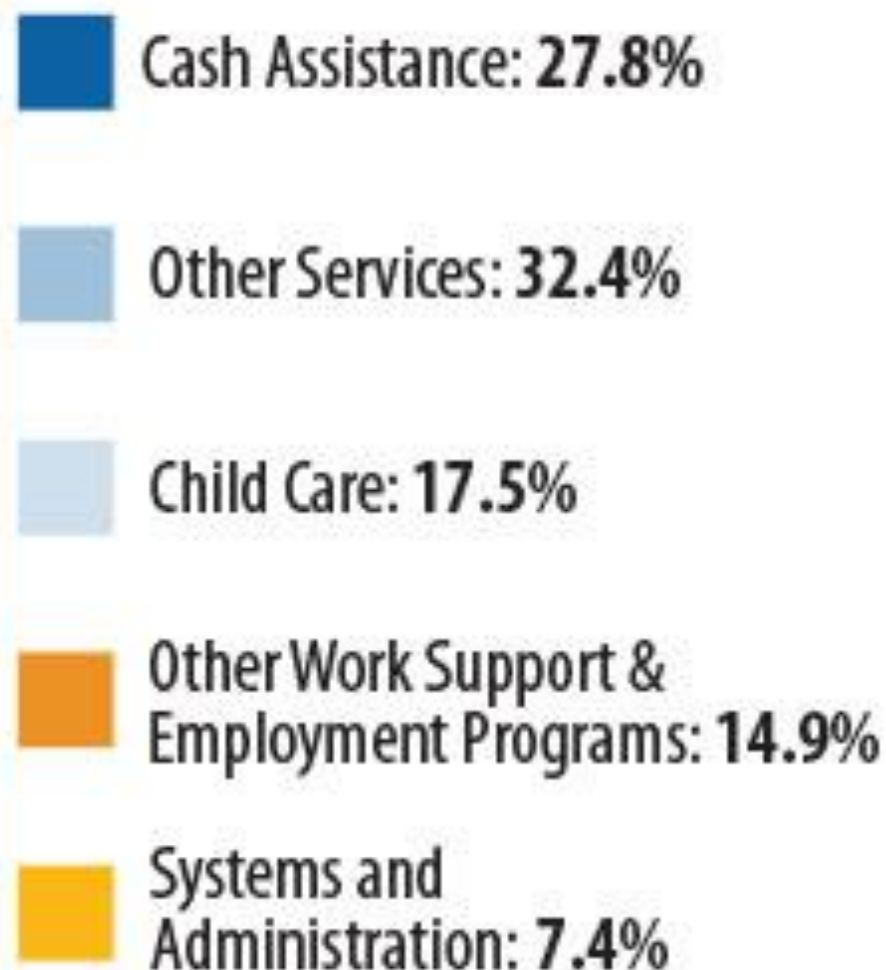
# TANF Benefits in Maryland

- Monthly benefit for family of 3 is \$636
- Benefits up only 6.2% in past decade
- TANF benefits = 37.2% of FPL
- TANF benefits = 48% of fair market rent –  
Down from ~60% IN 2000
- TANF + SNAP = 68% of FPL
- Maximum of 60 months in one's lifetime.
- Children who receive TANF could  
receive another 60 months as an adult.

# ELIGIBILITY FOR TANF IN MARYLAND

- Adults must be US Citizen
- Children: US Citizens or have eligible alien status + a SS# & pass monthly means test
- Children must be <18 years old or FT student w/expected graduation date <20.
- Families must have child <18 living home.
- Pregnant women in last 1/3 of pregnancy.
- Work requirements: 20-30 hours/week depending on family constellation.
- # of families decreased from 29,000-23,000

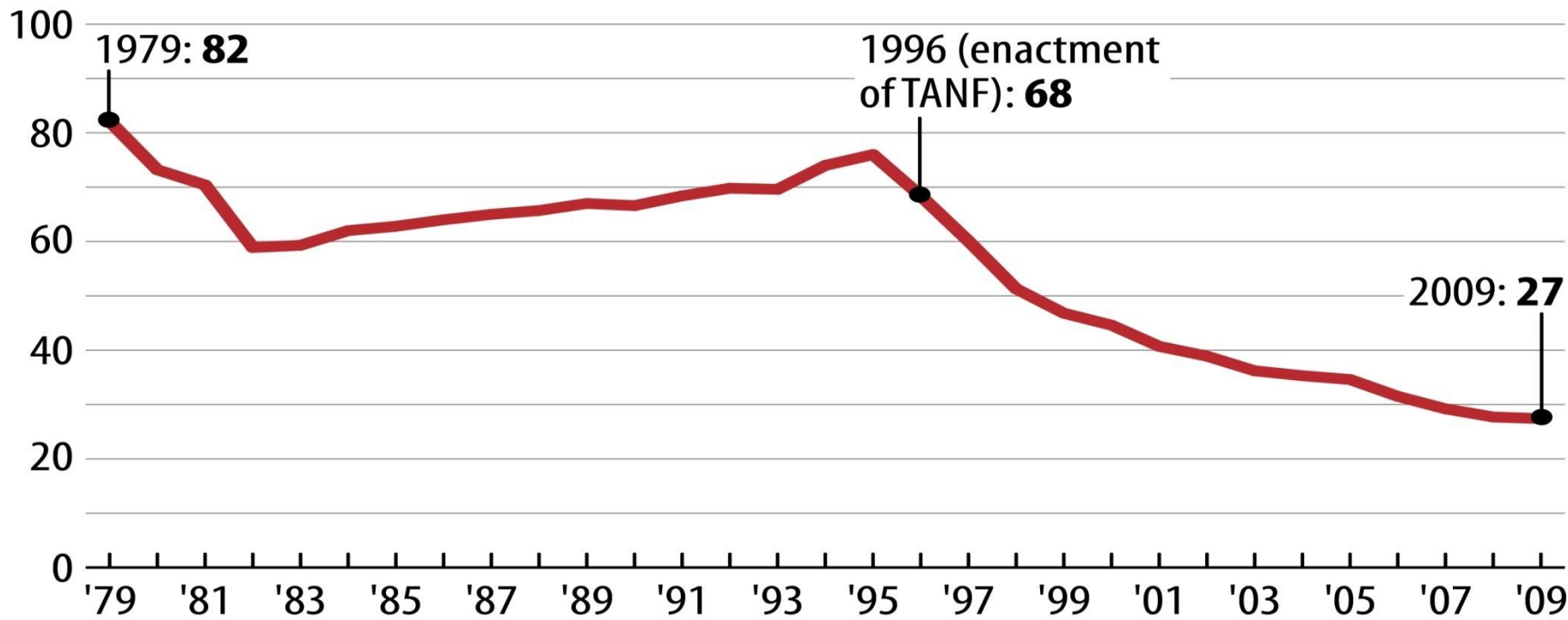
## How TANF Dollars Are Spent



Reflects fiscal year 2009 expenditures for TANF and MOE funds totaling 33.5 billion.

# Weakening of TANF as a Safety Net

## Number of Families Receiving AFDC/TANF Benefits for Every 100 Families in Poverty



Source: CBPP analysis.

# Impact on Children in Poverty

## TANF Lifts Many Fewer Children out of Deep Poverty Than AFDC Did

### TANF (2005)

Lifted 21% of children who otherwise would have been in deep poverty



**650,000  
children**

### AFDC (1995)

Lifted 62% of children who otherwise would have been in deep poverty



**2,210,000  
children**

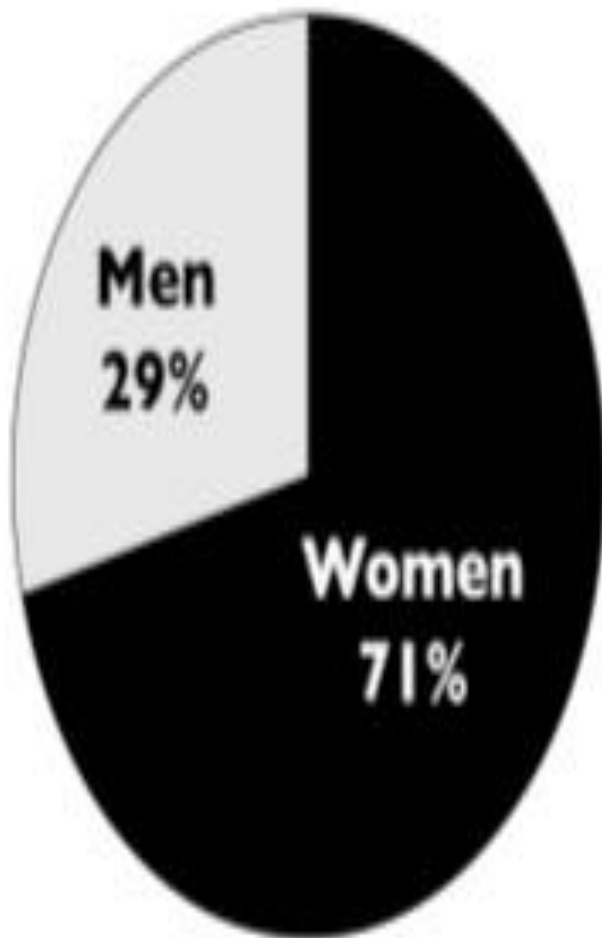
Source: CBPP analysis of Current Population Survey, additional data from HHS TRIM model.

# General Assistance (GA)

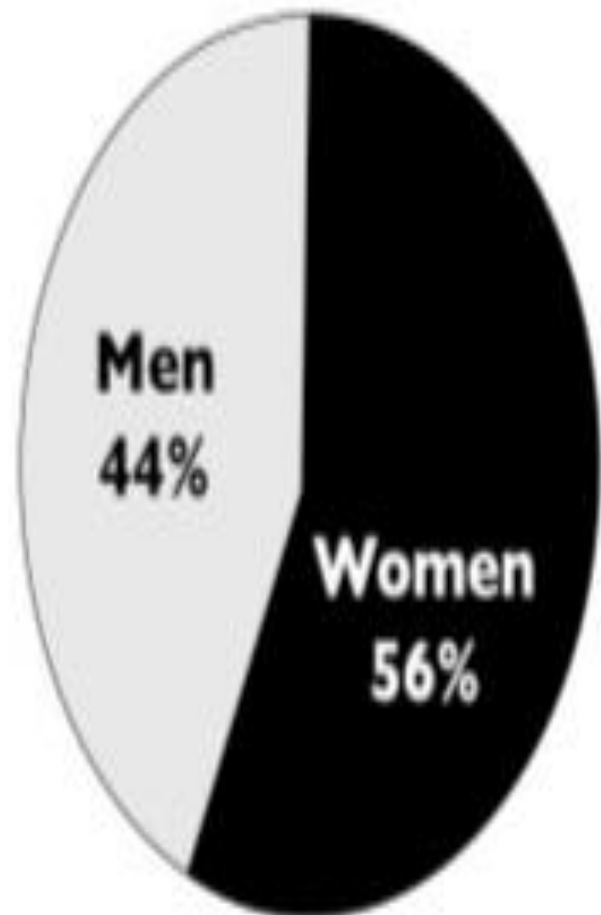
- For single, non-elderly childless adults who do not qualify for SSI.
- In 29/30 states with GA: Maximum benefit is below 50% of the poverty line.
- In Maryland: Monthly benefit is \$185
- Eligibility: Incapacity of 3 months or more preventing employment. Benefits available for 9 or 12 out of every 36 months depending on length of disability

# Who Receives SSI?

**Elderly SSI Beneficiaries**



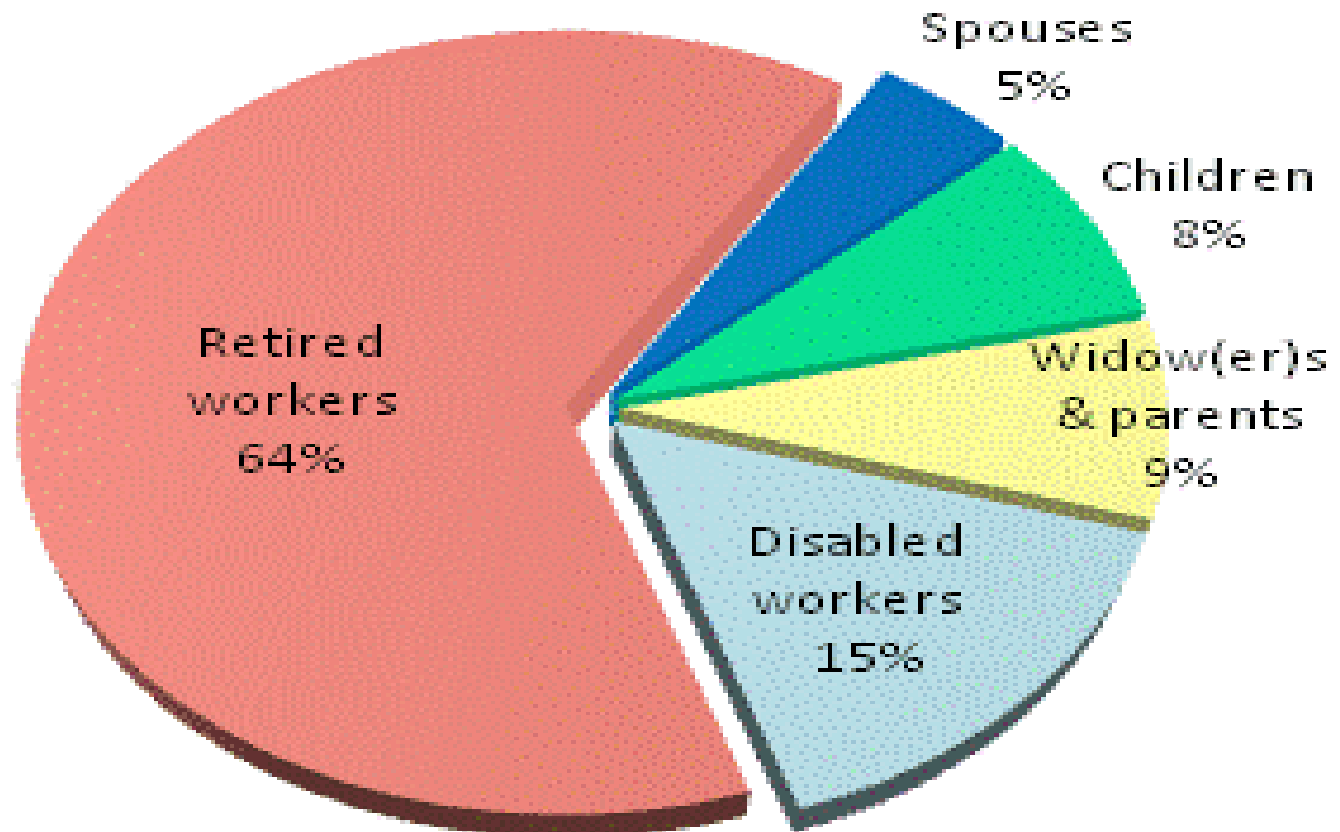
**Adult (age 18 to 64) SSI Beneficiaries with Disabilities**



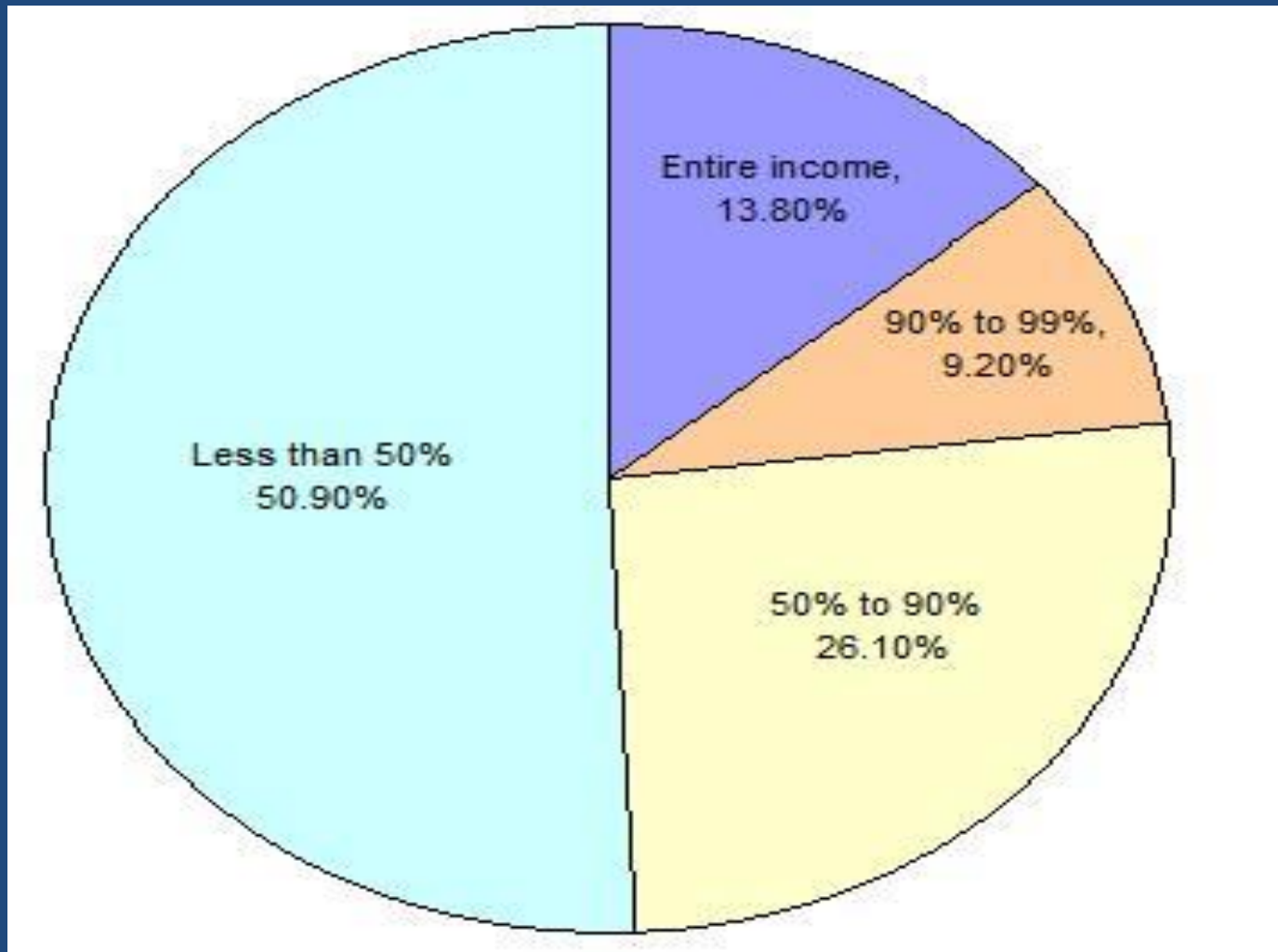


# Who Receives Social Security?

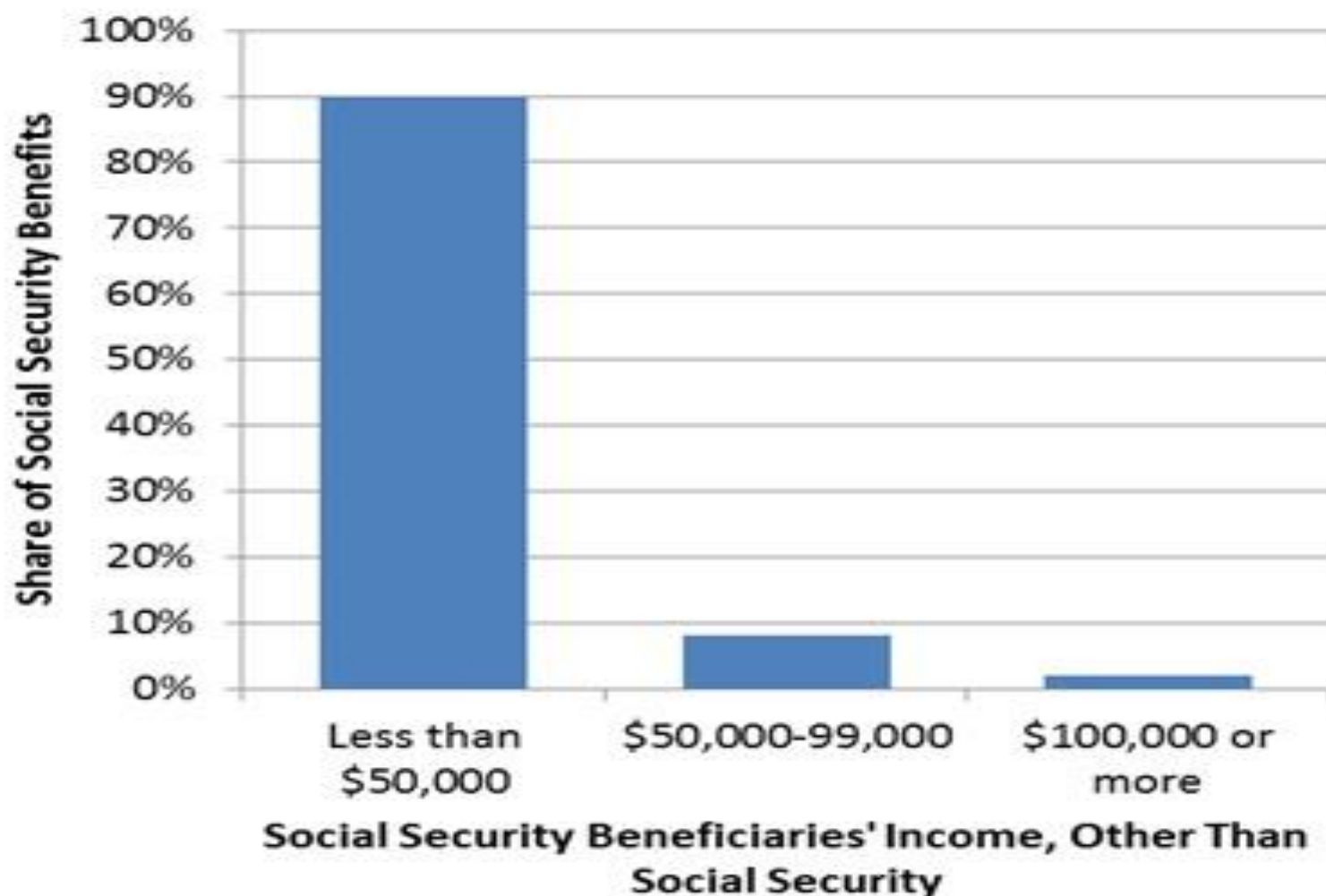
**Beneficiaries at end of 2010**



# Reliance on Social Security



### Most Social Security Benefits Go to People Who Make Less than \$50,000 a Year



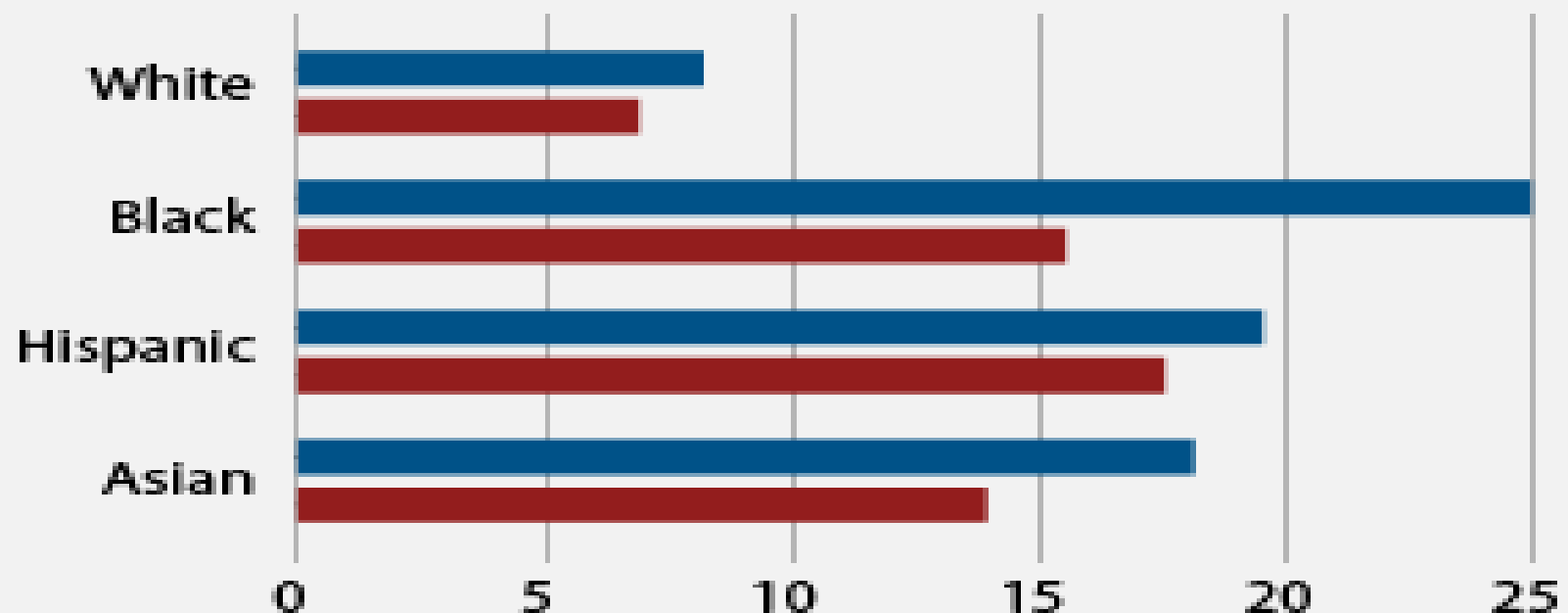
Sources: Center on Budget and Policy Priorities (CBPP), based on data from the Center for Economic and Policy Research (CEPR).

**FIGURE 1**

## Scraping by

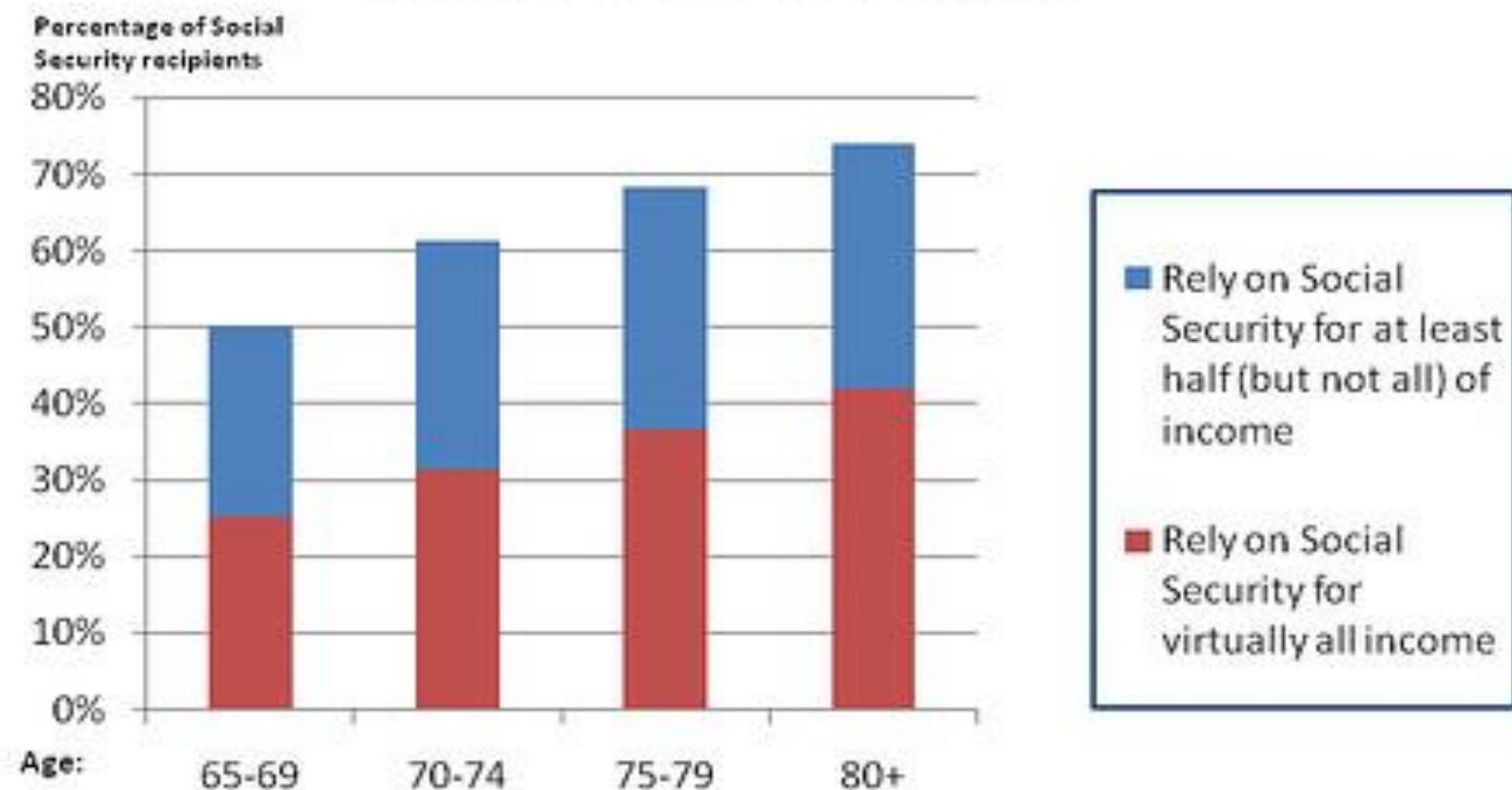
Percentage of seniors living at or below 100 percent of the poverty line by race

- Ages 75 and older
- Ages 65–74



# Reliance on Social Security Grows as Retirees Get Older

Chart #6



Source: Social Security Administration's *Income of the Population 55 or Older, 2008* (Released April 2010)

Prepared by the Democratic Staff of the Committee on Ways and Means, Subcommittee on Social Security  
Representative Xavier Becerra, Ranking Member

June 22, 2011

# SS, Medicare, & Poverty in MD

- Nearly 873,000 Marylanders receive SS including ~50,000 children & ~200,000 adults between 18-64.
- Reduced elderly poor in Maryland by 191,000
- Without SS, 35.6% of Maryland elderly would be poor. With SS, only 8.2% are poor.
- Between 760,000-800,000 on Medicare

# Food Assistance & Poverty in MD

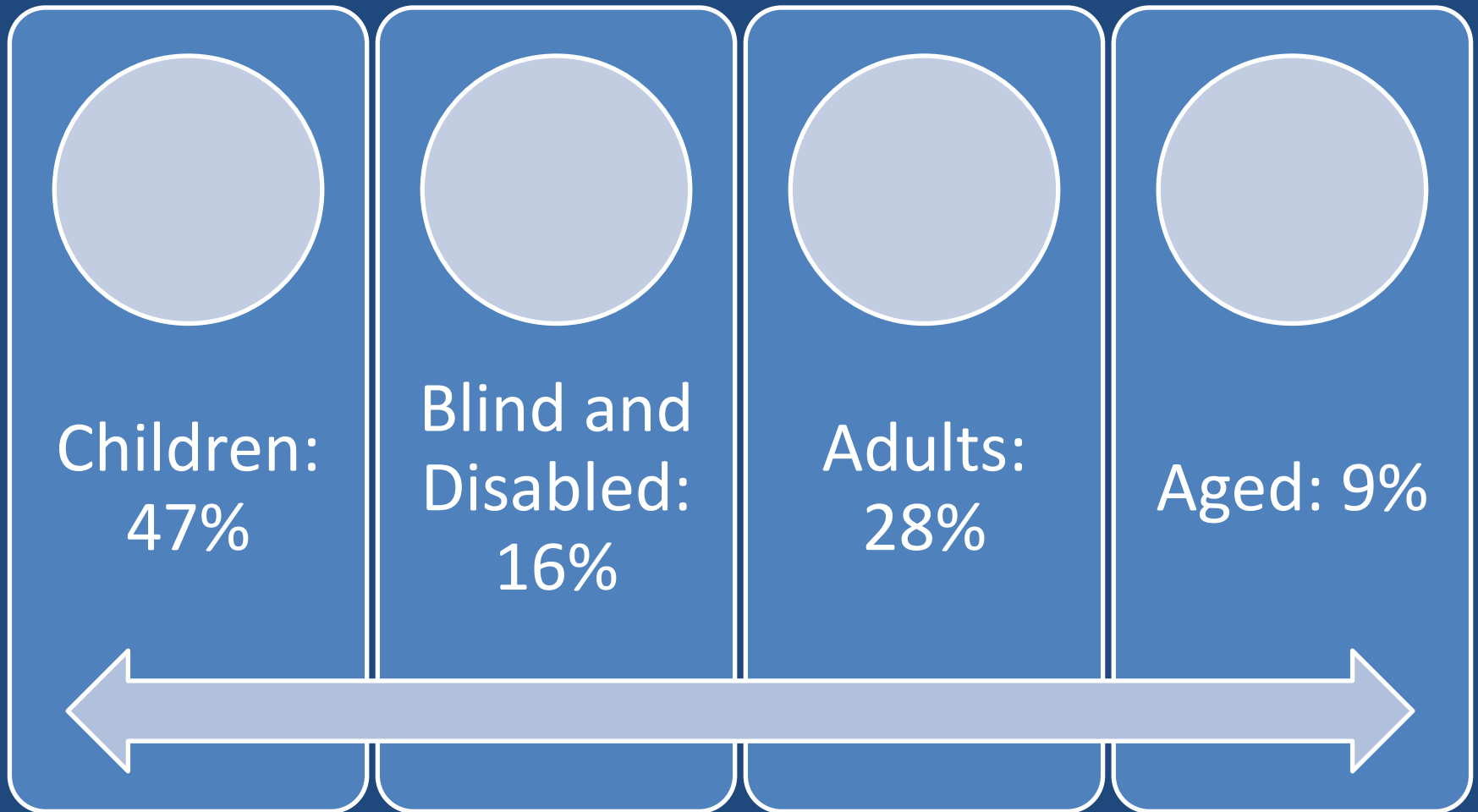
- ~800,000 Marylanders receive food assistance (e.g., SNAP, school breakfast or lunches)
- Number of families receiving food assistance has nearly tripled since 2000
- Yet, only 2/5 of all poor households in MD receive food assistance

# Medicaid: Who is Covered?

- **Children under 6 in families w/income below 133% of FPL (\$31,720 for family of 4 in 2014)**
- **Children 6-18 in families w/income below FPL**
- **Pregnant women w/income below 133% of FPL**
- **Most seniors & persons w/disabilities on SSI**



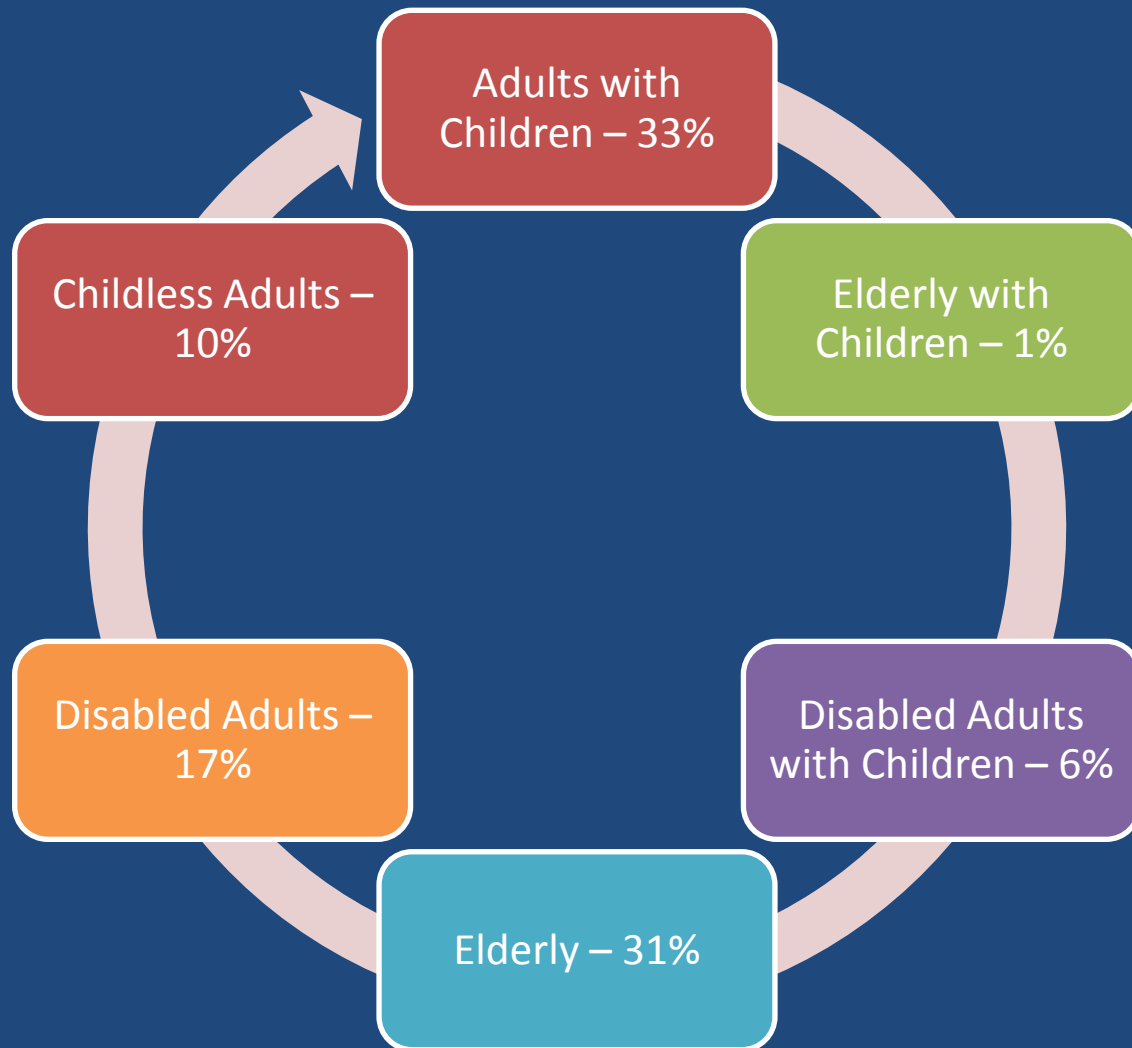
# Medicaid Enrollment



# Types of Federal Rental Assistance

- Housing Choice Vouchers
- Section 8 Project-Based Rental Assistance
- Public Housing
- Supportive Housing for Elderly & Disabled
- Housing Opportunities for People with AIDS/HIV
- McKinney-Vento Programs for Homeless Persons

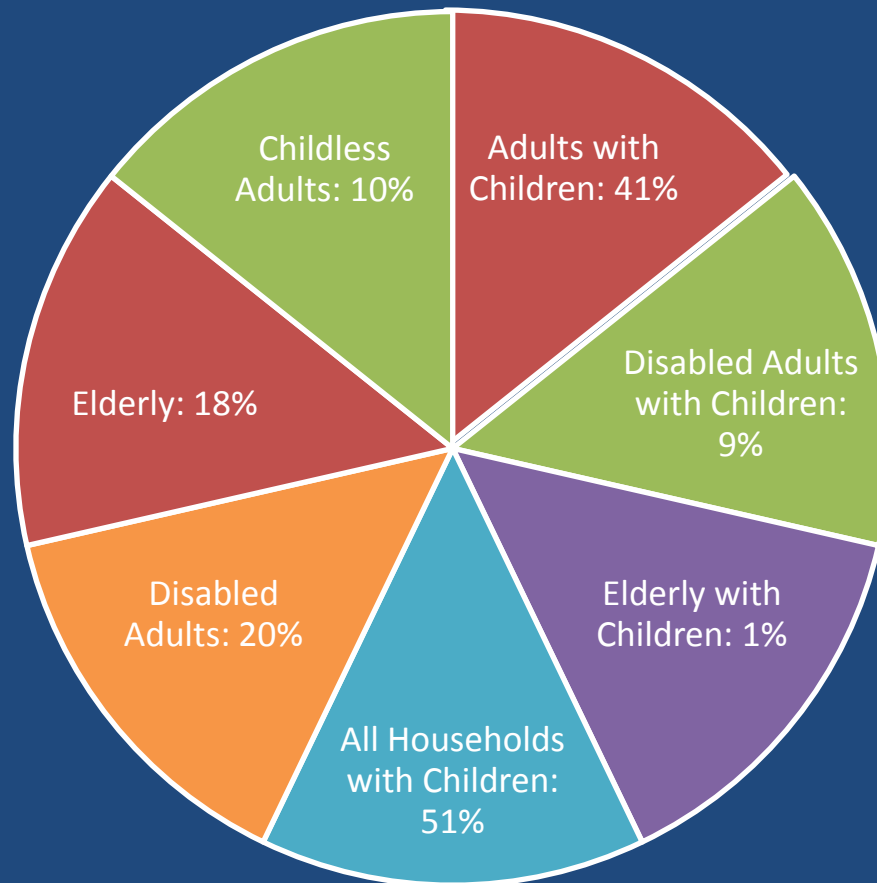
# Who Receives Rental Assistance?



# Rental Assistance in Maryland

- 92,164 MD households – a small share of low-income residents – receive assistance
  - ~59% are elderly or disabled
  - ~32% are families with children
  - 96% are within metropolitan areas
- 170,300 households pay over 50% of their income for housing.
  - Median income of recipients: \$1,410/month
  - Median housing cost: \$1,220/month

# Who is Helped by Housing Choice Vouchers (formerly Section 8)?



# Housing Choice in Maryland

- Helps ~42,000 households
- 79% are extremely low income households
- 39% are families with children
- Only 85% of MD's authorized vouchers used
- Range of use is from 61% in Annapolis to 99% in Washington County

# Overall Impact of Policy on Poverty in Maryland

Almost ½ million persons (105,000 children) kept above poverty line by all public benefits between 2009-2011. ~1/4 million (including over 100,000 children) by means-tested programs alone

**Questions? Comments?**

**THANK YOU FOR YOUR ATTENTION  
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