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Poverty in Maine: Lack of Progress and New Threats Ahead

Sustained economic gains and strong federal and state programs have led to welcome progress in the fight against poverty in the United States. Nationwide poverty rates have dropped for several years in a row; this is good news. But Maine is not sharing in the progress being made in other parts of the country; in fact, it has been heading in the wrong direction for the past several years. Significant cuts to services in our state have left thousands of Mainers behind. And actions being considered by Congress and the Trump administration threaten to push even more of our neighbors into poverty.

Data released in September by the Census Bureau show that the national poverty rate declined from 2015 to 2016.\(^1\) Additional data from the Census Bureau and other sources show the ways the U.S. is making progress in the fight against poverty. We are seeing relief for families who have been lifted out of poverty by an increase in incomes and the number of jobs brought on by a stronger economy as well as by federal programs and policies that lift them up. In fact, the new Census Bureau data also show that effective anti-poverty programs like housing assistance, Temporary Assistance for Needy Families (TANF), the Supplemental Nutrition Assistance Program, (SNAP, formerly known as food stamps), low-income tax credits, and assistance for people with disabilities lift millions out of poverty.

But while the nation is making progress in poverty reduction, that same progress is not being shared in Maine, where poverty rates remained flat from 2015 to 2016. Through so-called “welfare reforms,” Maine’s Governor and other policy makers have significantly diminished our state’s anti-poverty programs in recent years thus, they are not working as well as they could to deliver opportunities and lift families out of poverty. Compared to 2011, an estimated 100,000 fewer people receive assistance for food, shelter, or medical care here in Maine.\(^2\)

And proposals from Congress and the Trump administration to cut programs that have lifted millions out of poverty threaten even more of our vulnerable neighbors. Proposed budgets and spending bills from leadership in the House, Senate, and White House would slash billions from the very programs that are designed to support low-income Mainers. Such cuts would surely cause more Americans and more Mainers to suffer in poverty and near poverty.

The State of Poverty in Maine

Roughly 161,750 Mainers (12.5 percent) are suffering under poverty’s weight. Approximately 59,000 Mainers (4.5 percent) live in deep poverty – less than $800 a month for a family of three.\(^3\) This includes nearly 16,400 Maine children. Tragically, children remain more likely to be poor in America than any other age group, with nearly one in five in poverty nationwide. But there has been some progress in
reducing both child poverty and deep child poverty in the U.S. – progress not shared by Maine kids. Since 2011, the proportion of U.S. children living in deep poverty decreased by 4.2 percent, while it increased in Maine by 13.6 percent. The rate of child poverty nationally has dropped in the last year, while it remains stagnant in Maine, standing at 17.2 percent in 2016, showing no improvement from 2015 levels.

Communities of color in Maine saw a lack of progress in poverty reduction as well: 42.7 percent of African Americans and 17.9 percent of Latinos were poor in 2016, percentages comparable to those in 2015 and 2007. In contrast, the poverty rate among non-Hispanic whites in Maine in 2016 was 11.5 percent. In Maine and in the nation as a whole, communities of color still remain disproportionately affected by poverty.

The number of American households that are food insecure has continued a downward trend nationwide, but here too, progress eludes Maine families. The proportion of American households that weren’t always able to provide enough food for all family members in 2016 is down 12 percent from 2014 and down 17 percent from a high in 2011. But while hunger has decreased in the region and the rest of the nation, not so in Maine. Here, on average 16.4 percent of households were food insecure between 2014 and 2016,—26 percent higher than the national average. This is statistically flat from 2011-2013 and remains 3.5 percentage points higher than pre-recession levels. Due to program changes such as an ineffective work requirement and a burdensome new asset limit, roughly 42,600 Mainers lost food assistance from 2011-2016, and Maine has the third highest rate of very low food security in the nation.  Mainers in rural areas face particularly high barriers to getting the food they need.

Across the country, progress has been made in increasing the number of Americans with health insurance, thanks to health insurance subsidies available under the Affordable Care Act and the states’ option under the law to use federal dollars available to them to expand Medicaid coverage to low-income adults. Nationwide uninsured rates fell 41 percent from 2013 to 2016. But in Maine, which had not yet expanded Medicaid coverage, uninsured rates were flat from 2015 to 2016, and declined only 29 percent from 2013 to 2016. In other words, Maine saw some gains as individuals gained access to subsidized insurance on the Marketplace, but did not benefit as did other states from Medicaid expansion. Even more troubling, due to so-called “welfare reforms” championed by Maine’s Governor, Paul LePage, between 2011 and 2016, more than 40,000 Mainers lost their health insurance through MaineCare and the Elderly Drug Program including seniors, children, working parents, adults under the
poverty level, and immigrants. Maine’s overall health ranking during that period fell from 10th best in the nation to 22nd, showing that Maine has been heading in the wrong direction. Earlier this month, however, Maine voters voted to expand the state’s Medicaid program, making Maine the first state in the nation to make that decision through a ballot measure. The impetus for voters to do this came about after Maine’s legislature passed Medicaid expansion five times, only in each case to be met by a veto from Governor LePage. Now, with over 59 percent of voters approving the measure at the ballot this November, an estimated 70,000-80,000 people will begin to finally receive the coverage that they need.

**Effective Programs Reduce Poverty and Speed Up Progress**

The Census Bureau’s Supplemental Poverty Measure (SPM) is a more accurate measure of poverty and its changes over time than the official poverty rate noted above. This is because, unlike the official poverty rate, the SPM counts income sources such as federal tax credits and food and housing assistance as well as expenses like out-of-pocket medical costs. The SPM shows that federal programs increase incomes for millions of Americans, lifting them out of poverty and reducing the burdens of poverty for millions more. After accounting for underreporting of benefits, safety net programs were shown to have lifted 46 million Americans, including 12 million children, out of poverty each year between 2009 and 2012, on average. In Maine, 240,000 people, including 42,000 children, were lifted out of poverty by basic living standard programs each year between 2009 and 2012, on average. Supplemental Security Income (SSI), federal support for people with very limited resources who are elderly or with disabilities, or families caring for children with severe disabilities, lifted 24,000 out of poverty. 16,000 fewer were poor because of housing subsidies; 47,000 fewer were poor because of SNAP. Low-income tax credits lifted 28,000 out of poverty each year between 2011-2013, on average. Nationally, more than 8.1 million people were lifted out of poverty by low-income refundable tax credits in 2016; 3.1 million fewer were poor because of housing subsidies and 3.6 million fewer were poor because of the Supplemental Nutrition Assistance Program. SSI lifted 3.4 million people out of poverty, and the school lunch program did the same for 1.3 million people. The Census data show that 10.5 million more people would be in poverty if out-of-pocket medical costs were taken into account, showing the importance of quality, affordable health insurance.

In fact, programs that help provide basic living standards play a major – and increasingly important – role in the reduction of poverty that has occurred since the 1960s. Researchers using the Supplemental Poverty Measure and other data, including adjusting poverty thresholds for costs of living and different housing situations, found that poverty has actually decreased by more than one-third since 1967. According to this analysis, government programs reduced the national poverty rate by 12.0 percentage points in 2014 and lifted more than 50 million people above the SPM poverty line that year. In Maine, the poverty rate would have been 14.6 percentage points higher in 2014 without government programs; child poverty would have been 12.5 percentage points higher, and poverty among the elderly would have been 42.2 percentage points higher in 2014 without these programs.
Programs that help our neighbors achieve basic living standards do more than lift people out of poverty. Medicaid allows low-income individuals to address health issues and live healthier and more productive lives, even improving health outcomes across generations. A recent study found that the grown children of women who had received Medicaid during their pregnancies were more likely to have healthier babies. Housing vouchers sharply reduce housing instability and homelessness, as well as other hardships like food insecurity, domestic violence and child separation, for recipients, 68 percent of whom are seniors, children, or people with disabilities. SNAP is our nation’s largest child nutrition program – one in four children in the U.S. lives in families that receive SNAP benefits. SNAP improves the health and educational outcomes of children in the near- and long-term and improves the health of their parents. Families participating in SNAP are also 28 percent more likely to be able to pay for medical expenses without forgoing basic necessities like food, rent and utilities. In addition, SNAP is an economy booster: economists estimate that in a weak economy, $1 in SNAP benefits expands the economy by about $1.70. In a recent survey in Maine, nearly half of respondents said they would go hungry without SNAP.

Federal and state assistance programs also help people get and keep good jobs. Child care subsidies, for example, allow parents to go to work or school and provide children with quality educational experiences in the critical early years. Single mothers were more likely to be employed, more likely to be employed full time, and more likely to have stable employment when receiving child care subsidies.

But many of these effective anti-poverty programs do not reach enough of the people they are designed to help.

The Temporary Assistance for Needy Families program was designed to help families meet their most basic needs and provide employment, education and training services for low-income parents. But the number of Maine families receiving cash benefits through TANF has dropped 66 percent since May 2012, when a state-imposed five-year lifetime cap on benefits took effect. Two-thirds of people in Maine who lost benefits as a result of the cap still didn’t have work four years after the cap took effect, leaving most families without cash assistance or earnings from employment. And the third who did work were not earning enough to make ends meet. All told, roughly 9,000 Maine families, including 16,000 children, lost help from the TANF program between 2011-2016.

More than 28 million Americans, including 106,000 Mainers, remain uninsured. Low-income adults in the states that refused to expand access to Medicaid to their low-income residents are uninsured at nearly twice the rates of those in states that have taken this step to expand coverage, leaving them at even greater risk for overwhelming medical costs and, too often, forcing them to forgo necessary medical treatments.

The lack of child care holds back working parents. Only one out of seven children eligible to receive federal child care assistance is getting any help, and more than 373,000 children in need have lost access to child care since 2006, including 2,600 children in Maine, leaving families to struggle to pay for care or forgo jobs to stay home and provide care.

Nationally, only one in four qualifying renters receives rental assistance because Congress has not provided enough funding. Between 2004 and 2015, the number of families with children receiving rental vouchers dropped by 250,000 – a 13 percent decline. This is despite the fact that the Census
data show that 45 percent of Maine households with income less than $20,000 a year spend more than half of their income on housing.\textsuperscript{28}

The Earned Income Tax Credit (EITC), an extremely effective anti-poverty and pro-work tax credit, provides far less help to low-income workers who aren’t raising children. This group has an unenviable distinction as the only group of Americans who are taxed into poverty. Expanding the EITC to these workers would benefit up to 16.2 million people.\textsuperscript{29} Similarly, families with children earning less than $3,000 a year are excluded from claiming the Child Tax Credit (CTC), denying help to children because their parents, despite working, are too poor. Expanding the CTC to these poorest children and families would benefit millions every year.

As noted above, Maine’s Governor and policy makers have instituted changes in recent years that have further limited access to anti-poverty programs in our state. We know that there are approximately 100,000 fewer people receiving help from assistance programs in our state than did in 2011, when most of these policy changes began. This could include tens of thousands who would have been lifted out of poverty had those changes not been made.

**The Trump Administration and Congress Would Make Maine Poorer**

Proposals from President Trump and leadership in Congress to cut successful anti-poverty programs like Medicaid, SNAP, housing assistance, and others would harm individuals and families and would turn back the progress we’ve made in reducing poverty.

For example, the House and Senate passed a joint FY 2018 Budget Resolution that calls for about $5 trillion dollars in cuts through 2027 to the full range of services the federal government provides, except for allowing increases in military spending. It would cut Medicaid, the Affordable Care Act (ACA), and other health programs by $1.3 trillion over that ten-year period. Medicare would be cut by $473 billion. Programs in the “income security” category (which includes SNAP/food stamps, Supplemental Security Income for poor seniors and people with disabilities, Temporary Assistance for Needy Families, unemployment insurance and low-income tax credits) would drop by $653 billion. The Senate plan calls for $800 billion in cuts to domestic appropriations, threatening further cuts to housing, education, and substance abuse treatment, to name just a few. By 2027, the Senate budget would slash these programs to 29 percent below their levels in FY 2010, taking inflation into account. If these cuts are made proportionally, by 2027 900,000 low-income households would lose their rent subsidies,\textsuperscript{30} despite their success in lifting millions of families out of poverty.

Even with the ACA remaining in place, the Trump administration has announced it will allow inadequate insurance plans that do not assure protections for people with pre-existing conditions or expensive medical needs. The administration will stop making payments to insurance companies for low-income policy-holders, all aimed at further weakening the law. In addition, the Trump administration has been undermining the ACA by refusing to advertise open enrollment or to approve requests by states to improve their programs. These actions plus unspecified Medicaid and ACA cuts in the budget can significantly undo the progress made in reducing the number of uninsured Mainers by 41,000 since 2013 and threaten the impact of Maine’s newly voter-enacted Medicaid expansion law.

While not all of the cuts in the budget are expected to become law, they show the vision of the House and Senate leadership – to drastically reduce critical programs for low-income families. Cuts in President Trump’s budget are extremely harsh, including $4.3 trillion in cuts to Social Security, Medicare,
Medicaid, education, and other programs and services that help working families get by and get ahead. If just three of President Trump’s proposed budget cuts had been in effect in 2015, an additional 2.3 million Americans would have been in poverty that year.\textsuperscript{31}

In addition to these threats, passage of the budget resolution will allow Congress to use special rules known as reconciliation to fast-track huge tax cuts for the wealthy and corporations, and perhaps to expedite cuts to safety net programs as well, and to do so with only a simple majority in the Senate. The budget will allow Congress to increase the deficit by $1.5 trillion over 10 years to give tax cuts to those with the highest incomes. The loss of this revenue will inevitably hurt low- and middle-income Americans, both because services they need are slated for cuts at the outset, and because a ballooning debt will eventually increase pressure to cut programs people rely on.

Spending bills passed by the House in July and September for Fiscal Year 2018 would also continue and worsen years of cuts, totaling more than $8 billion to non-defense programs. This includes slashing or eliminating multiple education programs, apprenticeship and employment services, low-income housing, community development programs, mental health and substance abuse treatment, programs to remove lead and other harmful toxins from homes, and other programs vital to low-income communities. The House spending package fails to renew nearly 140,000 housing vouchers in use this year, including 744 vouchers in Maine, increasing homelessness and housing instability.\textsuperscript{32} In total, the House spending package cuts critical non-defense programs $5 billion below the already austere sequestration-level spending caps for FY18.

As the House and Senate have not yet actually agreed upon detailed spending bills for FY18, which began October 1, most government programs are operating with funding levels that are flat from 2017. While this avoids disastrous cuts to critical low-income programs in the short term, inflation continues to erode them, and it also denies them the additional investments they need to be able to expand to help more people. Before the current stop-gap spending bill expires in December, Congress needs to agree on a bipartisan deal to lift the harmful sequester spending limits on domestic discretionary (annually-appropriated) programs for FY18 and future years that will allow for these necessary investments.

As mentioned above, Congressional leadership and President Trump are proposing devastating cuts to human needs programs while also trying to fast-track massive tax cuts for the rich and for corporations. Tax cut bills released by House and Senate leaders in November would largely benefit those at the top by, for example, repealing or reducing taxes that only affect taxpayers with the highest incomes. Both bills would also slash the corporate tax rate. The bills would not only reduce federal coffers by trillions of dollars over a decade, taking away money that could instead be invested in improving the lives of low- and middle-income Americans, they would starve local and state governments, too, affecting education, public safety, and other services they provide. An analysis of the House bill found that taxpayers in the top 1 percent would receive 31 percent of the plan’s net tax cuts in 2018 and 48 percent of the cuts in 2027.\textsuperscript{33} Numerous studies have shown that tax cuts for the wealthy and corporations...
create few jobs or economic growth, despite the fact that these claims are often used as excuses for such cuts.\textsuperscript{34}

President Trump’s decision to end the Deferred Action for Childhood Arrivals (DACA) program threatens to strip from 800,000 young adults – including roughly 40 in Maine\textsuperscript{35} – the ability to work legally and, in some states, the ability to drive legally and attend college to better their lives. Forcing these individuals, more than 90 percent of whom have jobs, and who are more likely than the general population to start their own businesses,\textsuperscript{36} to again live in the shadows or be deported will surely not decrease poverty in our nation. In fact, a prominent economist has estimated that five years after a repeal of DACA, the nation’s gross domestic product would be $105 billion less than it would be if the program stays in place.\textsuperscript{37}

Additional proposals in Congress that would add work requirements to SNAP or Medicaid would hurt individuals and our nation, not help them. Studies have shown that work requirements – including those instituted here in Maine – don’t have a significant effect on work efforts or the well-being of those subjected to them, don’t cut poverty, and in some cases actually increase poverty.\textsuperscript{38} In October 2014, Maine reinstated statewide time limits for SNAP recipients who weren’t employed at least half-time or in a qualifying work or training program, even if they were searching diligently for a job or working less than 20 hours a week. This caused thousands of the state’s poorest residents to lose essential SNAP benefits; participation in SNAP among childless adults subjected to the time limit fell 70-80 percent after the time limit returned. At the same time, Maine work rates were nearly the same before and after the time limit.\textsuperscript{39} A proposal to add work requirements to MaineCare is also misguided and harmful. More than 30,000 Mainers with low income, and some with chronic conditions, would be subject to a work requirement, premium payments, and asset tests under a proposed waiver. Thousands will likely lose access to affordable health care and have no other means of obtaining it, leaving their medical conditions to worsen and leaving them less able to get and maintain employment. This proposal would not only hurt those Mainers directly affected by it, but it would hurt Maine’s economy as well.\textsuperscript{40}

Similarly, national proposals to tie work requirements to Medicaid would likely increase the number of uninsured and leave without coverage individuals who can’t work because they are caring for a family member, have a mental health issue, are without access to child care or transportation, or are working but do not have enough hours.\textsuperscript{41} Adding work requirements to SNAP nationwide is also misguided, as the vast majority of SNAP recipients are either already working, are looking for work, are unable to work, or are not expected to work (children or the elderly). More than 50 percent of households with at least one working-age, non-disabled adult worked while receiving SNAP, with more than 80 percent working in the year prior to or after receiving SNAP. In families with children, more than 60 percent of recipients work while receiving SNAP, with almost 90 percent working in the year prior to or after receiving benefits.\textsuperscript{42} The Census Bureau data also show that in nearly two-thirds of poor families in Maine, at least one person worked at least part time or part of the year.

In addition to the human toll poverty takes, it is also expensive for our nation. Child poverty alone has been estimated to cost the U.S. economy 3.8 percent of our gross domestic product (GDP), or $672 billion in 2015.\textsuperscript{43} Child poverty results in a less-educated workforce, which reduces productivity and economic output years later, and higher physical and mental health costs. Unstable housing among families with children will cost the nation as estimated $111 billion in health and education expenditures over the next ten years.\textsuperscript{44}

If our elected leaders really want to boost our economy and create jobs and a highly-skilled labor force, they would invest in programs that lift millions of children out of poverty, not cut them. They would
invest in programs that allow parents to find and keep good paying jobs, like training programs, scheduling and paid leave protections, and child care. And they would require the wealthy and big corporations to pay their fair share, so we can increase these investments.

**We Can – and Must – Continue to Make Progress for the Millions Still Struggling**

We can – and should – do more to further reduce poverty for the millions of Americans still struggling. To achieve this goal, Maine Equal Justice Partners and the Coalition on Human Needs recommend the following actions for Congress and President Trump:

- **Reject cuts to proven anti-poverty programs;** instead protect and expand funding for programs including SNAP, Medicaid, housing subsidies and others.

- **Reject tax cuts for the wealthy and corporations that will lead to further cuts in domestic programs.** Paying for tax cuts for the rich while cutting programs for the poor, infrastructure investments and public health protections is simply wrong. Corporations and the wealthy need to pay their fair share.

- **Lift sequester caps for domestic discretionary programs to boost investments in education and many other programs.** A bipartisan deal, similar to those reached in past years, is needed to lift the austere sequester-level spending caps for FY18 and beyond.

- **Increase federal funding for housing subsidies and child care subsidies.** As Congress continues its FY18 appropriations process, it should increase funding to provide millions more low-income Americans in need with access to safe, stable housing and quality, affordable child care.

- **Expand the Earned Income Tax Credit to workers not raising children and expand the Child Tax Credit to families making less than $3,000 a year.** A bipartisan group of members of Congress have previously shown support for expanding the EITC, so helping workers without dependent children should be a top priority for Congress. Congress should also act to ensure all low-income children benefit from the CTC.

- **Reject harsh time limits and work requirements for SNAP, Medicaid, and subsidized housing recipients.** Congress should end the harsh time limits on SNAP benefits for certain jobless adults willing to work.

- **Congress should once and for all abandon efforts to repeal the Affordable Care Act and instead stabilize the law’s insurance markets.** Maine should promptly implement the vote of the people to provide Medicaid to all under 138 percent of the federal poverty level. Other states should follow. States that haven’t yet expanded health coverage to low-income Americans by drawing down federal Medicaid dollars should do so. Governors of states that have continued to deny health coverage to low-income residents should end this costly failure
to take advantage of federal dollars on the table to provide necessary health care to those who can least afford it.

❖ Congress should enact the Dream Act, providing legal status and a path to citizenship for the young people brought to this country as children. America is the only home many of them have ever known. They are Americans and should be regarded as such. Their freedom to work, learn, and serve in the armed services contributes to economic growth.

Reducing poverty clearly should be a top priority for our nation. The evidence shows that proven anti-poverty programs like SNAP, housing assistance, and low-income tax credits are effective at lifting millions of people out of poverty and building family economic security. The U.S. as a whole has made progress in reducing poverty and now is not the time to turn back this progress. Maine, which has not shared in that progress in recent years, serves as a cautionary tale. Harmful cuts to Maine’s anti-poverty programs have coincided with shameful outcomes related to hunger, health care and child poverty. The last thing we should be doing as a nation is cutting programs for those who need help the most to give giant tax cuts to those who most certainly do not need it. Instead, Congress and the Trump administration must invest more in proven anti-poverty programs to speed up this progress and extend it to more of our neighbors in Maine.

This report was prepared by Maine Equal Justice Partners and the Coalition on Human Needs.

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3 “Deep poverty” means at or below half of the federal poverty level. The 2016 federal poverty level for a family of three is $19,105 a year. Therefore, households with incomes of $9,553/year or less are in “deep poverty.” Source for the numbers cited for Maine are from: U.S. Census Bureau, 2016 American Community Survey 1-Year Estimates.
4 2011-2016 American Community Survey data analysis using 3-year moving averages as prepared by Maine Center for Economic Policy, November 2017.
6 This figure accounts for a natural decrease in SNAP use that may have occurred between 2011-2016 due to regional economic conditions. It considers the percent change in the number of SNAP recipients during this period in all FNS New England Region states except for Maine (6.5 percent), and subtracts this amount from the percent change in Maine alone (23.7 percent). It assumes that any balance of the SNAP reduction in Maine during this period is due to policy changes (17.2 percent). USDA state-level annual data for the SNAP program: https://www.fns.usda.gov/pd/supplemental-nutrition-assistance-program-snap
9 This is according to the United Health Scorecard that analyzes a comprehensive set factors to provide a holistic picture of the health of Maine people, http://www.americashealthrankings.org/explore/2016-annual-report/state/ME
12 Columbia Population Research Center and the Center on Poverty and Social Policy at Columbia University, https://www.povertycenter.columbia.edu/state-fact-sheets