Poverty in Maine

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The concept of Community Action was developed nationally and implemented across Maine in the 1960s with the belief that locally-controlled and governed organizations are best suited to address the needs of the poor within our communities. Forty years later, a remarkable network of ten Community Action agencies stretching statewide is the heart of Maine's constant and unwavering efforts to address the causes and conditions of poverty so prevalent in our communities. Here are a few of our cumulative achievements for 2009:

**Our Neighbors**

* 153,000 individuals were helped at 185 service sites throughout the state
* 3,836 children were enrolled in Head Start
* 70,000 families received fuel assistance (estimated through June 2010), with an average benefit of $861 dollars
* 48 million miles were driven by our transportation programs
* 1,507 homes will have been weatherized by March 1, 2010 (This is in line with far greater production schedules made possible by American Recovery and Reinvestment Act funding.)
* 1,384 homes underwent repairs
* 259 families were helped to become new homeowners and 43 new homes were built for lower income families

**Our Economic Value**

* 1,985 people were employed by Maine Community Action agencies for a total payroll (with benefits) of 54 Million Dollars
* 2.1 Million Dollars - estimated expenditure for new homes built
* 7.9 Million Dollars - estimated expenditure for weatherization services as of March 1, 2010
* 30 Million Dollars - estimated private investment for 313 affordable rental apartments (over the past five years)
* 150 Million Dollars - annual statewide expenditures
* 6.8% - annual average administrative cost
Executive Summary

This report presents a picture of poverty in Maine. It provides a statewide and county-by-county view of selected indicators and of trends over the past eight to nine years, along with individual poverty profiles and trends for each county. The report updates and adds to information published in two earlier reports (Poverty in Maine: 2003, Poverty in Maine: 2006) and in a series of Poverty Update newsletters, all produced by the Margaret Chase Smith Policy Center and funded by the Maine Community Action Association and its member agencies.

The data and analysis in this report reflect the impact in Maine of the severe world-wide recession that began in late 2007. Elevated levels of poverty, steeply rising unemployment rates, flattened household incomes, and greatly increased use of safety net benefits programs such as fuel and food assistance all point to the widespread effects of the recession in Maine.

The intent here, as in our earlier reports and newsletters, is two-fold. The first is to present an objective current picture of poverty and economic distress in Maine and trends in indicators over time. The second is to document some key programs and benefits aimed at addressing poverty in the state in order to help illuminate potential areas of unmet need. We hope that the information and analysis presented here can be used to help facilitate program planning and policy.

This picture of poverty in Maine uses a few sets of data selected for their measurement properties of accuracy, completeness, and longitudinal availability, rather than using a larger variety of less thorough datasets. The datasets and indicators analyzed in this report are: (1) the Supplemental Nutrition Assistance Program [SNAP, formerly food stamps]; (2) the free and reduced lunch program; (3) the Low Income Home Energy Assistance Program (LIHEAP); (4) labor force and unemployment information; (5) data on personal income at the county, state, and national levels; (6) data regarding living costs and livable wages in Maine’s counties and municipalities; (7) updated Census information on poverty and income; (8) information on the earned income tax credit. The datasets used in this report are from slightly different time periods, but all information represents the most recent data releases available from the respective sources, generally the periods of FY2008–09 and calendar years 2008 and 2009. The indicators are a subset of standard ones used in the United States in evaluating the extent of poverty, assessing needs, and measuring services and benefits aimed at lower-income populations.

Poverty and Demography

- Maine’s estimated individual poverty rate in 2008 was 12.5%, somewhat below the national rate of 13.1%.
- As in past years, there continue to be marked regional differences in poverty rates, with the highest rates in 2008 in the state’s rim counties. Washington County had the highest rate (20.1%), followed by Somerset (18.7%) and Franklin (17.5%) counties. Lowest poverty rates were in York (9.4%) and Sagadahoc (9.8%) counties. The state’s estimated two-year average individual poverty rate of 12.4% in 2007–2008 was virtually the same as in 2006–2007 and 2005–2006, and remains higher than its recent low of 10.1 percent in 2000–2001. Because the poverty rate is a lagging indicator, the 2008 figures have only begun to reflect the full impact of the recession that began late in 2007.
- The poverty rate for children is higher than for the general population. In 2008, an estimated 16.5% of Maine children age 17 and under were below poverty, compared with the national rate of 18.2%. Regional disparities are evident in child poverty rates as in the overall poverty rate. Highest rates of child poverty were in Washington (28.7%), Piscataquis (26.1%) and Somerset (24.8%) counties. Lowest child poverty rates were in Cumberland (12.5%) and York (11.8%) counties.
- Having a higher proportion of the population not in the labor force (the ‘dependent’ population, consisting of children and older retirees) usually contributes to higher poverty rates. Having a higher proportion of the population in the working-age range (18–64) relative to those not in the labor force generally contributes to lower poverty rates. Census estimates (2008) indicate that counties with the highest proportion of the working-age population are Franklin (66.1%), Penobscot (65.8%), and Cumberland (64.6%). Three of the state’s four counties with the highest proportion of elders
(age 65 and over) are among the poorest in the state: Washington (18.6%), Aroostook (18.0%), and Piscataquis (17.6%). Lincoln is the “oldest” county in the state, with 19.2% age 65 and over and the state’s highest median age of 45.7; however, Lincoln does not have a high poverty rate compared with other counties because many in the older population are well-off retirees from out of state.

Income

- Maine’s median household income of $46,419 was below the national average of $52,029. Maine is in the lowest third of states in median household income. The gap between Maine’s median household income and that of the country as a whole, which had narrowed somewhat in 2004–2005, has widened over the last three years (2006–2008). There continues to be a wide range in the median household income across Maine’s counties. Median household income in Aroostook, Piscataquis Somerset and Washington was more than 20% lower than the state median in 2008. The greatest income disparity was in Washington County, whose median household income of $31,856 fell 31.4% below the state’s; Washington County’s median household income (lowest in the state) was 41.7% lower than York County’s (highest in the state).

- The Bureau of Economic Analysis measure of personal income includes both cash and non-cash income: net earnings; income from investments; and income from government transfer payments (e.g., Medicaid, Medicare, Social Security, unemployment benefits, nutrition assistance). In Maine, earnings (63.8%) and investment income (15.8%) account for a smaller proportion of total personal income than in the nation as a whole, while income from transfer payments (20.3%) represents a higher proportion. Within Maine, there are marked differences between counties in the relative proportion of income from wages, from investments, and from transfer payments. Transfer payments were close to or greater than 30% of personal income in several counties. Washington was the highest, at 35.7%, followed by Aroostook (31.9%) and Piscataquis (30.9%) counties. These are among the poorest counties in the state and among those with the highest proportion of elderly residents.

- Transfer payments have constituted an increasing proportion of Maine’s total personal income since 2000. This is understandable, given Maine’s demographic trends, particularly its increasing proportion of elderly and lower-income residents. Nationally, by contrast, the proportion of personal income from transfer payments remained relatively constant from 2002 through 2007. In 2008, however, the country experienced an increase in the proportion of personal income from transfer payments, as job losses during the recession led to decreased income from wages, coupled with an increase in benefits payments for laid-off or underemployed workers, such as unemployment benefits, nutrition assistance, and Medicaid.

- Over 80% of transfer payments in Maine in 2008 were medical (Medicare, Medicaid), disability, and retirement benefits. Contrary to popular perception, income maintenance benefits such as TANF, nutrition assistance, and SSI constitute a relatively small proportion of transfer payments statewide (8.1%).

- A livable wage is the level estimated for a household to maintain a basic needs budget and be self-sufficient from any benefits or assistance. The level varies depending both on household size and characteristics and on regional differences in cost of living, particularly housing and child care costs. There is a large gap between poverty levels and a basic needs budget (livable wage) in all of Maine’s counties and metropolitan areas. There is also a gap between median household incomes and livable wages, even in counties such as Cumberland and York where household incomes are higher, because of the higher cost of living in those counties.

Employment

- The employment picture in Maine and the nation since 2008 has been dominated by the severe recession that began in late 2007. Maine unemployment increased sharply in 2008 and 2009. The state’s monthly average unemployment rate of 8.2% in 2009 was the highest it has been in many years, over 78% higher than it had been in 2006 and 2007 when it stood at 4.6%. However, Maine’s 2009 unemployment rate was lower than the national average of 9.3%.
• As in previous years, in 2009 there were major differences in unemployment among Maine's counties. The highest unemployment rate was in Piscataquis County (12.4%), while Washington, Somerset and Oxford Counties had unemployment rates of over 11%. The lowest unemployment rate was in Cumberland County (6.4%). However, Cumberland and York counties had the largest number of unemployed individuals, reflecting the larger populations in those counties.

Benefits and Assistance

• The federal earned income tax credit (EITC) is designed to encourage work and to help families become independent. Working families with children and with annual incomes below about $35,000-$48,000 (depending on marital status and number of children) generally are eligible for the EITC; in 2008, this eligibility cut-off level was equivalent to approximately 200% of the poverty level for a three- to five-person family. The amount of the credit depends on family size and amount of earnings. In Maine in 2006, the average credit was $1,587, while nationally it was $1,951. In Maine 14.1% of federal income tax filers claimed the EITC, compared to 16.5% nationally.

• There was a good deal of variability among Maine’s counties in the percentage of EITC filers, ranging from a high of 21.5% in Washington County to a low of 10.5% in Cumberland County. There was also variability in the average size of the credit between counties, but in no county was the average amount higher than the U.S. average. EITC statistics can provide some indication of the numbers of “working poor” families, many of whom are not counted in poverty statistics. However, they may be living in situations of economic insecurity, where only the slightest change in costs for essential budget items (e.g., fuel) or slight decreases in income (e.g., decreases in hours of work) can lead to major hardship.

• Statewide in FY2008-09 19.6% of all households and 16.0% of the population received benefits from the Supplemental Nutrition Program (SNAP). Individual participation rates in the program ranged from 10.6% in Sagadahoc County, to 24% in Washington County. Aroostook, Oxford, Somerset, Waldo and Washington counties each had over 20% of their population receiving this benefit. Over the eight-year period from FY2002 to FY2009, there has been a marked increase in the monthly average number of households and individuals in Maine receiving SNAP benefits. During this period, the number of households increased by 86.6% (from 54,501 to 101,728), and the number of individuals increased by 91.8% (from 106,228 to 203,764). The increased participation rates in FY2009 can be attributed in large part to the effects of the recession on Maine households. However, even before the current recession, a number of factors contributed to increased participation in SNAP, including policy and procedural changes and increased enrollment due to outreach campaigns.

• In FY2008-09, 57,937, or 11.2%, of households statewide participated in the Low Income Home Energy Assistance Program (LIHEAP). This represented a sharp increase over the average in previous years, due to a change in eligibility which allowed more households to qualify for the benefit. The eligibility change had been in enacted in light of the extreme hardship caused by the sharp rise in fuel prices the previous heating season. LIHEAP household participation rates at the county level ranged from under 4.7% (Cumberland County) to over 20% (Aroostook, Piscataquis, Somerset and Washington counties). Washington County’s rate of 22.3% was highest in the state.

• In FY2010, a record-high 43% of Maine’s school-age children were eligible for the free or reduced lunch benefit. More than half of students in Aroostook, Franklin, Oxford, Piscataquis, Somerset, Waldo, and Washington counties were eligible. The highest rate was in Washington County, where 59.3% were eligible. The number of eligible students in the state has increased each year from FY2003 to FY2010. There was a particularly marked increase in the number in FY2010, about 11% over the previous year, reflecting the effects of the recession on family incomes.
Conclusions

Analysis of data on poverty, income, employment, and receipt of various benefits shows the impact of the recent severe recession in Maine. There have been sharp increases in the use of safety-net benefits such as SNAP and the free and reduced lunch program across all counties. There has been an increase in the proportion of personal income from transfer payments, and a decrease in the proportion from earnings. Unemployment is at its highest rate in many years. In addition, as in previous years Maine continues to have wide regional variation in measures of poverty and economic distress, with highest rates of poverty and unemployment, and highest use of benefits programs, generally in the state's "rim" counties (Aroostook, Franklin, Oxford, Piscataquis, Somerset, and Washington). As of mid-2010, statistical indicators at the national and state level suggest there is a gradual improvement in the economy. However, because the current recession is so long and so deep in terms of job losses, analysts suggest it may take many years to fully recover. Unemployment and poverty, both lagging indicators, are likely to continue to trend upward or remain at their current elevated levels.

To address the near-term effects of the severe recession and the longer-term effects of persistent poverty and economic insecurity, federal, state and local efforts are all needed to expand opportunities for jobs with adequate wages; to continue to assist lower-income households by providing needed assistance to pay for high-budget items such as child care, health care, housing and energy; to increase support for those seeking post-secondary education and job skills training or retraining that will improve their long-term prospects for having higher and more stable incomes; and to provide education and outreach so more eligible people take advantage of benefits to which they are entitled.
Hancock County's individual poverty rate for the population as a whole and for those under age 18 in 2008 were both lower than the state rate.

Census estimates for 2008 show that Hancock County has a somewhat older population compared with other Maine counties, with a higher percentage in the 18-64 and 65 and over age categories, and a lower percentage age 18 and under.

Hancock County's 2008 median household income was somewhat above the state's. It was about 6% above the 200% poverty level for a four-person household.

The 2008 "livable wage" estimate in Hancock County for a four-person household (2 parents, both wage earners, and 2 children) was more than 2.6 times greater than the poverty level for a four-person household.

The proportion of personal income from earnings in Hancock County in 2008 was considerably lower than in the state as a whole, and income from investments was considerably higher; the proportion from transfer payments was about the same. Among Maine counties Hancock had the third highest proportion of personal income from investments. This pattern is consistent with the presence of a higher proportion of well-off retirees.

Hancock County's average unemployment rate in 2009 was about the same as the state as whole.

In 2006, Hancock County had about the same proportion of federal income tax filers claiming the earned income tax credit (EITC) as in the state as a whole, and the average amount of the credit was close to the state average.

Hancock County was considerably below the state average in FY2008-09 in the proportion of households and of the total population receiving the Supplemental Nutrition Assistance Program (SNAP) benefit. Hancock had the second lowest percentage of households receiving the SNAP benefit among Maine's counties.

The proportion of school-age children eligible for free or reduced lunch in FY2009-10 in Hancock County was just slightly lower than the state average.

Hancock County in FY2008-09 had about the same proportion of households and individuals receiving LIHEAP as in the state as a whole. Compared with the state, Hancock County had a much lower proportion of LIHEAP recipients receiving the SNAP benefit. Annualized household income of LIHEAP recipients in Hancock County was lowest in the state among Maine's counties.

Hancock County's poverty rate varied somewhat more than that of the state rate from 2000 to 2008.

The unemployment rate trend in Hancock County generally paralleled the state's from 2002 through 2009. In 2002 and 2003 Hancock's rate was close to that of the state, but from 2004 to 2009 it was higher than the state rate. As in the rest of the state, Hancock County's 2009 unemployment rate was at its highest point in many years, twice what it had been in 2002.

The number of Hancock County households receiving LIHEAP varied by only a little from FY2001-02 to FY2007-08. With the change in eligibility requirements in FY2008-09, the number of households receiving LIHEAP increased by 30.7% compared with the average over the previous seven years.

As in the rest of the state, the number of Hancock County households receiving the SNAP benefit increased every year. Hancock had a 155% increase from FY2001-02 to FY2008-09, the highest increase among Maine's counties. However, the proportion of households and individuals receiving the SNAP benefit was lower than might be expected, given the county's rates of poverty and unemployment and the receipt of other benefits during this period.

From FY2002-03 to FY2009-10, Hancock County had a slightly lower percentage of students eligible for free or reduced lunch than in the state as a whole.
**Profile**

- Washington County's 2008 individual poverty rate for the population as a whole and for those under 18 was considerably higher than the state's. Washington had the highest overall and child poverty rates among Maine's counties.

- The county has an older population relative to other counties. In 2008 Census estimates, Washington had the lowest proportion in the working-age group (18-64) among Maine's counties and the second highest age 65 and over.

- Median household income in Washington County in 2008 was substantially lower than the state's, and was the lowest among Maine's counties. It was more than 28% below the 200% poverty level for a four-person household.

- The 2008 "livable wage" estimate for a four-person household (2 parents, both wage earners, and 2 children) in Washington County was 2.4 times the poverty level for a four-person household.

- The proportion of 2008 net personal income from transfer payments in Washington County was substantially higher than in the state as a whole; the proportion from earnings and investments was considerably lower. Washington had the lowest proportion of personal income from earnings and the highest from transfer payments among Maine's counties.

- Washington County's unemployment rate in 2009 was considerably above the state average and was the second highest among Maine's counties.

**Poverty Rate Estimates — % Individuals Below Poverty**

- In 2006, Washington County had a considerably higher proportion of federal tax filers claiming the EITC than in the state as a whole. The percentage filing was the highest among Maine's counties, and the average credit was the third highest.

- Washington County was considerably above the state average in FY2008–09 in the proportion of households and individuals receiving the SNAP benefit. It ranked second among Maine's counties in the proportion of both households and individuals receiving this benefit.

- The proportion of Washington County's school-age children eligible for free or reduced lunch in FY2008–10 was substantially higher than in the state as a whole. Washington ranked first among Maine's counties in school-lunch eligibility.

- Washington County had a considerably higher proportion of households and individuals receiving LIHEAP in FY2008–09 than in the state as a whole. It had the highest proportion of LIHEAP households among Maine's counties. Annualized household income of LIHEAP recipients was the lowest among Maine's counties.

**Trend Highlights**

- Washington County's poverty rate trended upward almost every year from 2000 to 2008. The county's poverty rate varied a good deal more than the state's, but remained considerably above the state rate.

- Washington County's unemployment rate varied more than the state's from 2002 to 2009, and was much higher than the state's. The county's unemployment rate had already been very high in 2002 so the magnitude of increase from 2002 to 2009 was not as great as in most other counties.

- The number of Washington County households receiving LIHEAP varied only slightly from FY2001–02 to FY2007–08, though there was a downward trend. With the change in eligibility requirements in FY2008–09, the number of households increased by 15.8% compared with the average over the previous seven years.

- As in the rest of the state, the number of Washington County households receiving the SNAP benefit increased almost every year. Washington had a 63.0% increase in the number of households receiving the benefit from FY2001–02 to FY2008–09.

- Since FY2002–03, Washington County has had a substantially higher percentage of students eligible for free or reduced lunch than in the state as a whole. Washington had the highest eligibility rate among Maine's counties from FY2002–03 to FY2009–10.