



The Poverty Institute

at the Rhode Island College School of Social Work

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Statement by the Poverty Institute

Poverty in Rhode Island unchanged

More than one in ten Rhode Islanders lived in poverty in 2006, according to data released today by the U.S. Census Bureau. At 11.3 percent over 2005-2006, the rate did not significantly change from 2003-2004 when the percentage was 11.5. Overall, the U.S. saw a slight decline in poverty rates for the first time in a decade.

In 2006, a family of four was considered to be living in poverty if their annual income was below \$20,000 a year – equivalent to a monthly gross income of \$1,667 or \$9.61 an hour.

Federal Poverty Level Not Realistic Measure of Need

“These numbers are unacceptably high,” said Kate Brewster, Executive Director of the Poverty Institute “and they don’t tell the whole story. The reality is that the federal definition of poverty is an inadequate measure of the number of Rhode Islanders who are unable to meet their basic needs, said Brewster. “By way of example, Brewster explained, the average rent for a two bedroom apartment in 2006 was \$965 a month. A family earning the federal poverty level of \$20,000 would be spending close to 60 percent of the family’s income on housing.

According to a Poverty Institute study, in 2006 a family of four needed to earn \$37,000 a year (or close to twice the federal poverty level) **and** receive subsidized health insurance through RIte Care and child care assistance in order to meet their most basic expenses. Without these work supports, the family would need to have gross earnings of \$60,000 to make ends meet in the Ocean State.

Poverty Does Not Mean Welfare

In Rhode Island, poverty is no longer just an issue for those receiving cash assistance, evidenced by the fact that welfare caseloads have declined by more than half over the past decade. Rather the growth in poverty is among working families who are employed in low-wage jobs in the service sector and other poorly paid occupations. Twenty percent of jobs in the Ocean State pay poverty level wages and Rhode Island is the only state in New England to experience an actual decline in the median wage since 2000, according to a recent analysis of Current Population Survey data by the Economic Policy Institute in Washington, D. C.

Change Lies in Investments in Education and Training

Brewster claims that in order to reduce poverty, significant investments are needed to improve the skills of the 167,000 adults that do not have a high school diploma. “The solution to reducing poverty among working families is to improve the skills of parents so they can move up the job ladder. Investing in workers is a win-win for the state. Not only do these investments raise incomes, thereby increasing the state’s tax base, but a skilled workforce is the key to growing Rhode Island’s economy,” said Brewster.

Work Supports Necessary to Support Low Income Workers

For those who don’t earn enough to support their families through employment, government work support programs are a lifeline to making ends meet. The Institute points out that the recent cuts to the child care assistance program will significantly increase financial stress on low-income working parents. “Last year a family who was earning twice the poverty level (or \$37,000 a year) was just able to make ends meet because of child care and health care subsidies. But as of September 1st, this family will no longer qualify for child care assistance, leaving them almost \$1,000 short of meeting their monthly expenses,” according to Brewster.

Child care cuts will place severe financial strain on families earning close to twice the federal poverty level <i>(\$37,000/year or \$17.79/hour)</i>		
<u>Expenses</u>	<u>With child care subsidy</u>	<u>Without child care subsidy</u>
Housing	\$965	\$965
Food	\$746	\$746
Health insurance	\$61*	\$61
Child care	\$216**	\$1283
Transportation	\$437	\$437
Miscellaneous	\$421	\$421
Expenses	\$2,846	\$3,913
Income	\$2,927	\$2,927
Balance	\$81	-\$986

* Monthly premium through the RIte Care Health Insurance Program
 ** Co-pay for child care in 2006

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