The High Cost of Being Poor in Pennsylvania

September 22, 2016
Good News in PA and the Nation

• Over the past 5 years, unemployment in PA dropped from 9.4% to 6.3%
• Poverty declined last year:
  ➢ 2 million fewer poor people nationwide
  ➢ 52,200 fewer poor people in PA
• Median income up in PA from $52,863 to $55,702 over 5 years
• Uninsured rate dropped in PA from 8.5% to 6.4% in just one year *(thanks, Medicaid expansion)*
But... Disparities

Pennsylvania’s poverty is less than the national average:

13.2% vs. 14.7%

Harsh divides afflict PA’s cities:

- Allentown: 24.8%
- Bethlehem: 13.2%
- Erie: 26.9%
- Pittsburgh: 23.0%
- Reading: 38.8%
- Scranton: 24.5%
Tale of Two Cities

Philadelphia:
108,637 children under age 5
40,443 of them are poor (37%)

Reading:
6,942 children under age 5
3,951 of them are poor (57%)
Bucks County

- Poverty rate: 6.1%
- Number of children under age 5: 30,613
- Poor children under age 5: 2,827 (9.2%)
In Pennsylvania, 12.2% of non-Hispanic White children live in poverty.

Compared to 38.3% of Latino children who live in poverty.

While 41.1% of African American children live in poverty.

In U.S.:
12.1%

28.9%

31.6%
Why do we care?

• Poverty’s high costs to children:
  ▪ Developmental delays *more likely*
  ▪ Health problems and hospitalizations *more likely*
  ▪ Falling behind in school *more likely*
  ▪ Reduced lifetime earnings *more likely*
  ▪ Reduced contributions to future prosperity for all

▪ But *preventable!*
More reasons to care
Trying to make ends meet

• Full-time at minimum wage: $1,130 net
• Assume 60% income on rent: $754
• Remaining: $376
• Food: $314
• Infant in child care: $883
• Anything else?

Poverty line, 3-person family = $18,871
57% of renter households in Pennsylvania with incomes below $20,000 spend more than 50% of their income on rent.

but only 1 in 4 qualifying renters receives housing assistance due to limited government funding.

59% nationwide

In PA, 43% of households with income under $35,000 paying half or more of income on rent.
If paying more than half your income on rent...

- Late payments, penalties likely
- Eviction or moving to avoid eviction not uncommon
- Philadelphia study (Children’s Health Watch): 
  56% of low-income families with young children were “housing insecure”
- Young children in this situation at increased risk of poor health and developmental delays
- Forced out of home? 20% more likely to lose job afterwards
Cascading Costs of Poverty

- Expenses Exceed Income
- Can’t afford car repair; child care falls through
- Illnesses in children and adults; no sick leave
- Lost work hours or lost job
- Late fees, fines, debt
- Frequent moves; homelessness
Pennsylvania trying to prevent the debt trap

- Restrictions in place against payday loans.
- PA one of 14 states plus DC with restrictions.
- **Congrats!** They charge 300 – 400% interest; average payday borrower of $400 pays back $950 over 11 loans.
- Even with PA’s protections, more than 1 in 4 consumers in low/moderate neighborhoods had debt in collections in 2015.
We can and do prevent poverty
In the U.S., 9.2 million people lifted out of poverty by low-income tax credits.

223,000 Pennsylvanians were lifted out of poverty by the EITC and CTC, including 116,000 children, 2011 to 2013.

The federal EITC put about $2.1 billion into the pockets of Pennsylvania families who claimed it in 2014.

Millions of people benefit from low-income tax credits each year.

659,000 thousand

Up to 659,000 Pennsylvanians would benefit if the bipartisan plan to expand low-income tax credits is passed.
Other poverty preventers

- **SNAP:**
  - Lifted 340,000 Pennsylvanians out of poverty (2009-2011)
  - 4.6 million Americans out of poverty (2015).

- **Housing subsidies:**
  - 130,000 fewer Pennsylvanians in poverty (2009-2011)
  - 2.5 million fewer poor in US (2015)
Going in the wrong direction

**Housing assistance:**
- Need is growing
- Keeps people out of poverty; reduces bad outcomes
- But since 2004, 250,000 fewer families with kids have rental vouchers.

**Child care:**
- Huge costs: in PA, average cost for infant and 4 year-old in center = $18,700
- Subsidies allow parents to work; reduces poverty.
- But since 2006, 364,000 subsidized CC slots lost.
We can - and should - do more to further reduce the high cost of poverty for millions of Americans:

- Increase affordable housing and child care.
- Expand tax credits for childless workers and the poorest children.
- Fight childhood Hunger.
- Expand Medicaid in all 50 states.
- Protect consumers from predatory lenders.
- Raise the minimum wage and require paid sick leave.
You have the resources to embrace and make change

Low-Income People

YOU!

Business Leaders

Press/opinion leaders

Government Officials
Thanks!

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