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**12 Percent of Rhode Islanders Are Living Below the Poverty Line,
Census Bureau Reports**

*But poverty rate does not give the full picture of how many
Rhode Islanders are struggling to make ends meet*

PROVIDENCE, RI (August 26, 2008) – Data released today from the U.S. Census Bureau reveal that the poverty rate remained statistically unchanged in Rhode Island from 2006 to 2007. However, these numbers do not accurately reflect the financial crisis that many Rhode Islanders are facing, according to The Poverty Institute.

In 2007, 12 percent of people in the Ocean State lived in poverty. This equates to 122,128 Rhode Islanders. While the percentage is increased slightly from the 2006 rate of 11.1 percent, the change was not statistically significant, and therefore the rate is technically unchanged. In 2007, the official income at which a person was considered to be living in poverty was \$10,590.

In 2007, 8.3 percent of Rhode Island families lived in poverty. A family of four is considered poor if they have annual income below \$21,027. Rhode Island household median income in 2007 was \$53,568.

“Even though the poverty rate may have remained unchanged from 2006 to 2007, the fact that 12 percent of Rhode Islanders lives in poverty is unacceptable. Unfortunately, we do not see these numbers improving any time soon,” said Rachel Flum, policy associate at The Poverty Institute. “The economy has weakened significantly since last year, reflected by the more than two point rise in unemployment. Combined with the

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skyrocketing costs of home heating oil, food and gasoline, the current reality is that Census data does not reflect the actual number of Rhode Islanders who are in financial distress.”

The Poverty Institute points out that the federal poverty level has many known limitations and does not accurately measure economic security. The method that is used today to determine the federal poverty level was developed in the 1960s and measures poverty based on the cost of food. At the time this methodology was developed, food costs represented a third of a family’s budget, but today the cost of other necessities (such as housing and child care) can far exceed the cost of food for a family.

According to The Rhode Island Standard of Need, a biennial report to be released this fall by The Poverty Institute, the average cost for a two-bedroom apartment in Rhode Island last year was \$1,020 a month. This would consume 60 percent of a family’s income if they were earning poverty level wages. A family living in Rhode Island would need to make two and a half to three times the federal poverty level in order to make ends meet without using public funded work supports.

Local service providers, like Andrew Schiff, director of the Rhode Island Community Food Bank, say the demand for services is up sharply this year. “Several factors have caused a swell in the number of working families seeking our services, including high unemployment, the housing crisis, sharp increases in food and energy prices, and cuts to social service programs that were enacted as a result of recent state budget crises,” said Schiff.

Kate Brewster, executive director of The Poverty Institute, warns that recent cuts to programs that help working families will further exacerbate problems for low- and moderate-income Rhode Islanders. “Policy-makers must avoid further cuts to work support programs, such as child care assistance and RIte Care health insurance, and should streamline access to these programs so families can participate in these vital programs.”

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Nationally, the poverty rate remained statistically unchanged from 2006 to 2007. The poverty rate went from 12.3 percent in 2006 to 12.5 percent in 2007. Experts point out that for the first time on record, poverty rates and the median income of working-age households are worse at the end of a multi-year economic expansion (2001-2007) than they were at the end of the previous recession. In 2001 when the recession ended, the poverty rate was 11.7 percent, compared to the 2007 rate of 12.5 percent. “This demonstrates that while Americans have been working hard and there was increased productivity during the recent economic expansion, low- and middle-income earners have not reaped the fruits of that growth,” said Flum.

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About The Poverty Institute

The Poverty Institute is a non-partisan organization that develops and promotes policies to improve the economic security of low and modest-income Rhode Islanders and to ensure that tax and budget policies are equitable and adequate to fund vital public services.