

1-1-1999

# 1998 Annual Report Card on Poverty in Maine

Maine State Planning Office

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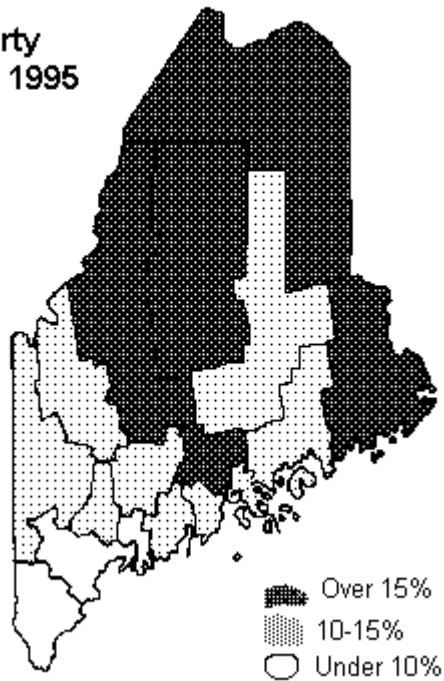
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1998  
Annual

# REPORT CARD ON POVERTY in Maine

Poverty  
Rate, 1995



January, 1999  
Maine State Planning Office

**H.P. 270 - L.D. 334**

**Resolve, to Implement the Recommendations of the Commission to Study Poverty Among Working Parents with Regard to an Annual Report Card on Poverty**

**Sec. 1. Report on poverty. Resolved:** That the State Planning Office shall report annually to the Legislature, beginning on January 1, 1998, on the subject of poverty in this State. The report must include information on poverty among children and adults, regional differences in poverty rates and indicators, conditions responsible for changes from the prior year, expectations for the coming year and the economic condition of the State's communities.

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## I. Introduction

This is the first of an annual series of report cards on poverty in Maine prepared by the Maine State Planning Office. The annual report card is commissioned by a resolve of the Maine Legislature in the spring of 1997.

This first report provides a picture of historical trends and conditions upon which future reports can be built. It seeks to the extent possible to use data that is available every year so that annual changes can be tracked. However, in many cases critical data elements are only available from the decennial censuses or updates are several years old.

By definition, poverty is the lack of economic resources to maintain a minimal standard of living for a household or individual. Therefore, this report focuses primarily upon economic conditions that either create or threaten prosperity. But poverty is the result of a complex mix of many factors and conditions. A family that has not been poor may be thrust into poverty when a marriage disintegrates or an earner becomes unemployed, disabled or dies, causing the economic security of the household to evaporate suddenly. There are other factors to be considered as well. How well educated or trained are our citizens to enable them to hold higher paying jobs? Do we have good health care and good nutrition so that we are physically, mentally and emotionally equipped to compete in an ever evolving job market? And, how do we provide with dignity for those too old, too sick, or too infirm to provide for their own economic well being?

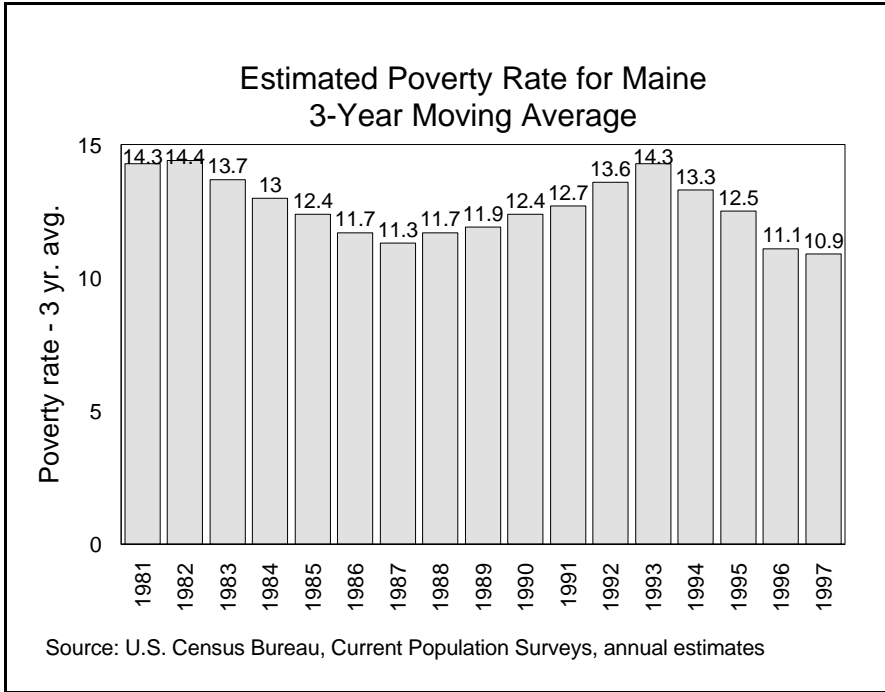
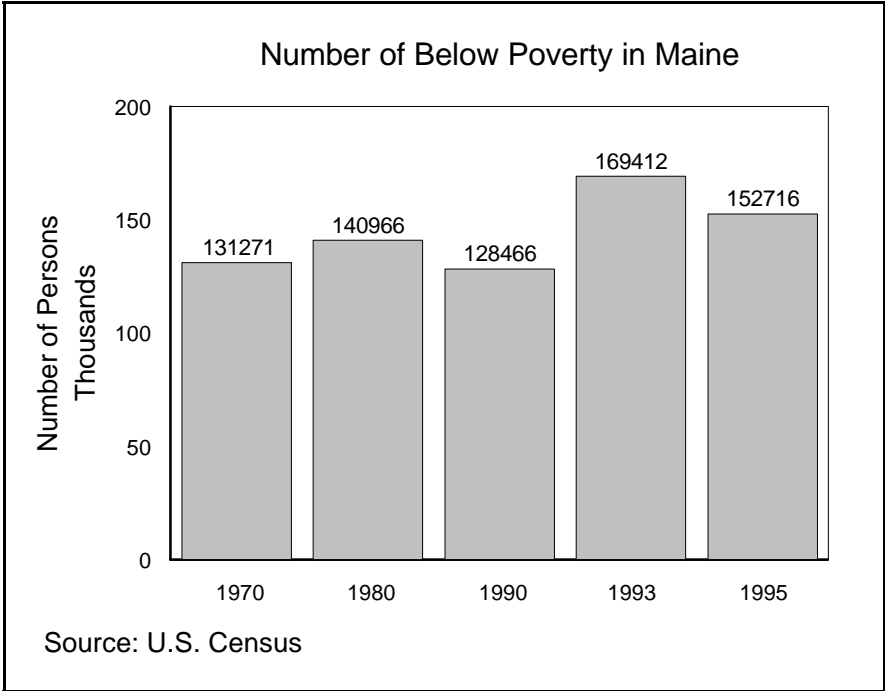
The measures included in this first report show the recent trends for a variety of indicators of poverty and of economic conditions that have a key role in increasing or decreasing poverty in Maine. No single indicator can accurately predict the rise or fall in poverty in Maine. However, taken together, the changes provide an indication of how Maine is doing.

## II. Extent of Poverty in Maine

- ❖ The 1990 Census showed Maine's poverty rate at its lowest point since the Census Bureau began to measure poverty in the 1960's. Because most of Maine's poor work, the economic expansion that occurred during the latter half of the 1980's brought increased employment and enabled more to rise above the poverty level.
  
- ❖ The recession that began in 1990, however, caused the trend to reverse. The number of poor in Maine increased rapidly, rising past its historical level by 1993. As the effects of the recession have eased in succeeding years the increase in numbers of poor has leveled off, and the rate of poverty has begun to drop gradually<sup>1</sup>.
  
- ❖ While the persistence of poverty at all is unacceptable, by national standards, Maine's rate of poverty is not extreme. Maine ranks around 20th among the 50 states and the District of Columbia in level of poverty, hovering close to the national average.

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<sup>1</sup> A 3-year moving average is used instead of annual estimates because the yearly estimates are based on a small sample size and have a standard error ranging from 1.6 to 3% at the 90% confidence level in any given year.

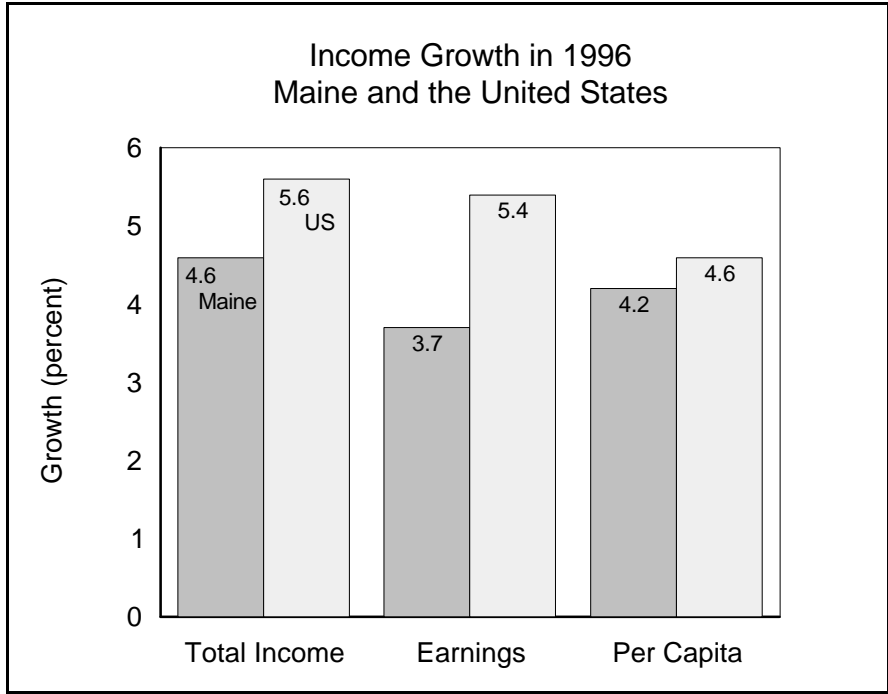
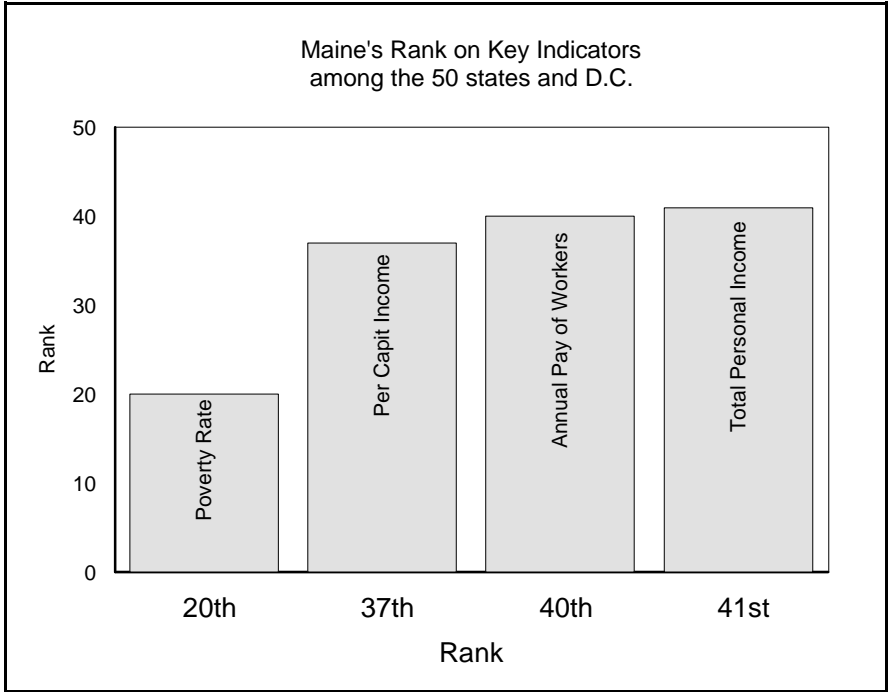


- ❖ In sharp contrast, Maine ranks much lower among the states in income and earnings. In 1996 Maine ranked 41st in the U.S. in total personal income, 37th in per capita income and 40th in annual pay of workers.

Table 1.

	Maine	US	Maine:US Ratio
Total Personal Income	4.6%	5.6%	82.1%
Earnings	3.7%	5.4%	68.5%
Per Capita Income	4.2%	4.6%	91.3%

- ❖ It is factors such as these that keep large numbers of Maine residents at the brink of poverty while the actual poverty rate remains much lower.





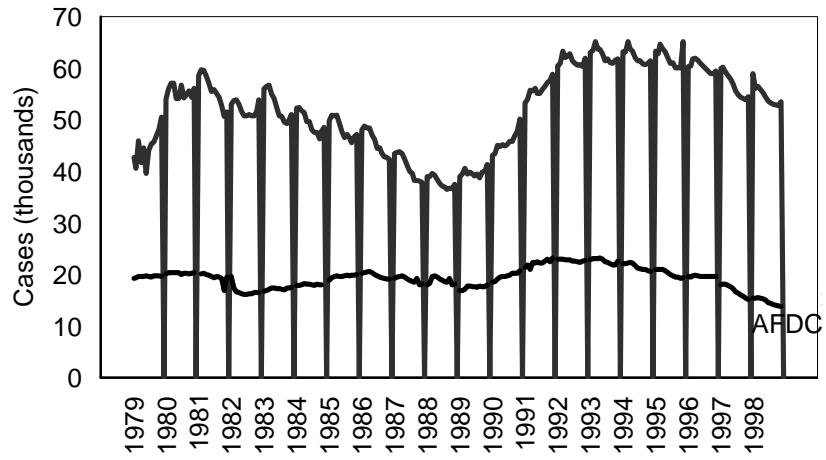
### III. Indicators of Poverty and Need

- ❖ The level of participation of Maine residents in a variety of income assistance and service agency programs has been traditionally perceived as a measure of the extent of need. However, such are affected by federal policies and program changes as well as by improvements or deterioration of economic conditions. Nevertheless, they do serve as a barometer. Although there is a great deal of overlap among clients served, the programs meet very different needs and as such reflect hardship among different groups of citizens.

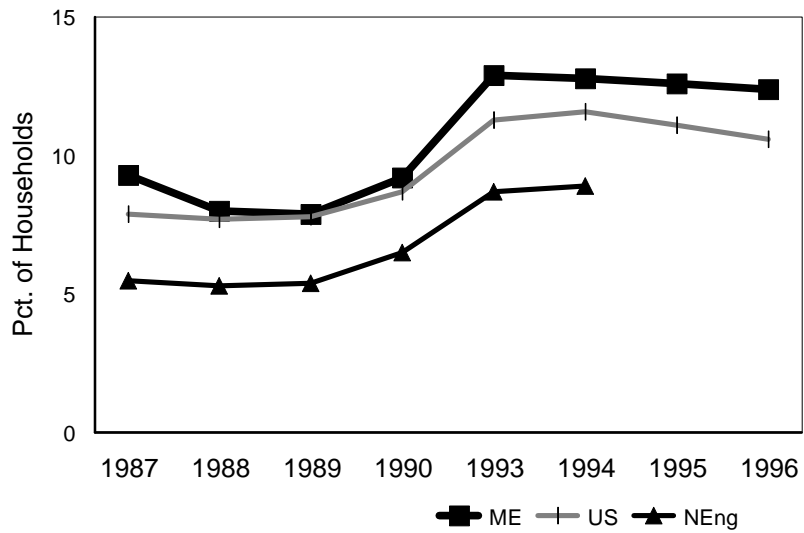
#### 1. Participation in Government-sponsored Income Assistance Programs

- ❖ The food stamp program has historically reflected economic conditions most closely. As the graph to the right clearly shows, the monthly caseload of the food stamp program rises and falls seasonally within each year and rises and falls over time with economic conditions. The increases in program participation in the 1980's and the early 1990's correspond with periods of lagging economic conditions.
- ❖ The AFDC/TANF program (the lower line on the graph) reflects similar trends. However, this program serves fewer households and is a reflection of social conditions, such as family break up and crises as much as of economic conditions that lead to loss of income. New federal limitations on these programs have led to significantly lower caseloads in 1998.
- ❖ Food stamp program participation in Maine has remained consistently higher than the U.S. or New England average. Even from 1988 to 1990 when participation reached its lowest, the percentage of Maine's households receiving food stamps remained above the national average.

AFDC & Food Stamp Programs  
Monthly Caseload, 1979-1998



Percent of Households  
Receiving Food Stamps, selected years



## 2. Overall Reliance on Transfer Payments

- ❖ Transfer payments<sup>2</sup> contribute significantly to the income of Maine households. In 1996 one dollar in five of total personal income in Maine came from transfer payments - nearly 25% above the national average.
- ❖ As is the case with the food stamp program, the overall reliance of Maine residents on transfer payments reflects economic conditions.

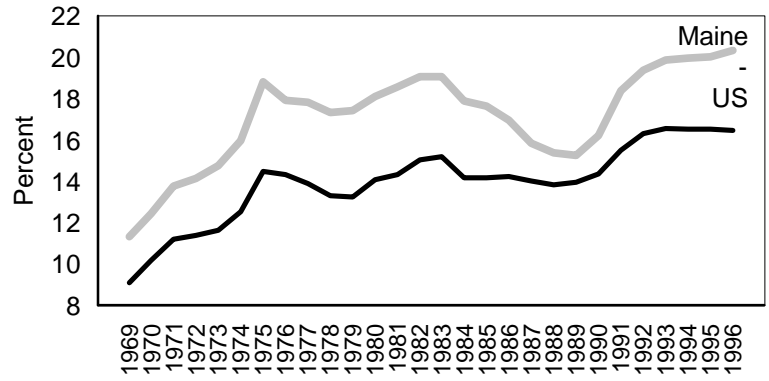
## 3. Homelessness

- ❖ Occupancy at homeless shelters has been increasing over the past 6 years for which data is available. Occupancy declined slightly in 1997, the first time since statistics have been kept but rose again in 1998.
- ❖ The clients of homeless shelters are the people most down and out. Though for many who rely on shelters, their primary food source is the soup kitchen, most do not participate in other programs.

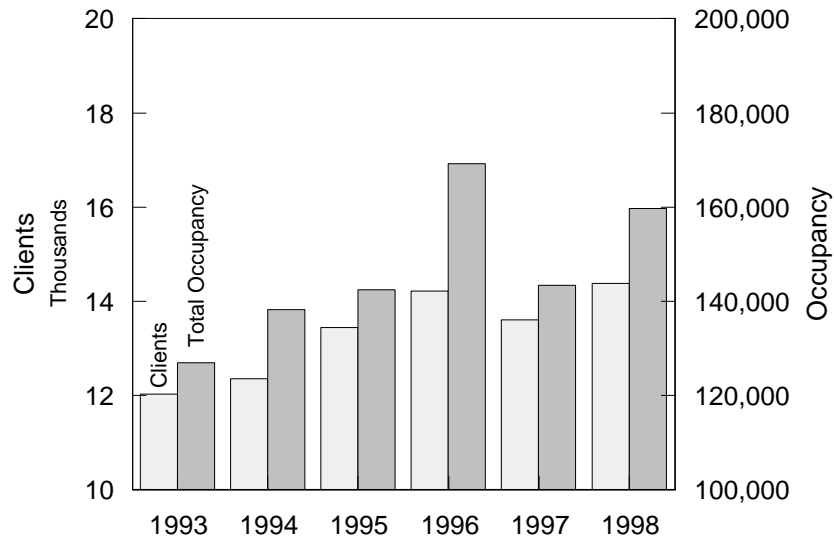
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<sup>2</sup> Transfer payments kick in when earnings cease or are greatly reduced. In addition to income programs for the most needy (AFDC/TANF, SSI, etc.) and medical programs such as Medicare and Medicaid, they also include retirement income (social security, veterans benefits, etc.) and income security to workers (such as unemployment benefits and worker compensation).

Percent of Total Personal Income  
Derived from Transfer Payments



Maine Homeless Shelters  
Clients and Occupancy, 1993-96



#### 4. Federal Food Security Measure

In April 1995 the Census Bureau added measures of food security to its annual Current Population Survey (CPS). These figures should be available on a regular basis for future use. The Bureau's first survey showed that 10.1% of Maine's population were food insecure during the 12 months preceding the survey.

The initial study showed important relationships between food security and the overall income of the household and amount of that income available to spend on food. As such the survey highlighted many families with income above the poverty line but with insufficient resources to meet increases in routine expenses (rent, utilities, etc.) or unexpected expenses such as medical bills or car repairs. The data should prove to be a useful measure for Maine in the future, especially of conditions faced by Mainers whose income hovers just above the federal poverty line.

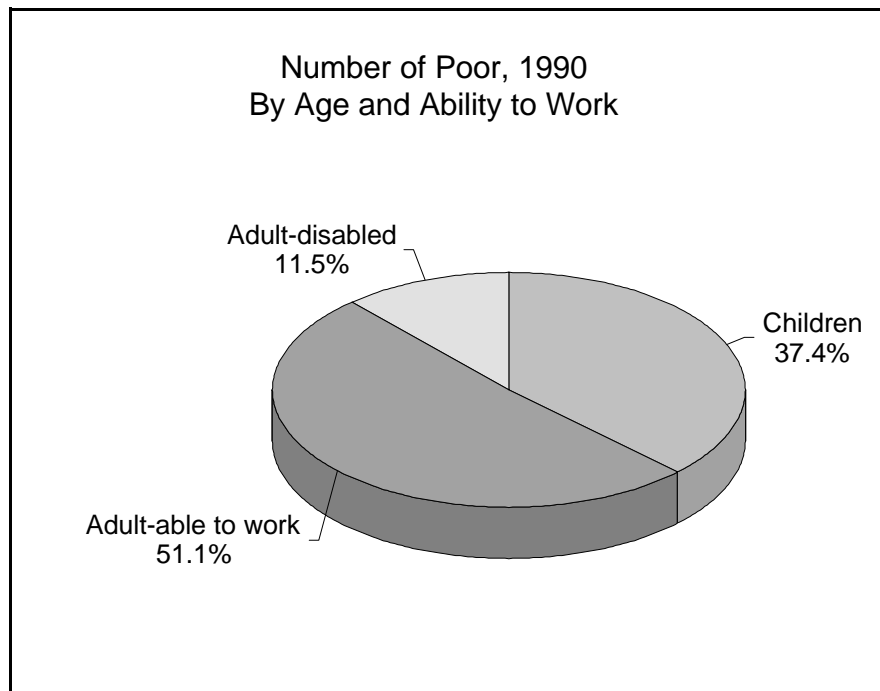
#### 5. Non-Governmental Services (Food Pantries and Soup Kitchens)

- ❖ There has been astounding growth in the number of food pantries and soup kitchens in Maine in the past decade. The number of families that they serve has grown equally as fast. A complete and systematic survey of these services has not been developed. However, surveys of their clientele conducted by various groups show growing levels of participation and difficulty of the sponsor to meet the demand.
- ❖ Anecdotal evidence is abundant. Food pantry and soup kitchen operators testified time and again at the 1996 hearings of the Blue Ribbon Commission on Hunger and Food Security how they had established a program a year or two earlier expecting to serve a couple dozen families each month and in a very short time were serving one or two hundred.
- ❖ The Good Shepherd Food Bank, a central warehouse facility that supplies food from across the nation to nearly 400 local food banks found that food banks provided food to 5% of Maine's population in 1996 - 57,000 people.

- ❖ A survey of a sample of 104 pantries and kitchens by the University of Maine Cooperative Extension in the fall of 1997 found that they served, conservatively, 2479 families, 7,672 individuals, of which 1,099 were children during the previous month or week.
- ❖ Some limited profile data indicates many who use their services don't qualify for public assistance. Many are people faced with unexpected costs that used up their meager resources such as a sudden medical bill or a car repair. Others are people suddenly out of work for the first time or who have had to take a job at much lower pay and can no longer make ends meet.

#### IV. Populations Most at Risk

- ❖ Though economic conditions lie at the root of poverty for most, nearly anyone can find themselves facing poverty for any of a multitude of reasons. The two groups of citizens for whom poverty and the risk of poverty are increasing are children and working households.
- ❖ Other citizens for whom poverty is an almost certainty are those who are unable to work and the elderly whose earnings during their working years were not sufficient to ensure an adequate retirement income.



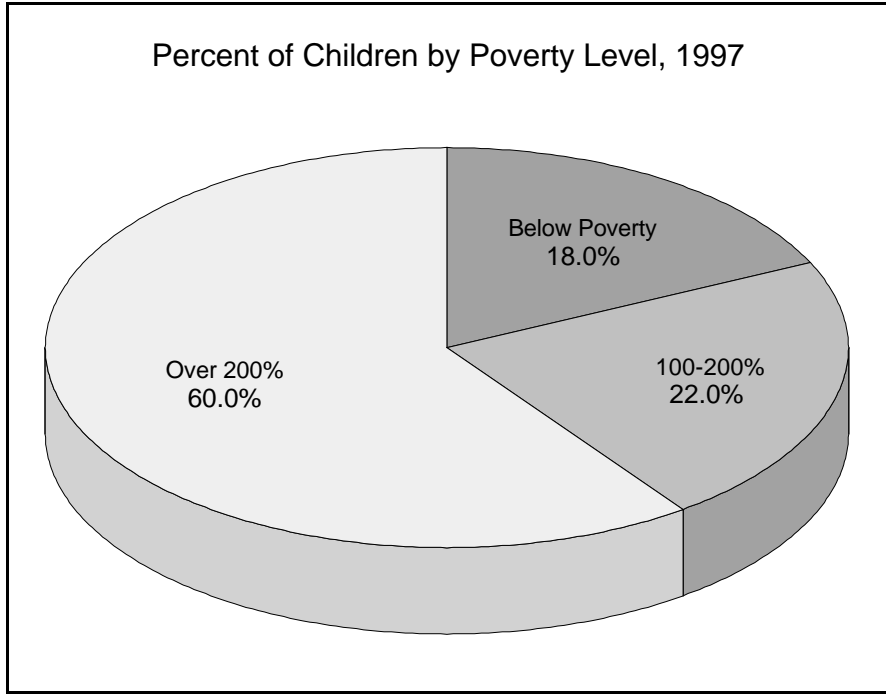
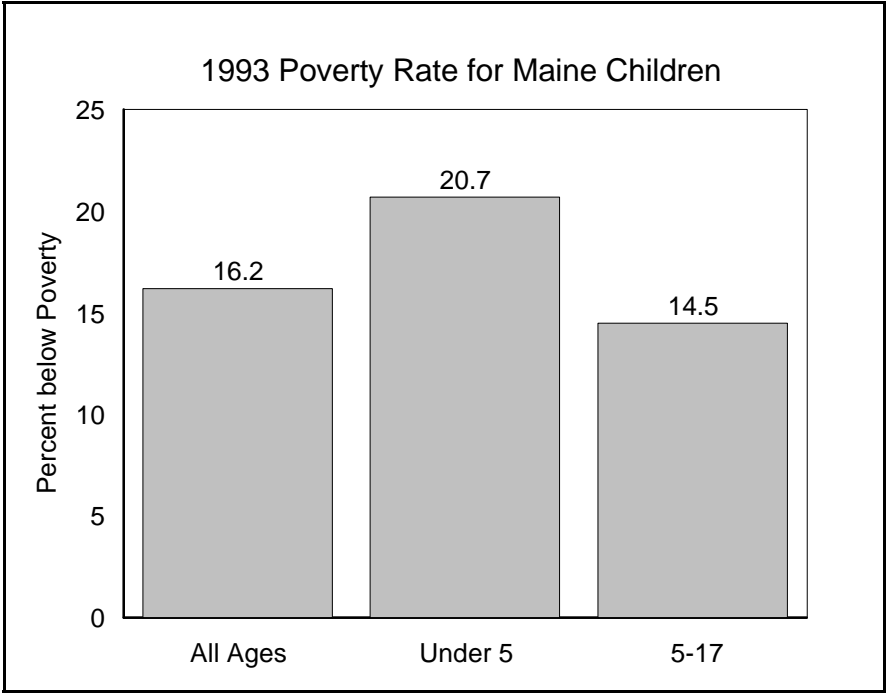
## 1. Children

Children are poor because their families are poor, not because of characteristics intrinsic to children. The risk of poverty among children is increasing because more are living in single parent households where income is limited by the presence of only one adult earner. Poverty is highest among preschool age children because too often parents must choose between caring for their children and working. For many, adequate child care is either unavailable or unaffordable.

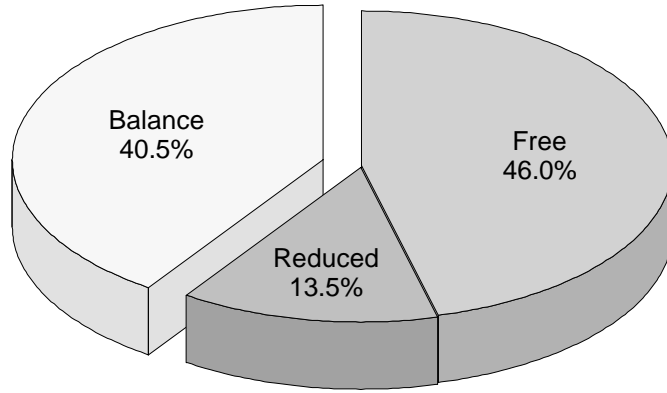
Children are also at greater risk of poverty because their parents face greater uncertainties in the workforce. Thus for children, it is factors beyond their control -- social changes reflected in the growth of single parent households, changing economic conditions in the workplace that threaten parents income, and the adequacy of services for working families - that have the greatest impact on their well-being.

- ❖ One in four Maine children live in poverty. In 1997 an estimated forty percent live in homes where the income is less than 200% of the poverty level.
  
- ❖ A quarter of the children in homes with income less than 200% of the poverty level still lack health insurance.
  
- ❖ Nationally about half of the children who participate in the school lunch program receive free or reduced price meals. In Maine, nearly 60% of all participating children receive free or reduced price meals.
  
- ❖ In spite of the high risk factors for children, and their overall higher poverty rate, the rate of poverty among Maine children is lower than the national average. In 1993 the nation's poverty rate for children was 17% higher than the poverty rate for children in Maine.



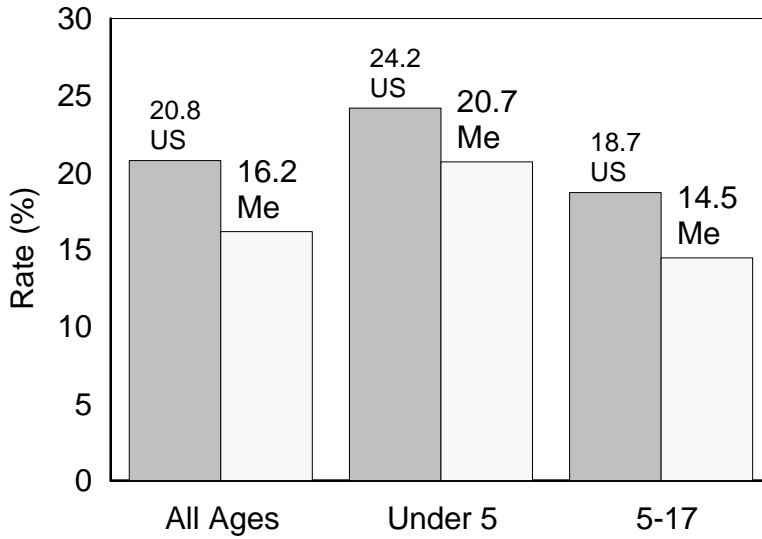


Maine Children Participating in School Lunch  
Receiving Free and Reduced Price School Lunch



Source: U.S. Statistical Abstract,  
Maine Dept. of Education

Poverty Rate among Children  
Maine and U.S., 1993



Two statistics from the 1990 Census illustrate the conditions that affect the standard of living of children most clearly, and though this report is an annual report on trends and changing conditions, the 1990 figures are important and revealing.

1. The poverty rate for children is most closely linked to the household structure.

The poverty rate for families with children headed by a married couple was 5.1%. The poverty rate for families with children headed by the mother only was 41.6% - eight times greater. And if the children were under 5 years of age, the poverty rate rose to over 60%. The number of children in single-parent households has been steadily increasing during a period when wages have not kept pace and two workers are needed to provide an adequate income for a family.

2. The poverty rate for children is linked to the state of the economy and to disparities in income by occupation and sex of the worker.

Most children live in a home where at least one parent is working. Over 80% of Maine households have earnings. The poverty rate for children is directly related to the number of parents working and the extent to which they have a full time job.

In 1990 71% percent of women with children were in the labor force, including 64% of women with children of preschool age. Yet the average income of a woman working at a full time job was only 63.5 cents for every dollar earned by a male working full time. Between 1979 and 1989 the gap between earnings of men and women had narrowed by only 3.5 cents.

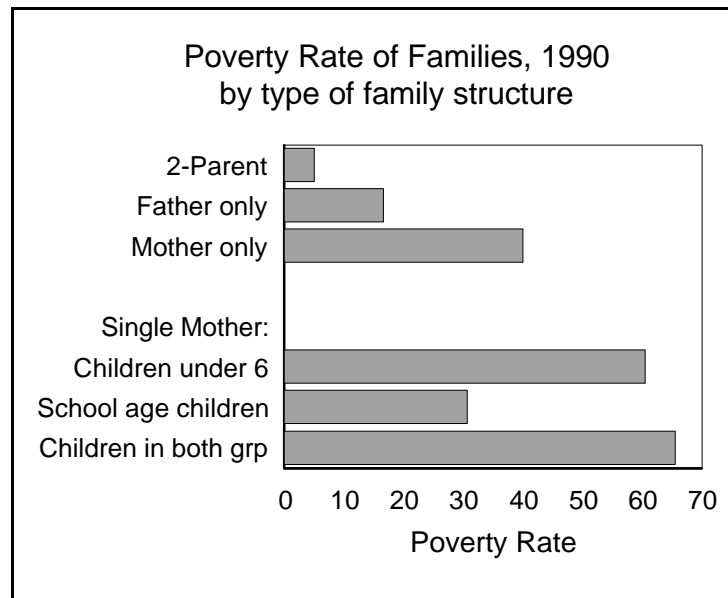


Table 2.

Poverty Rate of Children  
By Household Type and Level of Employment of Parents

Children in 2-Parent Households:

A. With Both Parents in the Labor Force			
	Under 6	Age 6-17	All Children
Full Time Employed*:			
Both Parents FT	2.0	1.6	1.7
Father Only FT	3.6	2.8	3.0
Mother Only FT	9.9	7.6	8.3
Neither Parent FT	14.1	10.7	12.0
All 2-income hsds.	4.0	2.8	3.2

B. With Only One Parent in the Labor Force			
	Under 6	Age 6-17	All Children
Worked 35+Hrs/Wk:			
Father Only:			
Full Time	6.2	7.4	6.8
Not Full Time	35.4	31.2	33.3
Mother Only:			
Full Time	14.3	12.4	12.8
Not Full Time	46.7	39.1	40.5

Children in Single Parent Families

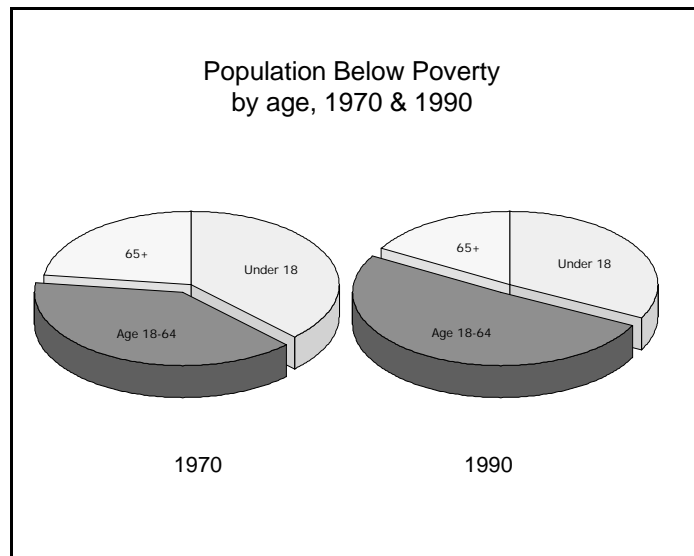
	Under 6	Age 6-17	All Children
C. Male Head:			
Full Time	7.0	11.0	9.5
Not Full Time	36.3	23.2	29.6
Not in Labor Force	58.0	55.0	55.8
D. Female Head			
Full Time	17.0	13.1	13.9
Not Full Time	58.2	53.4	55.0
Not in Labor Force	82.8	82.8	82.8

\* Full time employed = working 35 hours/week or more.

Source: 1990 Census

## 2. Working Adults

- ❖ Poverty among working age adults has been increasing. Between 1970 and 1980 the number of poor in Maine grew by 10,000 people. This *entire* growth was among working age adults. In 1970 39% of the poor were persons of working age (16-64). By 1990 over half of the poor (51%) are working age adults, even though the number of poor was smaller in 1990.



- ❖ The ability of a person of working age to escape poverty is a function of three key things - human capacity (good health, education level, job skills, etc.), household structure (presence and age of children, adults in the home, etc.) and economic opportunities (type and availability of full time work, wages in the area, etc.).
- ❖ Economic opportunity: Contributing to the risk of poverty is the changing structure of the economy that creates more jobs in lower wage occupations and changing technology that demands new skills of the workforce. Maine has historically lagged behind the nation in income and earnings. Recent changes have created opportunities never before seen but have also created a widening gap between rich and poor that make poverty even more entrenched. These trends are examined in Chapter 4.
- ❖ Maine's investment in human capacity is key to reducing the number stuck at the bottom of the income ladder.

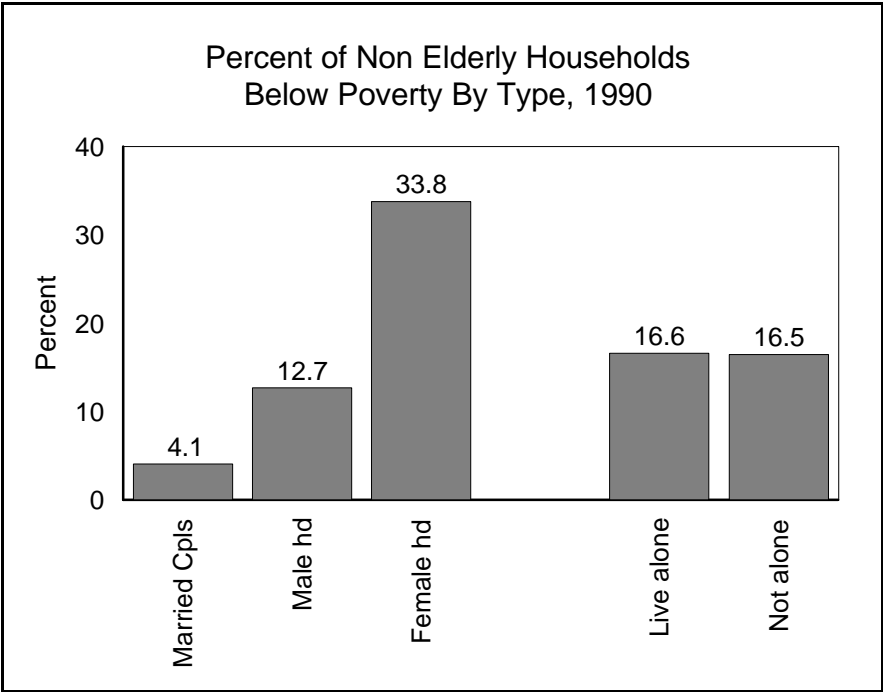
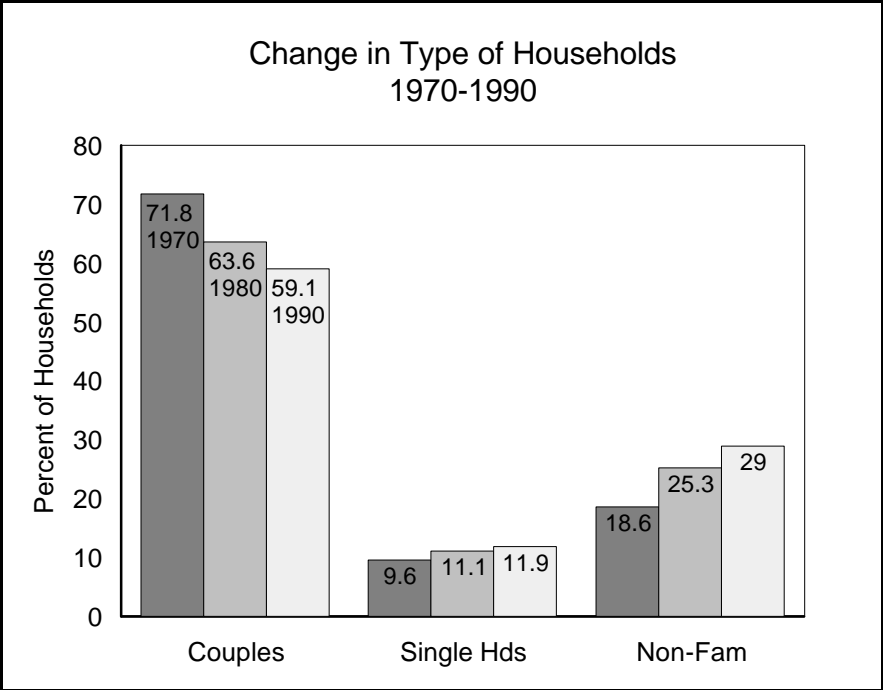
- ❖ Education: Maine adults rank 4th highest in the nation in high school graduates, and the State has the 9th lowest drop out rate in the nation. Elementary test scores are among some of the highest in the world.
  
- ❖ But only 20 states have fewer college graduates than Maine. Studies of migration show that those moving to Maine have much higher levels of educational attainment than Maine natives<sup>3</sup>.
  
- ❖ Health & Nutrition: All too often people without adequate resources for health care put off little problems until they become major and lead to lost productivity, absenteeism, or even disability. Lack of health insurance is a key factor to lack of adequate health care. One out of nine Mainers lacks health insurance. Many more carry catastrophic illness plans only.
  
- ❖ Good health in adulthood begins with adequate health care from the beginning. Yet current Census data (1997) shows that 10% of Maine children lack health insurance - 25% of children in families where the income is under 200% of the poverty level.
  
- ❖ The value of a good breakfast to learning in school is clear. The value of good nutrition to a productive work force is equally important. Yet thousands of Maine adults do not have adequate income to buy food and rely on food pantries and soup kitchens, food stamps, and other means.
  
- ❖ A recent study of childhood nutrition<sup>4</sup> found that in four out of five households surveyed (79.2%) in 1992, parents said that they sacrificed for their children either by eating less, skipping meals entirely, or by eating less nutritious food. Their findings suggest that many lower income adults are routinely not receiving an adequate diet.
  
- ❖ Demographic and social trends affect the economic status of individuals and households. Changes documented by the last three decennial censuses have a major impact on poverty levels. Current census surveys indicate little change in the trends.

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<sup>3</sup> Maine Agricultural and Forest Experiment Station, Staff Paper 467, In-Migration to Maine, a Twenty-Year Perspective: Part II Detailed Profile of Maine's In-Migrants and an Analysis of their Reasons for Coming and Degree of Satisfaction with their Move to Maine, Joyce Benson and Louis A. Ploch, 1995.

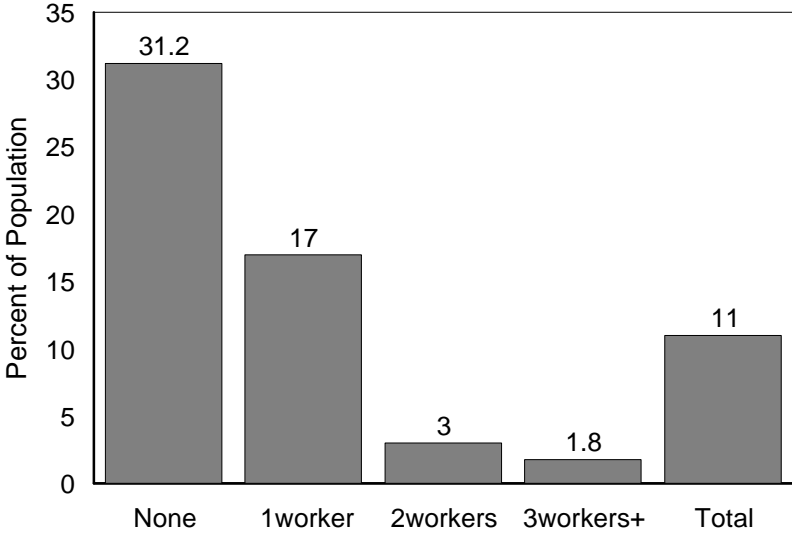
<sup>4</sup> Food Research and Action Center, Community Childhood Hunger Identification Project: A Survey of Childhood Hunger in the U.S., 1995.

- ❖ Most significant is the portion of single householders, especially the number of single female family heads with children.
  
- ❖ In 1970 family couples made up 72% of all households in Maine. By 1990 only 60% of the households in the State were headed by couples. The number of single parent families and people living alone or in non-family households grew from 28% to 40% of all households in Maine.
  
- ❖ The poverty rate for family couples was only 4% in 1990. It was four times as great for non-family households and persons living alone (even after excluding the elderly) , three times as great for single male headed families and eight times higher for female headed families.
  
- ❖ Families with children have even higher poverty rates, especially single parent families and families with preschool age children.
  
- ❖ While household and family structure has been undergoing a major change, most families have found that two incomes are needed to maintain a decent standard of living. The earnings capacity of homes without two earners is much lower while poverty is much more prevalent.
  
- ❖ Only 3% of the population in households with two incomes lived below the poverty line in 1990. The poverty rate was nearly six times higher for households with only one worker and ten times higher for households with no-one in the labor force.





1990 Poverty Rate by  
Number of Workers in Household

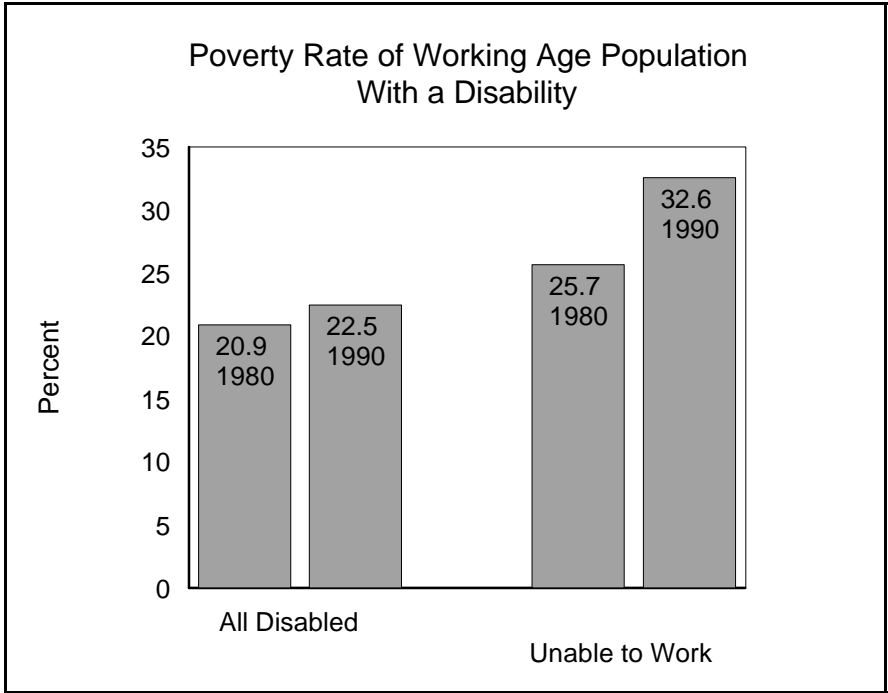
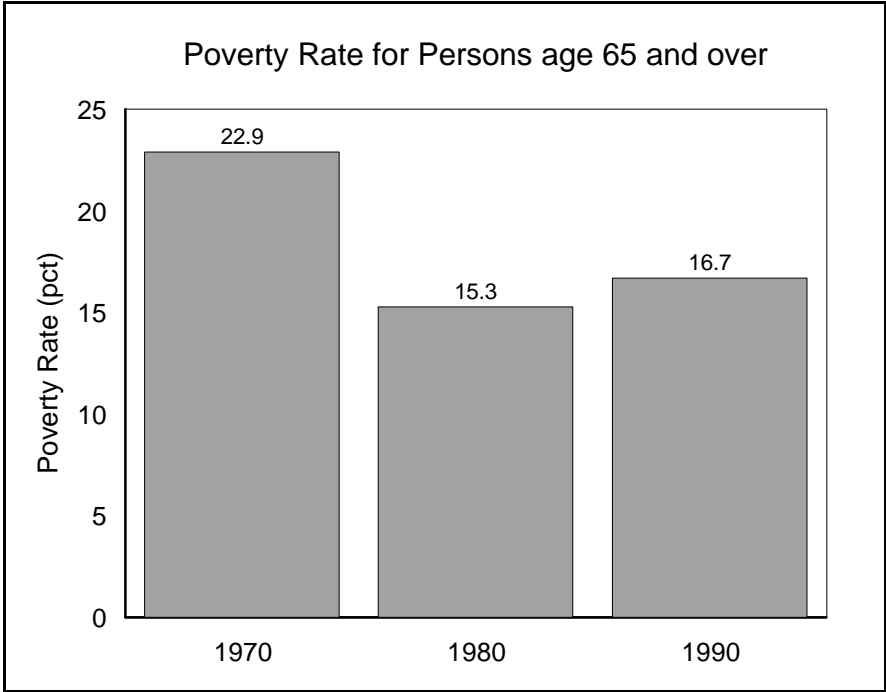


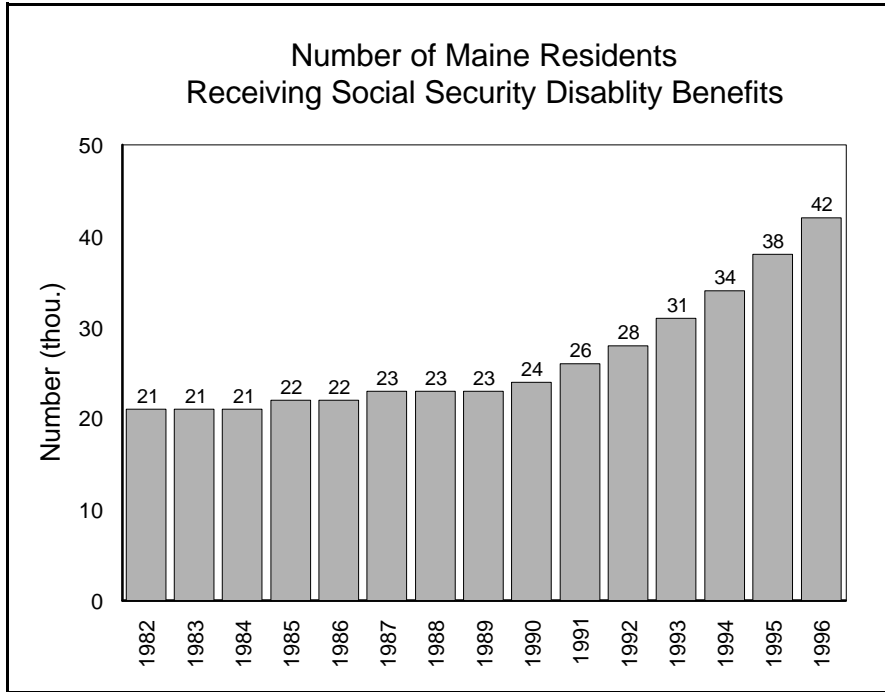
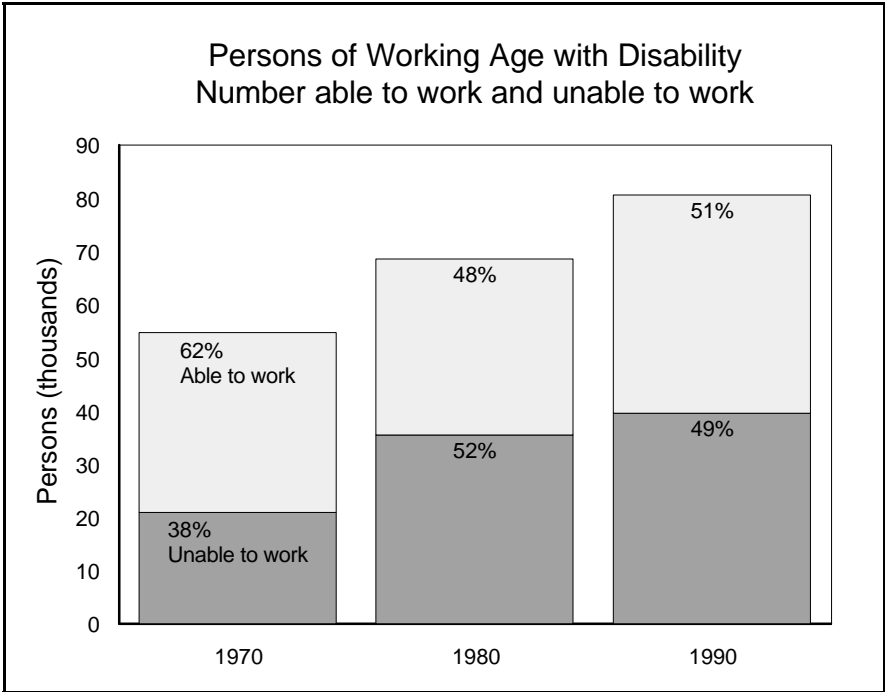
### 3. Others at risk: Warning Signs

In addition to the special situations faced by children and their working parents, there are other groups who have historically faced higher rates of poverty - those with work disabilities, those suffering from substance abuse or mental illness as well as many elderly. They continue to be frequent users of shelters, food pantries and soup kitchens.

- ❖ Conditions for the elderly bear watching. As with children who must rely on other family members to provide an adequate income to the household, the elderly are in a way victim of an economy and a social structure that has not always provided adequately.
  
- ❖ Because wages have historically been lower in Maine, workers have less at retirement. The average Social Security benefit to Maine retirees is only 92% of the average benefit nationally.
  
- ❖ The majority of elderly are women (85% of those over age 85 are women). Many older women do not have retirement programs of their own (either from earnings because they did not work outside the home when they were young or from other investments because it was not customary for women to have their own investments) and depend on partial benefits from a deceased spouse. Women that do have retirement programs usually receive less than male retirees with identical programs and years of service because their benefits are pro-rated over more years to account for longer life expectancy.
  
- ❖ Though the poverty rate dropped significantly once the cost of living factor was built into the social security benefit formula, many elderly live at the edge of poverty, especially older women. The poverty rate dropped from 22.9% in 1970 to 15.3% by 1980. In the 1980's the poverty rate for elderly persons in Maine began to rise again.

- ❖ There are signs of greater economic insecurity for retirees in the future. The changing economy is leaving more older workers displaced and their retirement plans jeopardized. Some retirement plans have begun to cut back on health insurance and other benefits which workers have counted on as part of their retirement package.
  
- ❖ The number of working age adults in Maine with a disability is increasing. Between 1970 and 1990 the number grew from 55,000 to 81,000 according to the Census Bureau.
  
- ❖ Half are working. Even though they have earnings, the poverty rate for those who work with a disability is nearly 50% higher than the rate for working adults in general.
  
- ❖ Others are not in the labor force, most because their health prevents them from working. In 1990 there were 40,000 who were unable to work. The number has nearly doubled (up 89%) in 20 years.
  
- ❖ A third of the adults with a disability that prevents them from working live in poverty.
  
- ❖ In 1998 30,680 Mainers received disability payments from the Social Security program. Payments averaged \$658 per month, just below the poverty level for a one-person household.
  
- ❖ Those who do have few other resources rely on SSI for income. In 1998 there were 21,637 disabled adults receiving SSI benefits. The average monthly benefit was \$313, less than half the poverty rate for a single person.





V.  
Conditions Contributing to Poverty in Maine

1. **Income Disparities**

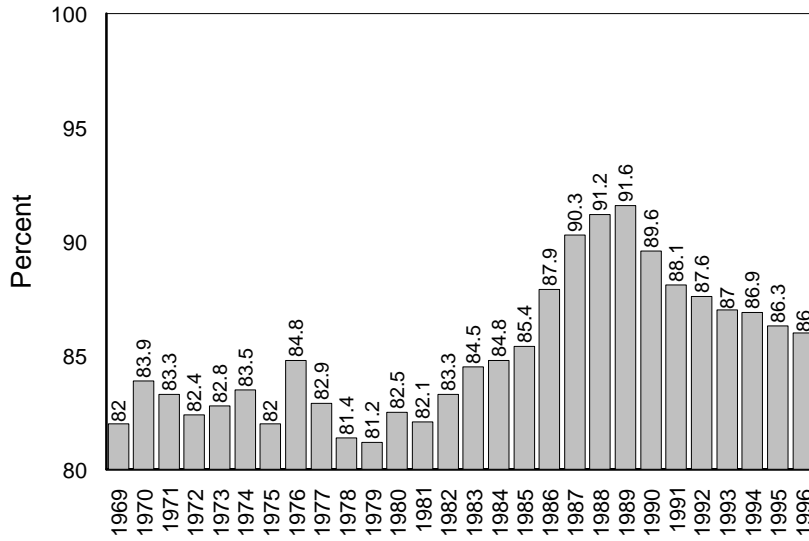
A. Disparities between Maine and the U.S.

- ❖ The income of Maine individuals and families has historically lagged behind the national average. Per capita income in Maine was only 86% of the U.S. average in 1996.
- ❖ Total personal income (TPI) in Maine outpaced national growth in the 1980's. But beginning in 1989 growth in TPI in Maine has been much slower than the nation.

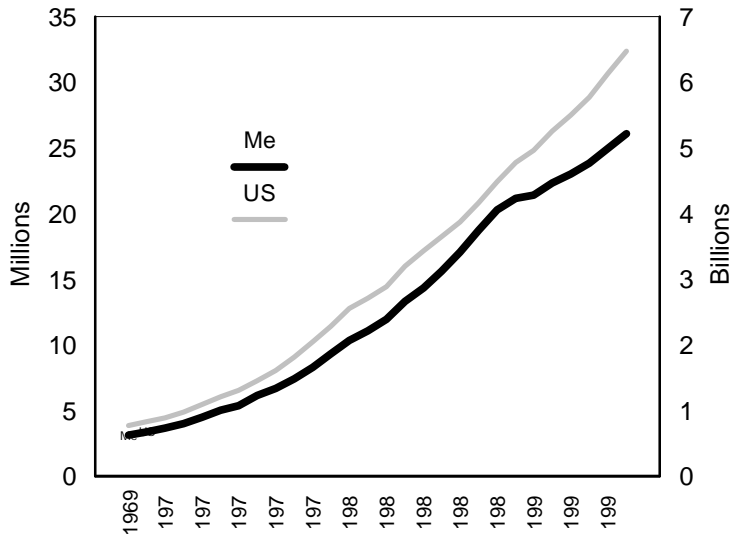
B. Disparities between Upper and Lower Income

- ❖ The gap between upper and lower income households has been gradually widening in the U.S. since the Census Bureau first began keeping track of it in 1967.
- ❖ In 1996 the top 20% of the nation's households received nearly half (49%) of all household income - over thirteen times as much income as the fifth of the nation's households with the lowest income.
- ❖ The gap between those with the most and those with the least would have been much greater were it not for the added benefits of federal cash income transfer payments (primarily Social Security, SSI, TANF, and Food Stamps). The Census Bureau estimates that if the value of these additional sources of income were not considered, the lowest 20% of the households would have less than 1% (0.9%) of the nation's household income instead of 3.7%.

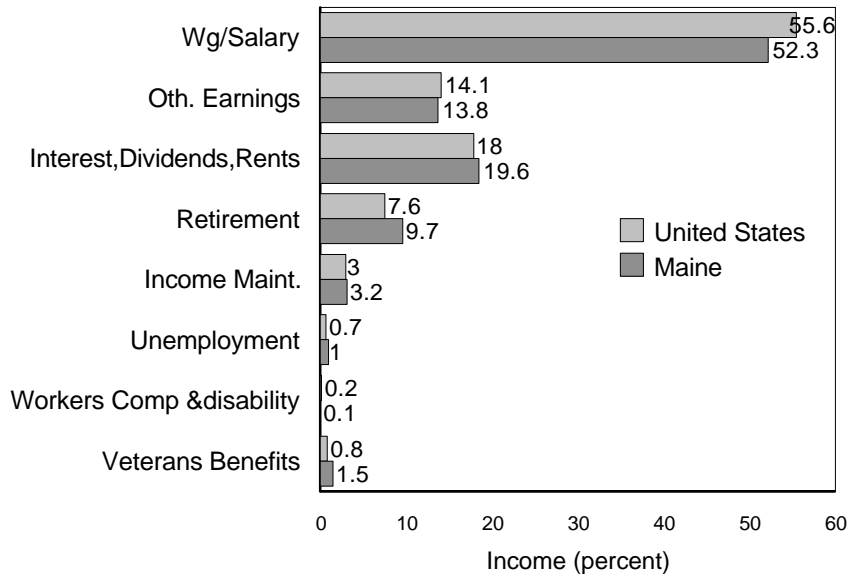
Per Capita Income. 1969-1996  
Maine PCI as a Percent of the U.S.



Total Personal Income, 1969-1996  
Maine and the U.S.



### Major Sources of Income, 1996



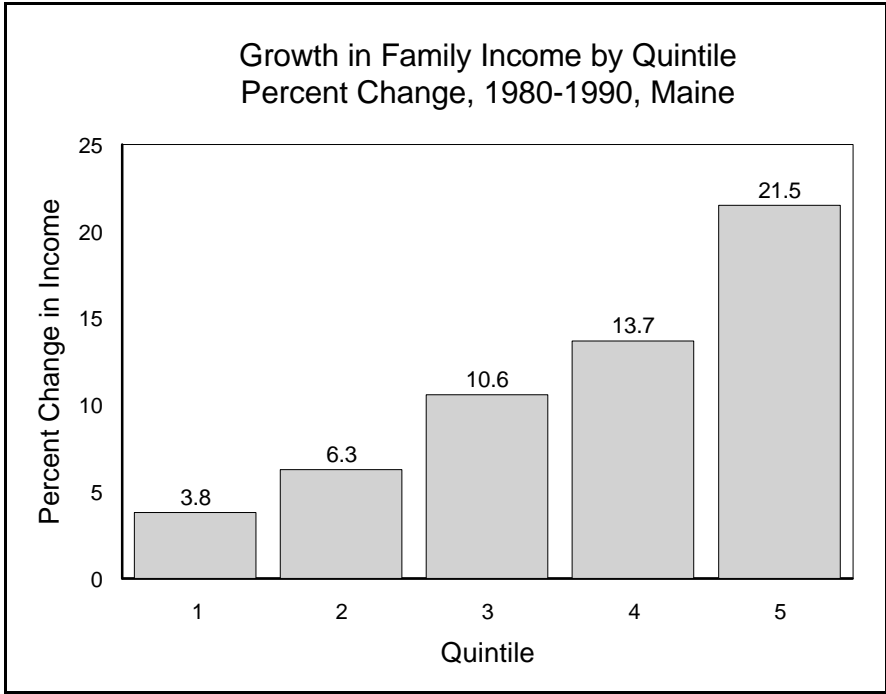
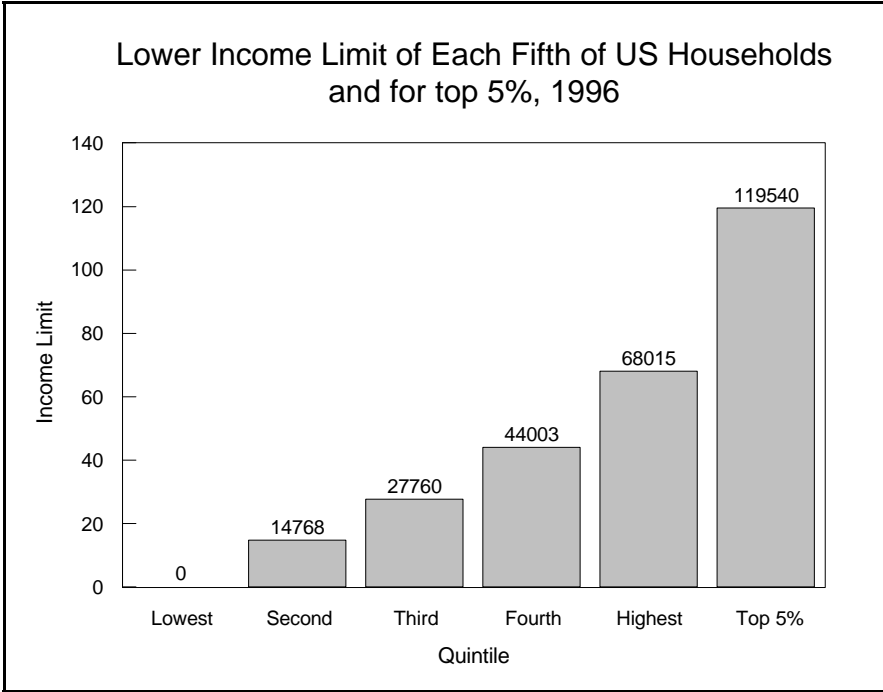


- ❖ There is also a loss of middle income households. The amount of income shared by the second and third quintiles has been declining. Most whose income falls in this range are working households whose wages have lost ground over the past two decades and who receive little income from sources other than their earnings.
  
- ❖ In Maine a similar trend is occurring. Data does not exist except for census years. Between the 1980 and 1990 censuses, the gap has widened.

Table 3

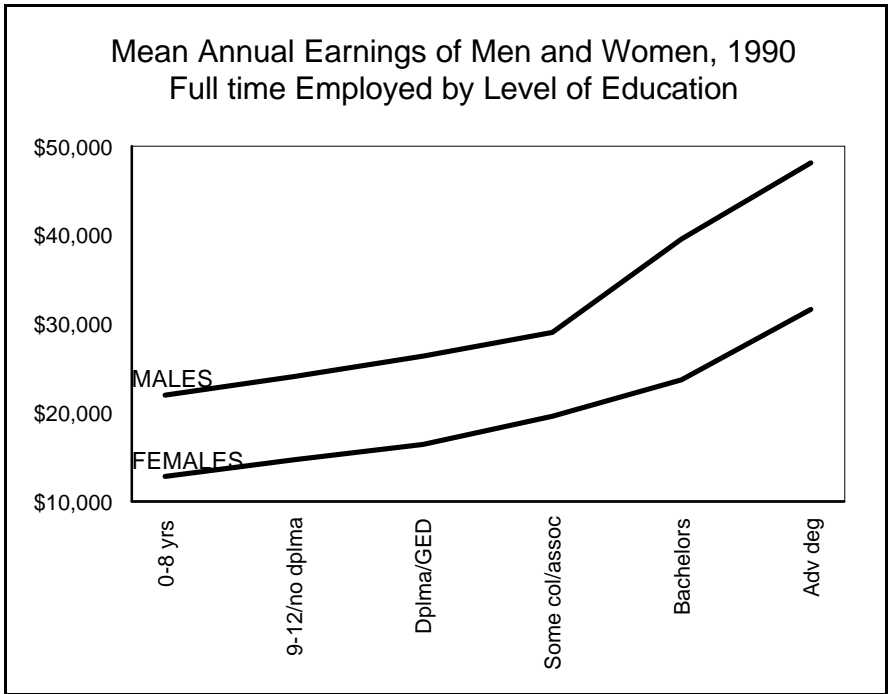
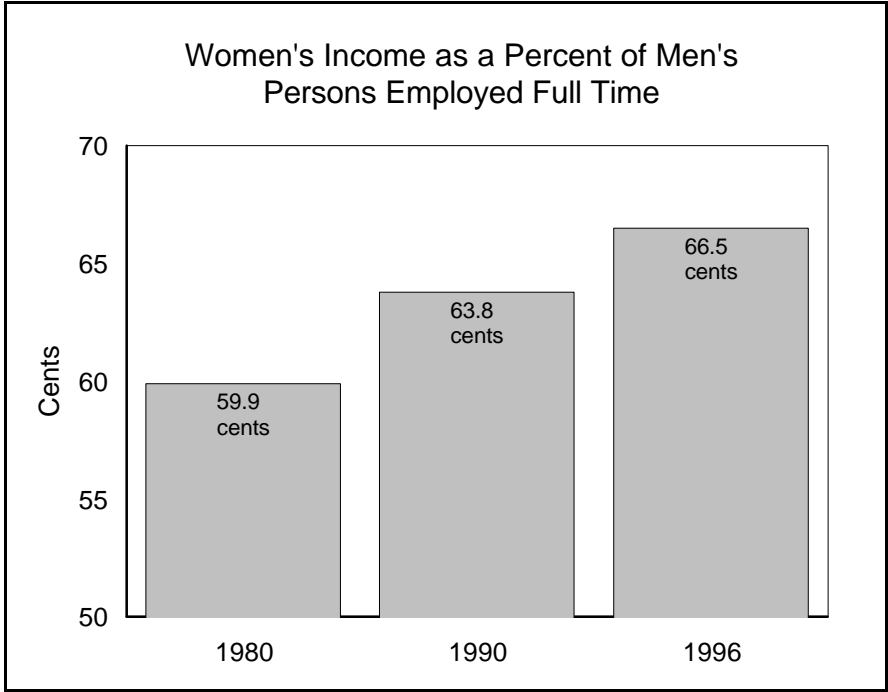
Share of Aggregate Income Received by Each Fifth of US Households

Selected Years	Quintile:						
	Lowest	Second	Third	Fourth	Highest	Total	Source:
1967	4.0	10.8	17.3	24.2	43.8	100.1	U.S. Census
1970	4.1	10.8	17.4	24.5	43.3	100.1	
1975	4.4	10.5	17.1	24.8	43.2	100.0	
1980	4.3	10.3	16.9	24.7	44.0	100.2	
1985	4.0	9.7	16.3	24.6	45.3	99.9	
1990	3.9	9.6	15.9	24.0	46.6	100.0	
1995	3.7	9.1	15.2	23.3	48.7	100.0	
1996	3.7	9.0	15.1	23.3	49.0	100.1	



C. Disparities Between Men and Women's Income

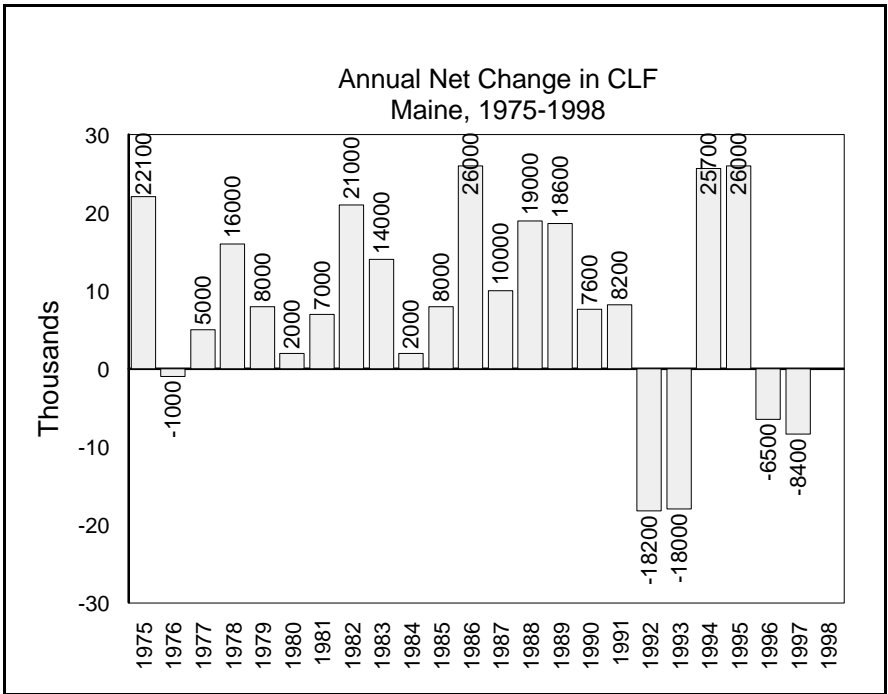
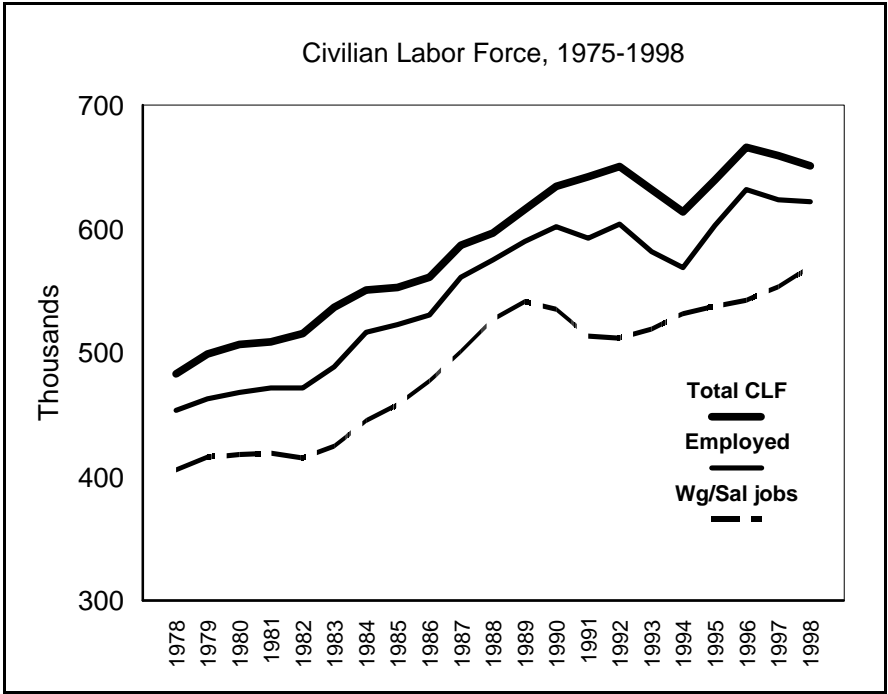
- ❖ There are substantial gaps between the earnings of men and women, even among those working full time. As the number of households headed by women grows, and the number of children in homes headed by females rises, a growing portion of Maine's population is living on less.
- ❖ The gap between earnings of men and women narrowed little during the last decade. In 1980 women earned only 45.9 cents for every dollar earned by men. In 1990 women's earnings had improved by only 7 cents - to 52.9% of men's earnings.
- ❖ Though earnings grew for all groups and there were greater gains for women with graduate degrees since 1980, on average, the gap between the earnings of men and women widens with increasing education.
- ❖ The gap is less if only people who hold a full time job are considered. Women earned only 59.9 cents for each dollar earned by men in 1980. In 1990 the income of women who worked full time increased to 63.5% of men's - a gain of only 4 cents in a decade's time.
- ❖ Annual Current Population Surveys (CPS) by the Census Bureau show little improvement, increasing by only 3 cents by 1996.



## 2. Employment and Earnings

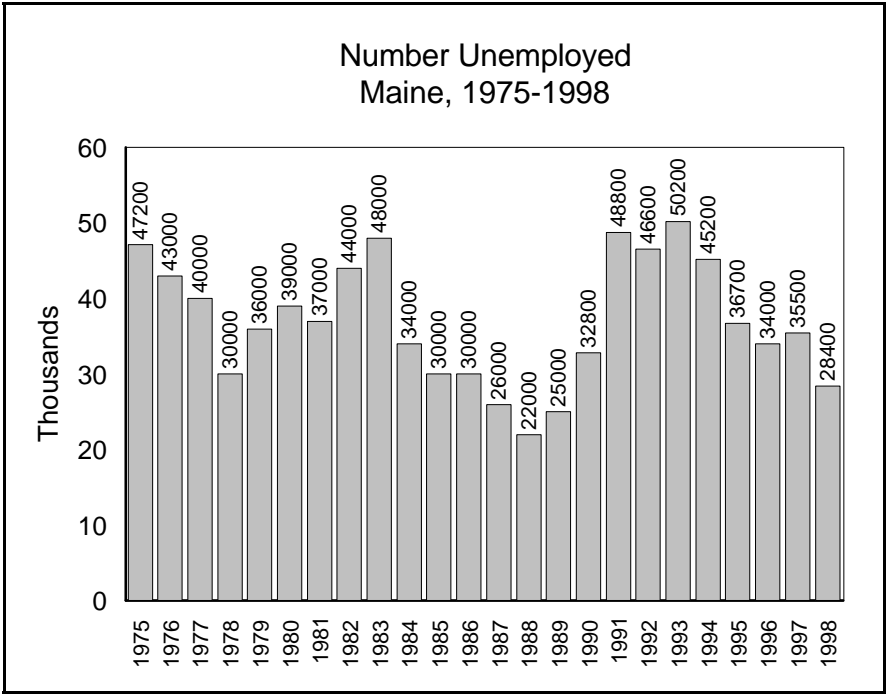
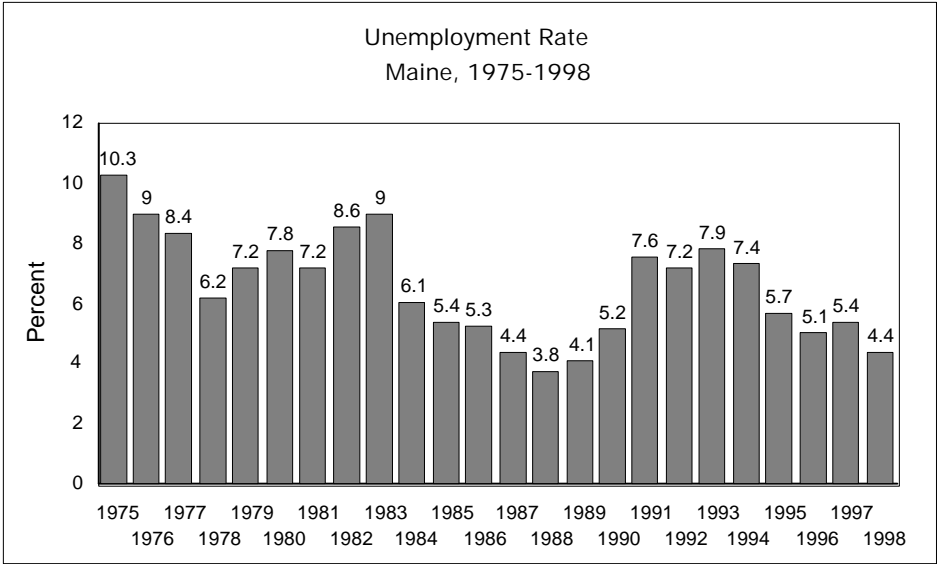
### A. Labor Force and Employment

- ❖ Rebounding from a loss of 6% of the jobs in Maine in the early 1990's, employment hit a new peak in 1996, with 632,600 persons employed.
- ❖ Since 1996, however, employment growth in the State has slowed. The number employed fell by 1.3% in 1997 and by another 0.3% in 1998 even though the number of wage and salary jobs held by workers continued to rise.
- ❖ An increasing number of workers are holding multiple jobs. In 1997 almost one out of eleven workers (almost 50,000 people) held 2 or more jobs. In an environment where a substantial share of the jobs are part time, the number holding multiple jobs is rising as people attempt to piece together enough part time employment to attain an adequate income.
- ❖ For most of the decade the actual number of people participating in the labor force has grown slower than job growth. People dropped out of the labor force when jobs evaporated during the recession. They returned in great numbers in 1995 and 1996 (a 4.2% per year increase in both years) as the economy rebounded, but has dropped since, down 1% in 1997 and another 1.3% in 1998.



## B. Unemployment

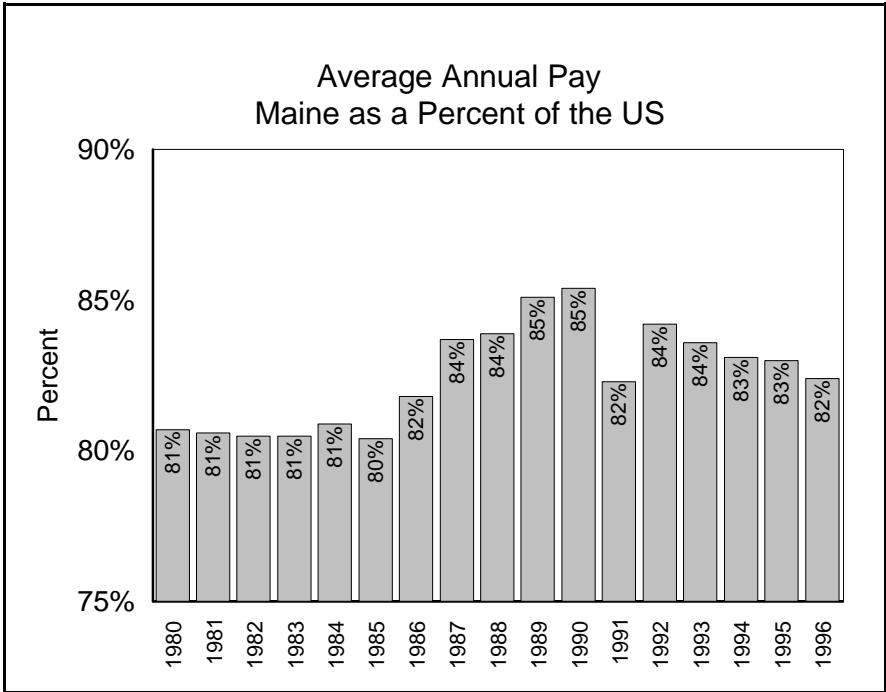
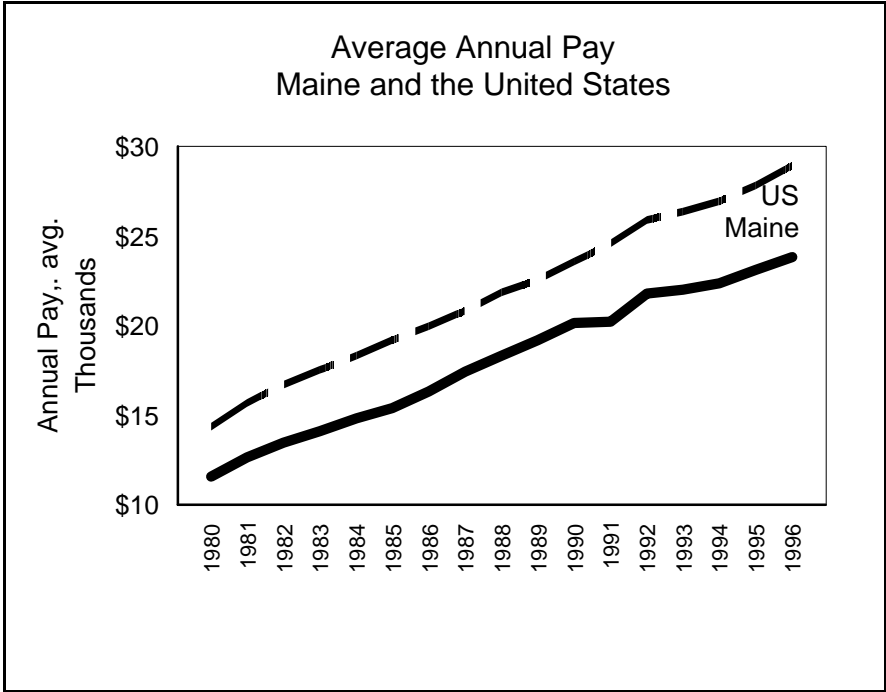
- ❖ The unemployment rate does not adequately measure the level of joblessness. Census figures show that in a years' time, the unemployment rate reflects only half of the people that were out of work and looking for a job for some period of time during a given year. There is a 100% turnover in who is out of work in a 1-year period.
  
- ❖ There is a direct link between civilian labor force participation and the unemployment rate. If people leave the labor force during an economic downturn, as happened in 1993 and 1994, the unemployment level remains low in spite of a large loss of jobs.
  
- ❖ Even though job growth has slowed since 1996 unemployment has remained low, primarily because fewer people are joining the labor force.
  
- ❖ However, the actual number of people officially considered unemployed in Maine (i.e., not counting the ones who never returned to the workforce after the recession) is still higher than it was in the late 1980's before the recession.





### C. Earnings

- ❖ The average annual earnings of Maine workers was over \$5,000 less in 1996 than the national average (\$23,850 compared to \$23,945 nationally) according to the US Bureau of Labor Statistics.
  
- ❖ Earnings are the largest source of income of Maine households. Most Maine households (80%) rely on earnings for some or all of their income. Earnings account for 83% of the cash income of Maine households.
  
- ❖ Lower wages are the primary reason for the State's lagging income. The average annual pay earned by Maine workers in 1996 is 82.4% of the national average and has been dropping throughout the 1990's.



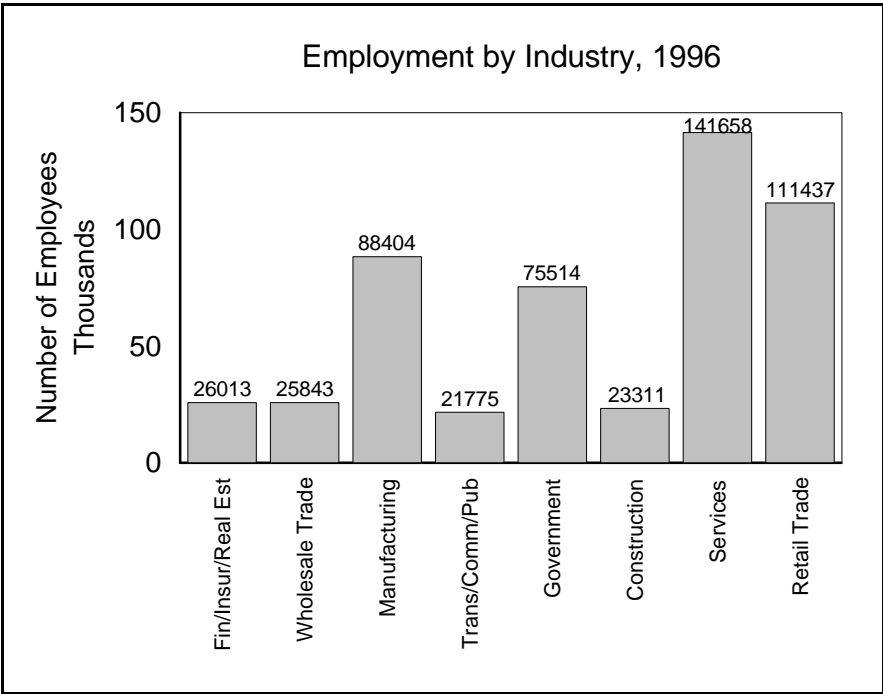
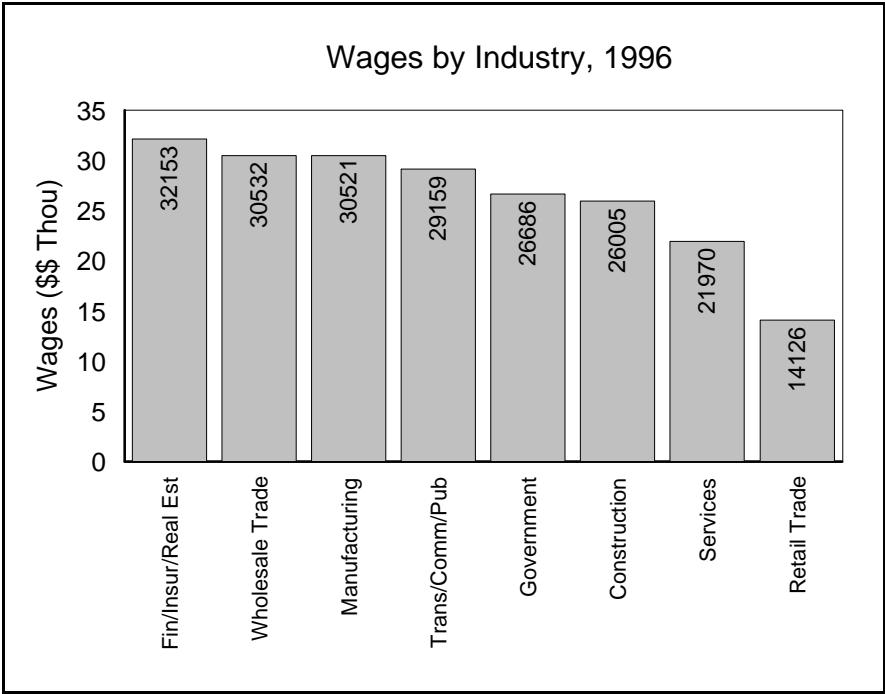
### 3. Economic Structure

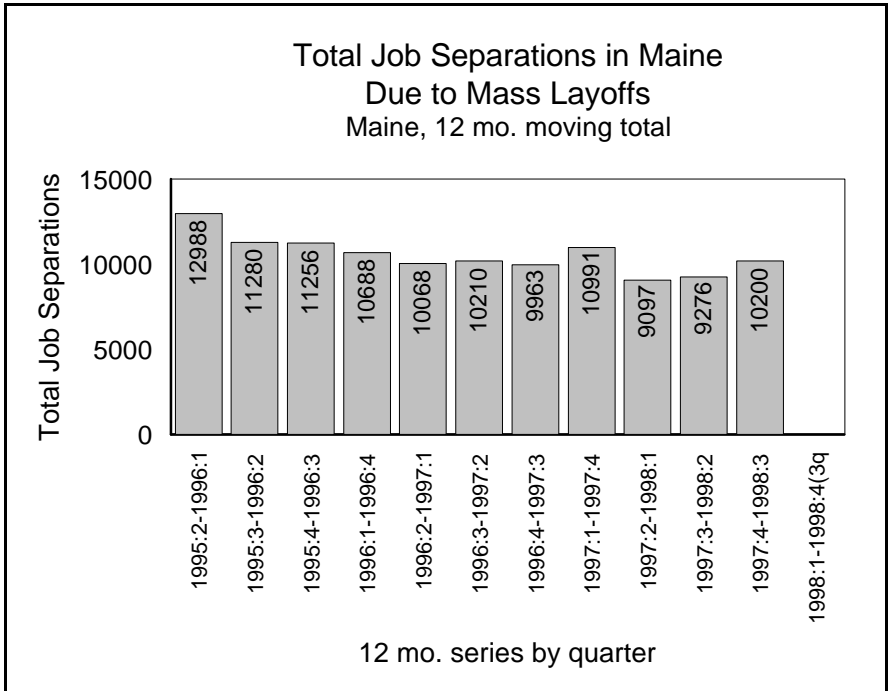
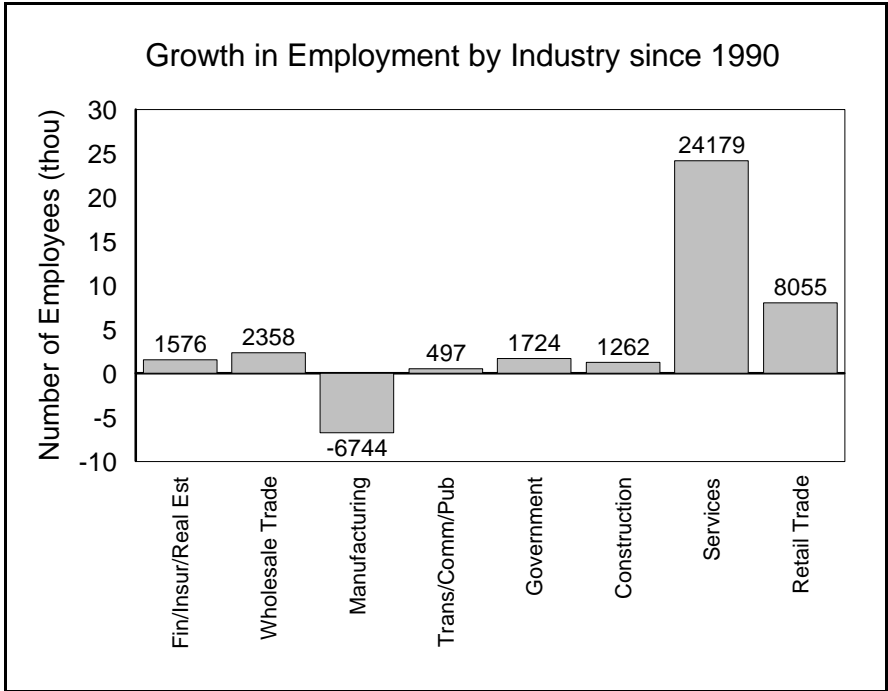
#### A. Industrial Structure & Occupational Shift

- ❖ Employment opportunities are concentrated in industries with the lowest average annual pay. Most of the job growth since the 1970's has been in lower wage industries.
- ❖ Mass layoffs<sup>5</sup> have not subsided with the turnaround in the economy. In the last 12 month period for which data is available (Oct. 1987 thru Sep. 1988), 10,200 workers in Maine lost their jobs to mass layoffs.
- ❖ Most layoffs are in manufacturing or in other industries that typically offer full time steady work.
- ❖ About half of the layoffs are temporary due to weak demand for product or its seasonal nature. Others are permanent.
- ❖ Movement of jobs to overseas markets and to regions with lower labor and energy costs was the primary reason for some time. Corporate restructuring and down-sizing have now become key factors in the persistence of mass layoffs in the nation.

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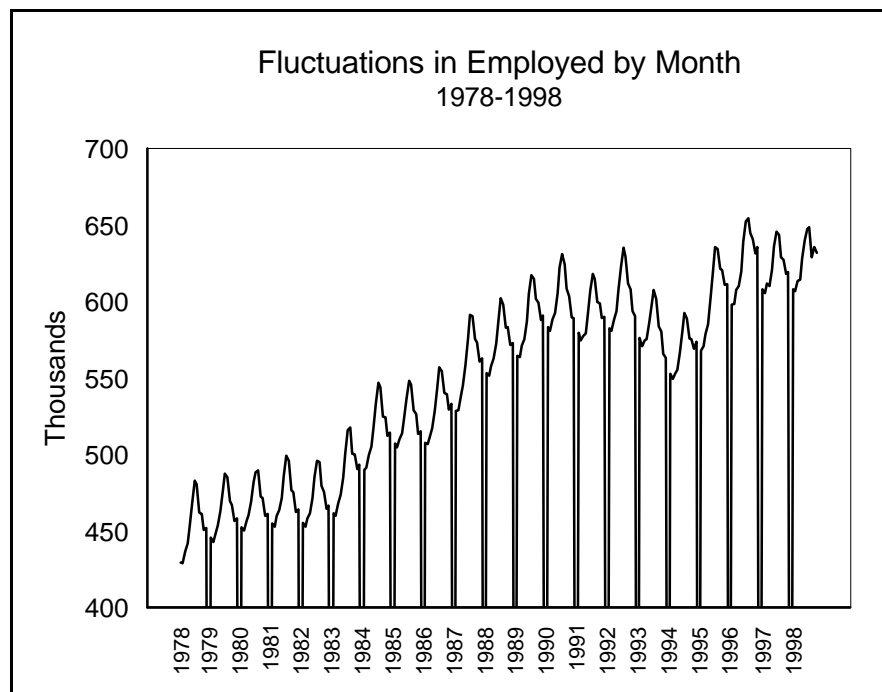
<sup>5</sup> Mass layoffs are defined as being laid off for more than a month - 5 weeks or more. In addition to these, there are many shorter layoffs that last only a week or two. Such short layoffs often occur in the paper industry when inventories build up.

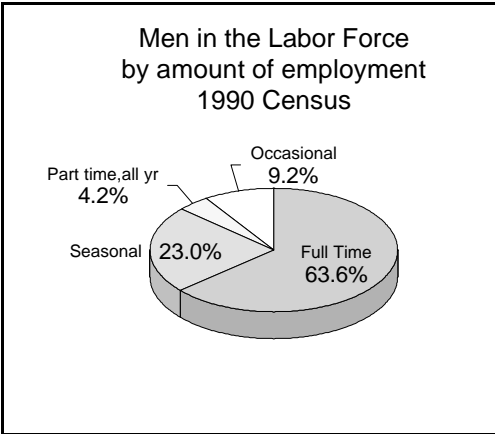
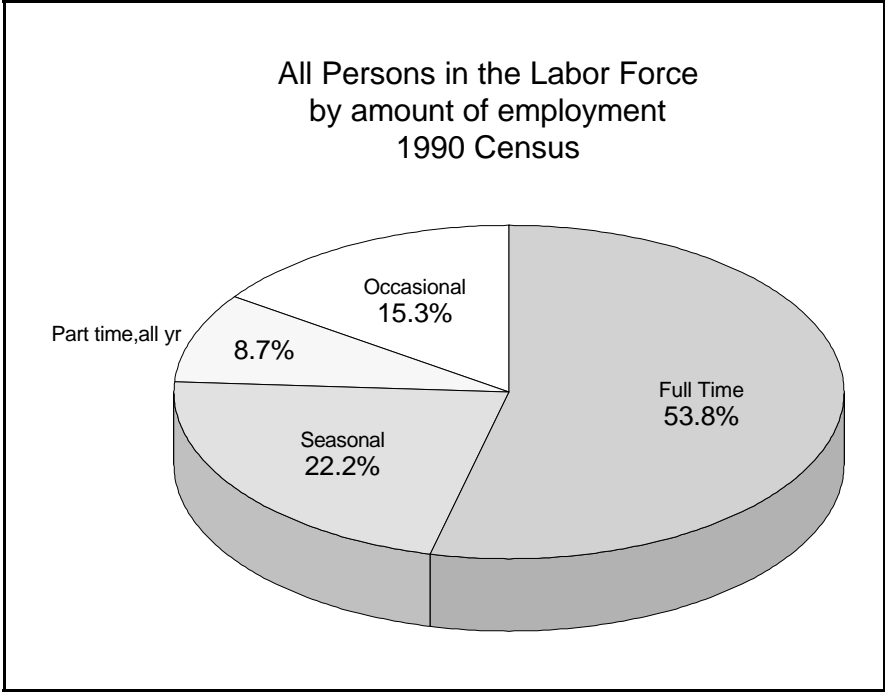




## B. Underemployment

- ❖ Underemployment has been a chronic problem in Maine because of the seasonal nature of the economy. The Census shows that only half (53%) of Maine adults who had jobs during the year worked full time (50 or more weeks and 35 hours or more per week). Maine's labor force fluctuates by as many as 75,000 workers in a year. This does not include many seasonal farm workers and fishermen not covered by unemployment insurance.
- ❖ Detailed information is available only from the decennial censuses. However, comparisons between 1980 and 1990 censuses showed little change:
  - ❖ Underemployment is more prevalent among women than among men. Only 43% of women work full time compared to 64% of men.
  - ❖ Twenty-two percent of adults who worked the previous year worked full time but not all year long.
  - ❖ A growing number work at part time jobs, especially women. Fourteen percent of women work part time all year long compared to only 4% of men.





**4. Adequacy of Transfer Payments**

Transfer Payments contribute significantly to the income of Maine households. In 1996, one dollar in five of total personal income in Maine came from transfer payments - nearly 25% above the national average. Even during relatively prosperous years Maine’s reliance on transfer

payments has been higher than the U.S. average. In 1989, Maine's peak year economically, reliance on transfer payments was nearly 10% above the national level.

Because of Maine's greater dependence on these unearned income sources, their adequacy is an important consideration.

- ❖ Maine citizens receive less from programs based on income, such as social security and unemployment benefits because of historically lower earnings, but often receive more benefit than average from programs based on need.
- ❖ In general, benefits to Maine's most needy are slightly better than the national average. Though still far below the poverty level, Maine has worked harder to serve its most neediest.

Table 4.

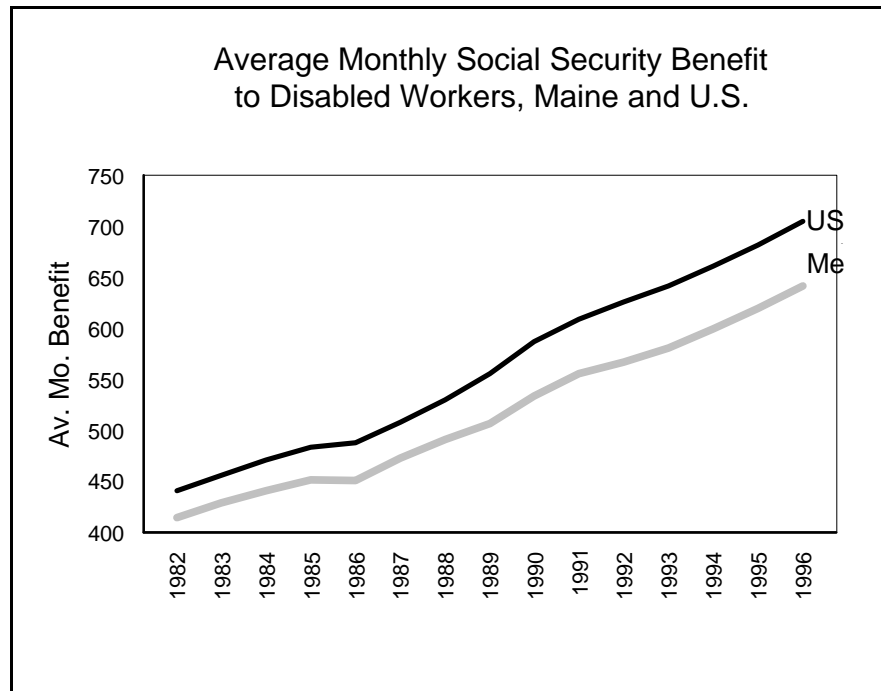
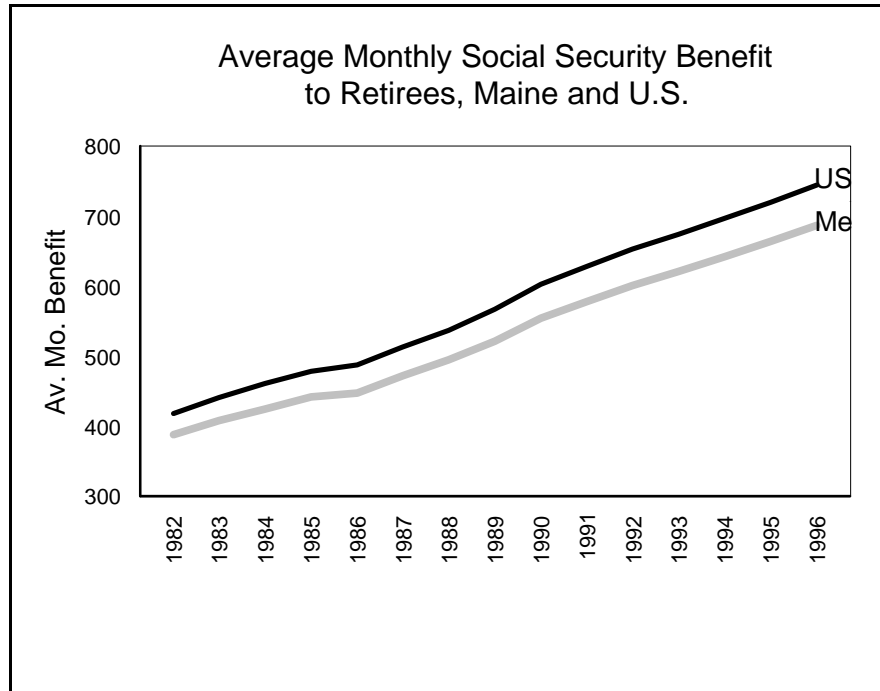
Income Transfer Programs - Avg. Monthly Benefit

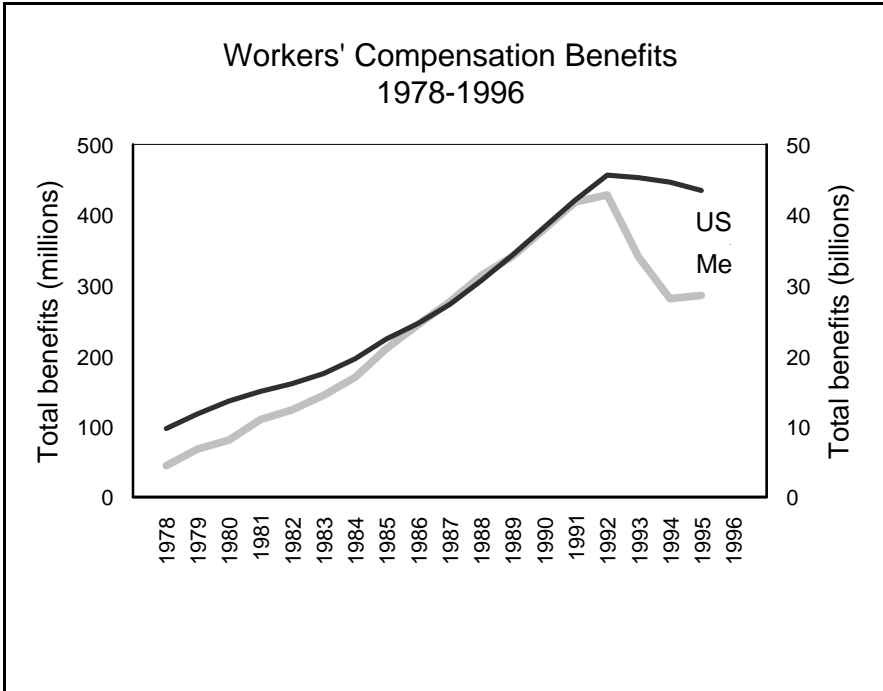
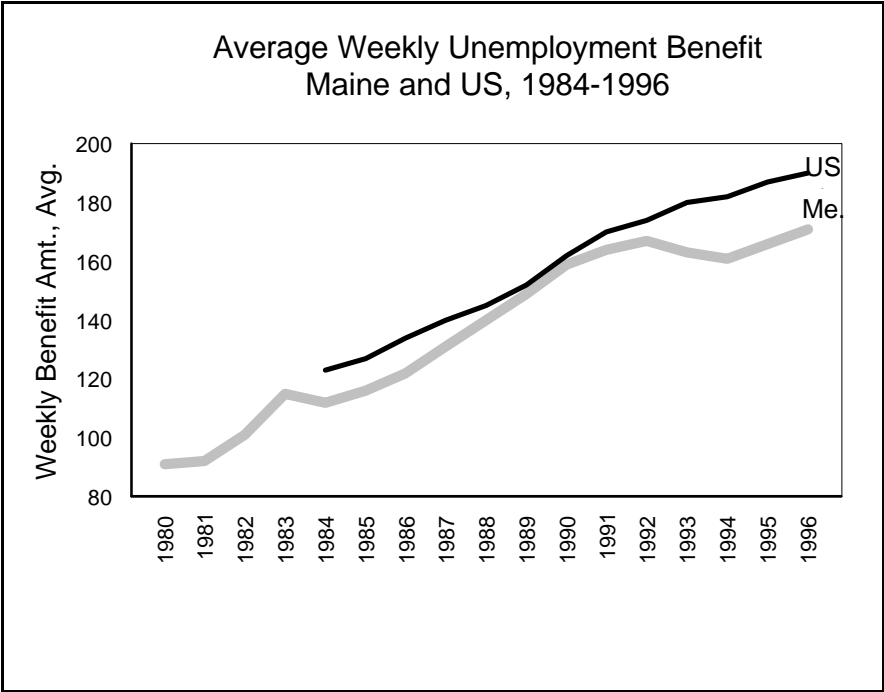
	Maine	US	Me:US Ratio
<u>Income Based Benefits:</u>			
Social Security Programs: 1996			
Retired	\$687	\$745	92.2
Disabled	\$667	\$707	94.1
Survivors	\$642	\$705	91.1
Unemployment Ins.(1996)	\$171	\$190	90.0
Medicare, avg. annual 1997	\$4,226	\$5,388	78.4
<u>Need-Based Benefits:</u>			
AFDC (1996)	\$401	\$377	106.4
Food Stamps (1997)	\$69	\$71	97.2
Medicaid (1996)	\$4,329	\$3,369	128.5
SSI(1996)	\$282	\$356	79.2
Total Transfer Payments:			
Pct of Tot Pers Inc.	20.3	16.5	123.0
Per Capita	\$4,272	\$4,025	106.1



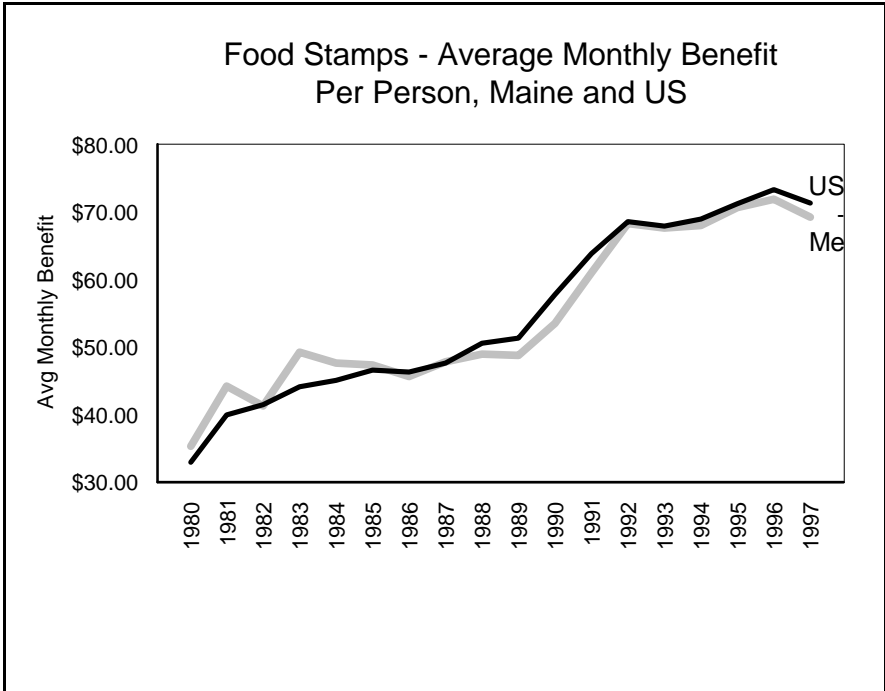
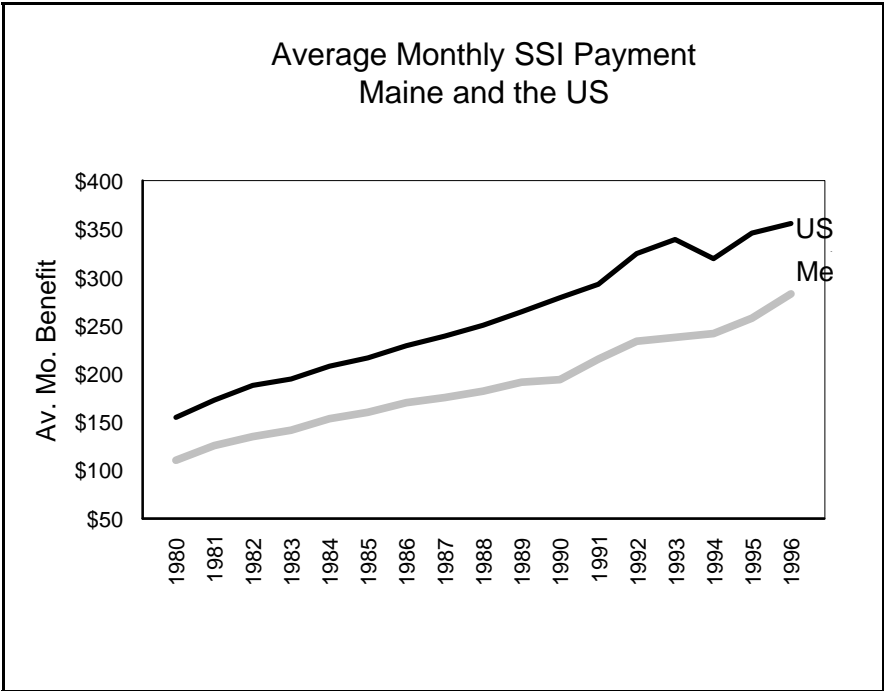
## Comparison of Benefits , Maine and the United States

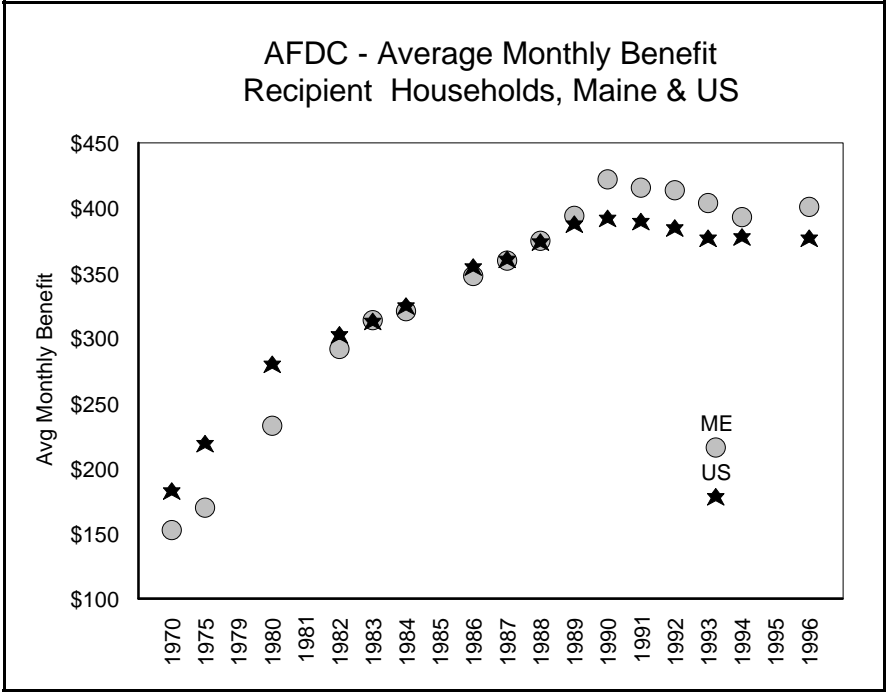
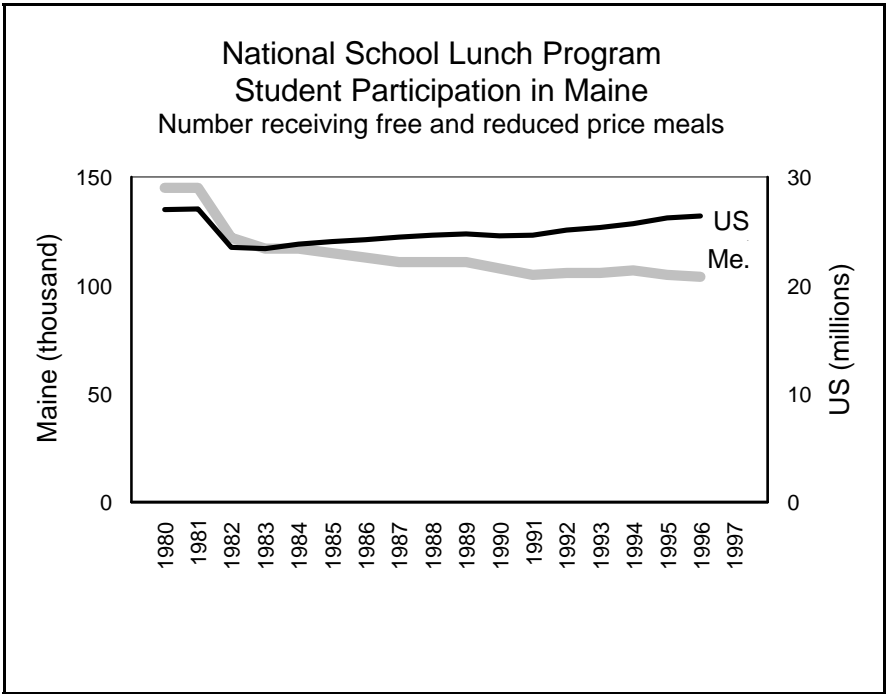
### Income-related Benefits:





Need-Based Benefits:





## 5. Regional Disparities

Vast regional differences in prosperity have been a historical condition in Maine. As the gap between upper and lower income has widened, so has the gap between Maine's most prosperous and its most struggling regions.

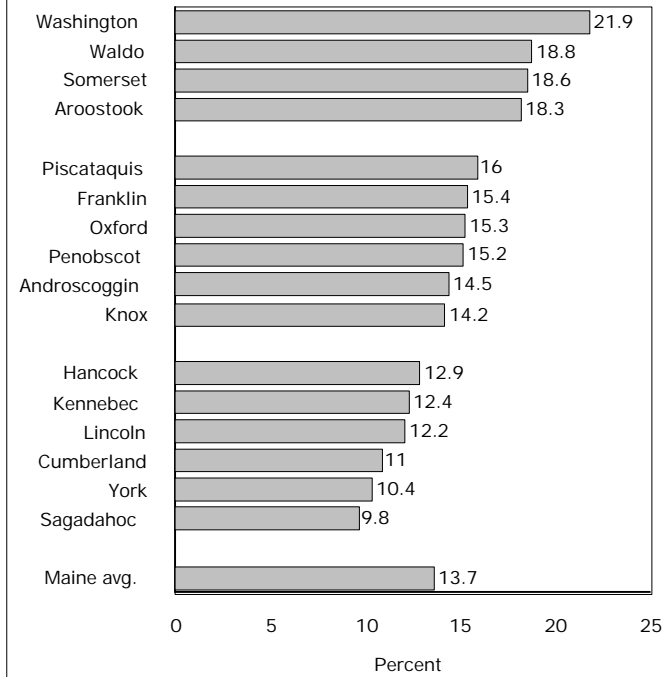
Such disparities are commonly characterized as a "two Maines" issue. A broad brush approach shows this to be largely the case, with southern and coastal communities thriving (even worrying about growth that is too rapid to accommodate) and inland and northern rural areas struggling to hang onto their populations and their jobs.

The differences are much more than a case of north vs. south, or rural vs. urban. A more refined analysis shows pockets of distress in thriving areas and robust economies in otherwise distressed regions. Though the rate of poverty in rural Maine is highest, concentrations of poor exist in the major cities in prosperous regions of the State. Since 1990 both Androscoggin and Penobscot Counties, in spite of their large urban areas, have lost population and unemployment has been persistently higher.

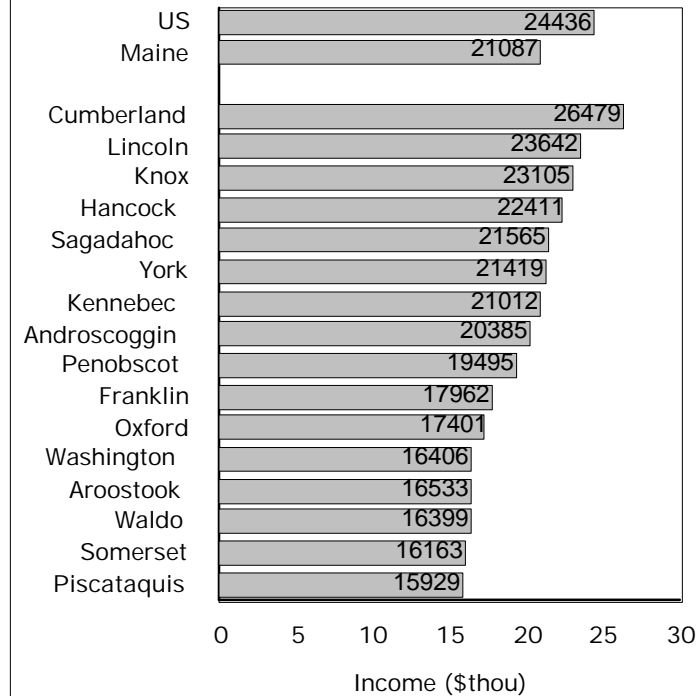
Statewide figures and averages often mask significant regional trends. While figures show almost no change on a statewide basis, a major regional redistribution of population and of wealth has been occurring within the State. Much of that shift has been local - out of the cities and most remote areas into the "suburb". However, there has also been major regional shifts the leave entire areas behind.

County data, though used here for its convenience and familiarity to most, does not adequately reflect rural/urban or coastal/inland differences. The reader is also cautioned that many counties, especially large ones, have vast disparities between larger urban centers and the outlying rural areas that are hidden beneath the averages. This is especially true in Hancock and Franklin Counties, but is the case to some extent in all counties.

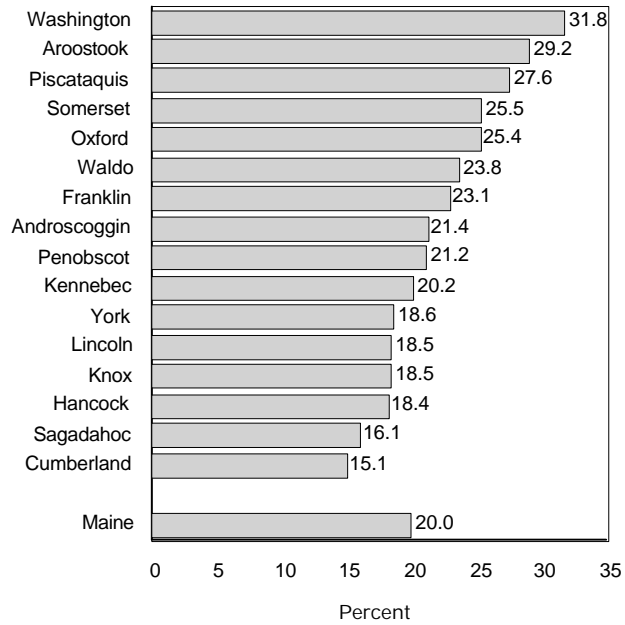
### Poverty Rate of Maine Counties, 1993



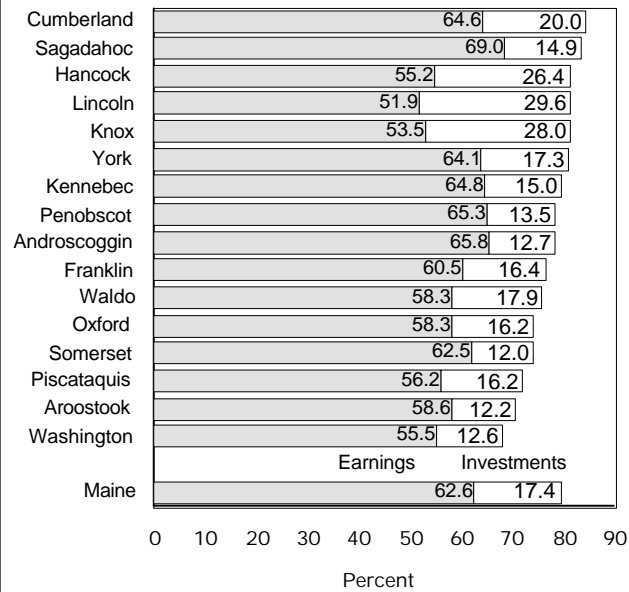
### Per Capita Personal Income by County, 1996

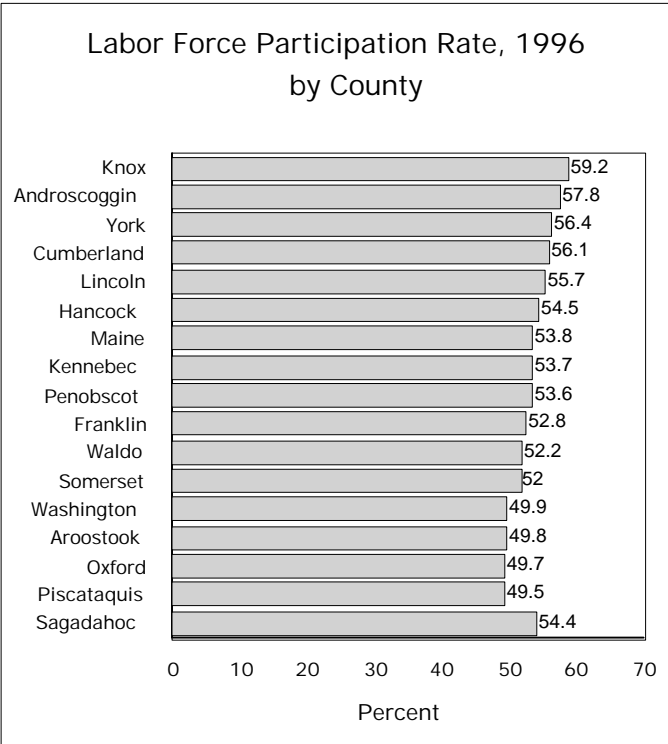
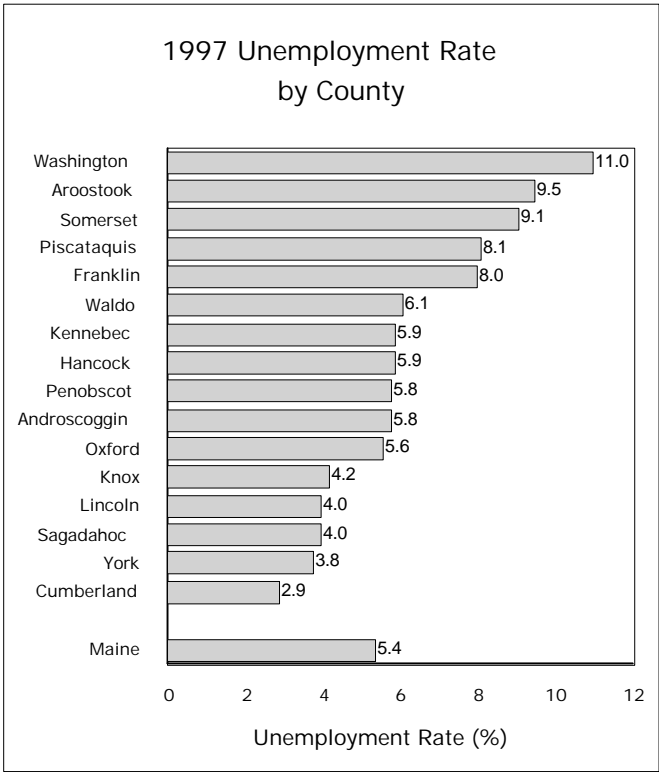


Percent of Personal Income  
from Transfer Payments, 1995



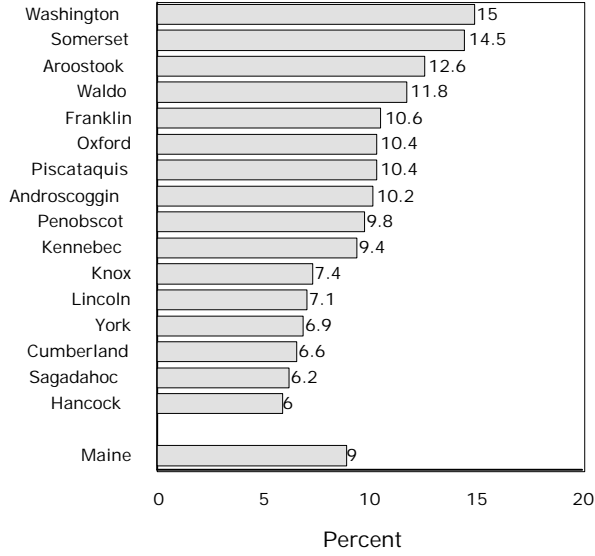
Percent of 1995 Personal Income  
from Earnings & Investments



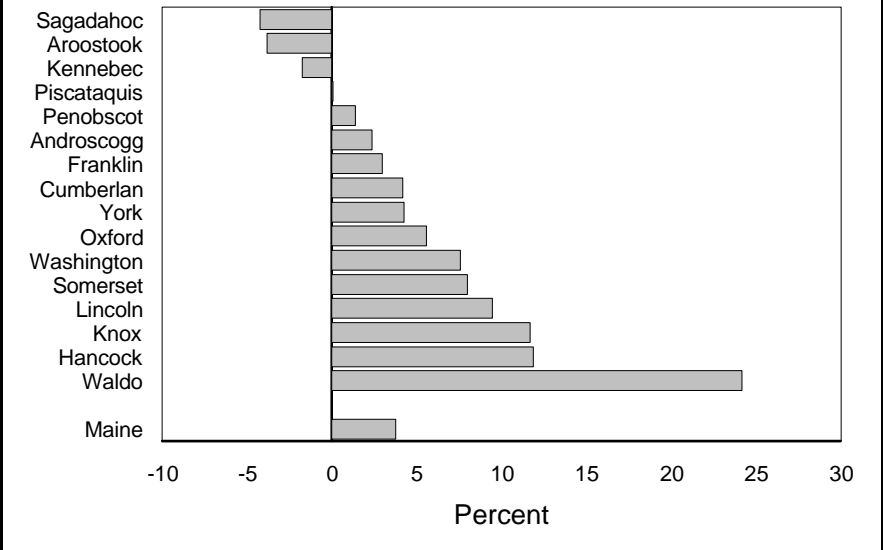


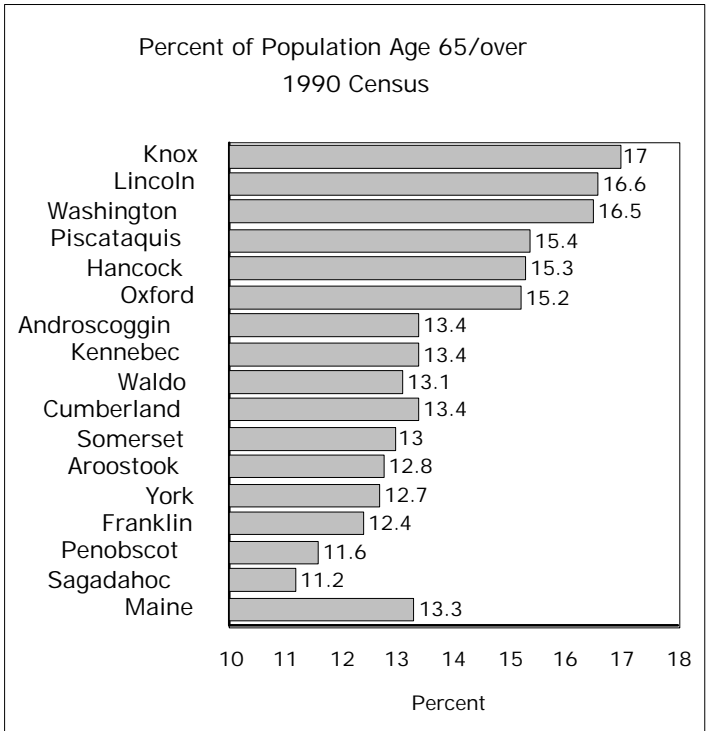
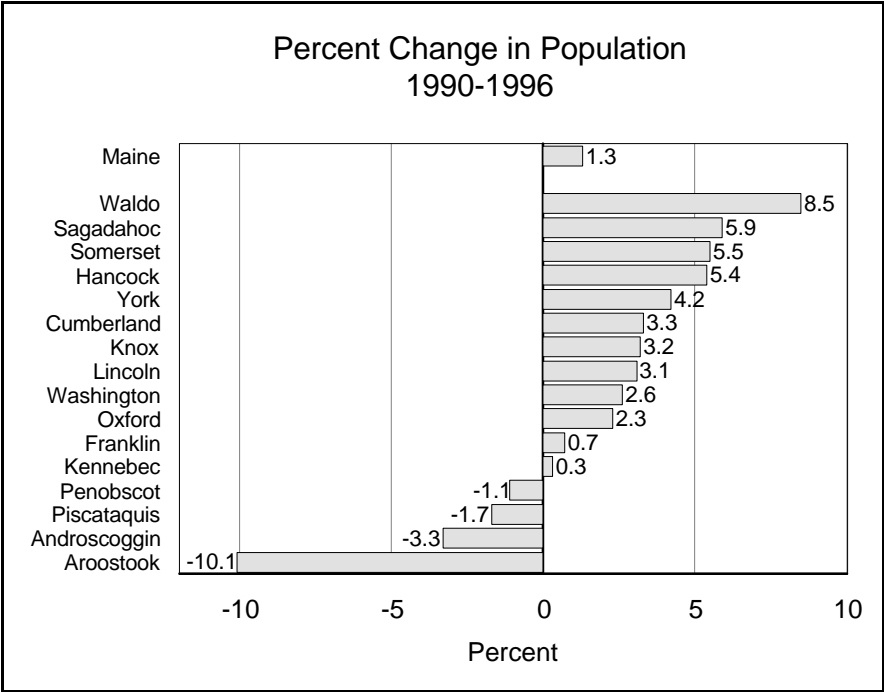


Percent of Population  
Receiving Food Stamps, 1998



Labor Force Growth, 1990-97  
by County





## End Notes

### A. The Federal Poverty Threshold and Guideline

A poverty threshold is established each year by the U.S. Census Bureau. The threshold is a level of income at which one is deemed to be impoverished after taking into account household size, the number of related children in the household, the age of the householder (elderly or non-elderly), and annual changes in the cost of living.

Table 5

#### 1997 Federal Poverty Threshold

Size of family	W eighted average thresholds	Related children under 18 years								
		None	One	Two	Three	Four	Five	Six	Seven	E ight
One person	8,183									
Under 65	8,350	8,350								
65 years/over	7,698	7,698								
Two people	10,473									
Householder <65	10,805	10,748	11,063							
Householder 65+	9,712	9,701	11,021							
3 Persons	12,802	12,554	12,919	12,931						
4 Persons	16,400	16,555	16,825	16,276	16,333					
5 Persons	19,380	19,964	20,255	19,634	19,154	18,861				
6 Persons	21,886	22,962	23,053	22,578	22,123	21,446	21,045			
7 Persons	24,802	26,421	26,586	26,017	25,621	24,882	24,021	23,076		
8 Persons	27,593	29,550	29,811	29,274	28,804	28,137	27,290	26,409	26,185	
9 Persons	32,566	35,546	35,719	35,244	34,845	34,190	33,289	32,474	32,272	30129

SOURCE: U.S. Census Bureau, Current Population Survey

This standard is used primarily for statistical purposes, such as to determine the number of households and individuals who are living in poverty, whereas the federal poverty guideline, a more simplified version which establishes the poverty level for each household size regardless of the composition of the household, is used by most governmental and service agencies to determine eligibility for a wide variety of public and private service programs. The following table illustrates the change over time in the guideline.

Table 6

Federal Poverty Guideline

Family Size	1980	1985	1990	1995	1996	1997	1998
1	4,210	5,250	6,280	7,470	7,740	7,890	8,050
2	5,590	7,050	8,420	10,030	10,360	10,610	10,850
3	6,970	8,850	10,560	12,590	12,980	13,330	13,650
4	8,350	10,650	12,700	15,150	15,600	16,050	16,450
5	9,730	12,450	14,840	17,710	18,220	18,770	19,250
6	11,110	14,250	16,980	20,270	20,840	21,490	22,050
7	12,280	16,050	19,120	22,830	23,460	24,210	24,850
For each additional member:							
Add:	1,170	1,800	2,140	2,560	2,620	2,720	2,800

In recent years there has been growing concern over the adequacy of the current method for determining the level of poverty that exists in the nation. Some argue that the number of actual poor is much lower than the poverty threshold suggests because the method for computing the threshold considers only the amount of cash income available to the household. Therefore, they suggest that low income families who receive food stamps, renter assistance, Medicaid, or subsidized child care actually have much higher income and may no longer fall below the poverty line if the value of these benefits were considered.

On the other hand, it is also apparent that there are a large body of working low income families whose income hovers slightly above the poverty line but whose standard of living is no better. Such households have little economic security with which to meet unexpected costs such as medical bills, car repairs, increases in rent, heat or utilities, etc. and find themselves facing periods of poverty.

The Census Bureau has begun to examine the influence of many of these factors, though no change has yet been made to the method for computing the poverty threshold. Recently studies have been conducted of the monthly changes in poverty, in the length of time during a year that a household's income falls below the poverty level, the frequency and predictability of spells of poverty, and the factors that transition people in and out of poverty as well as the value of benefits received by some households.

Unfortunately, little of this research has moved from federal to state or sub-state (county) levels so no data is available for Maine at this time. These studies should be of great interest to Maine because, as the data in this report will show, Maine's poverty rate is not extreme by national standards. However, overall income in Maine is low, employment is becoming increasingly concentrated in lower wage jobs, underemployment is high, and the seasonal nature of many jobs place a large portion of Maine families at the brink of poverty. The gap between upper and lower income households in Maine is widening as it is nationally.

**B.**  
**References & Sources**

Statistical Sources:

US Census Bureau  
Maine Department of Labor  
Maine State Housing Authority  
Maine Department of Education  
Maine Department of Human Services  
Social Security Administration  
US Bureau of Economic Analysis  
US Bureau of Labor Statistics

Other resources:

Food Research & Action Center, Community Childhood Hunger Identification Project  
Blue Ribbon Commission on Hunger and Food Security, report, testimony at hearings  
Good Shepherd Food Bank, Lewiston, Maine  
University of Maine, Agricultural & Forest Experiment Station, and Cooperative Extension Service