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Family Economic Security

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by Ann Acheson

Research shows that family economic insecurity when children are very young can have lifelong effects. Ann Acheson gives an overview of patterns of poverty and family economic insecurity in Maine, including the marked regional differences in poverty, income, and employment in the state. She describes some of the key benefits and programs to help support lower-income families and examines current policies and policy recommendations for addressing poverty and economic insecurity. Acheson notes that while Maine has been progressive in many of its policies that support family economic security, states can't do it all, since much of the program and benefits funding, along with policies and eligibility requirements, are from federal sources.

INTRODUCTION

Maine's young children need multiple kinds of supports to survive and thrive. Policies that promote health, education, and strong families improve the chances for healthy development, school readiness, and later life success (National Center for Children in Poverty 2009a). This article focuses on the family domain, specifically, family economic security. Family economic security is defined as a "family's ability to meet its financial needs in a way that promotes the health and well-being of children and their parents in both the short and long term" (Cauthen 2007: 4). Components include income (adequacy of amount relative to expenses; stability; predictability); savings, assets and other forms of wealth; and human and social capital (e.g., education, skills, employment experience). Research clearly demonstrates that poverty or family financial insecurity when children are very young can have lifelong effects, ranging from poor health, emotional and behavioral problems, and school difficulties, to lowered educational levels, lower earnings, and even to higher rates of crime later in life (Wagmiller et al. 2006).

This article gives an overview of poverty and family economic insecurity in Maine, followed by a brief description of some of the benefits and programs to help support lower-income Mainers. The concluding section examines current policies and policy recommendations for addressing poverty and economic insecurity.

POVERTY AND ECONOMIC INSECURITY IN MAINE

Poverty

The federal poverty measure is a standardized income-based measure that sets a level for defining poverty. Poverty "thresholds" are the statistical version of the poverty measure, used to calculate the number of households and persons in poverty. (When we talk about poverty rates, it is this threshold measure to which we refer.) Poverty status on the individual level is defined as any person living in a below-poverty household. Poverty guidelines, a simplified administrative version of the measure, are used in determining eligibility for many government and non-government programs. Both thresholds and guidelines are updated annually based on changes in the consumer price index[1]

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Maine's individual poverty rate has increased since 2000, when it was 9.2 percent, to 12.2 percent in 2007, the most recent year for which both county and state-level figures are available. Maine's poverty rate has been somewhat below the national average for at least the past eight years. However, there are marked regional variations in poverty rates both from one county to another and from one community to another. Some of Maine's counties (Aroostook, Franklin, Piscataquis, Somerset and Washington) have poverty rates considerably above both the state and national average (see Figure 1, page 36) (Acheson 2006, 2007). The poverty rate for children is even higher than for the population as a whole; in 2007, in Maine 19.4 percent of children age birth to five were living in below-poverty households. This was somewhat below the U.S. rate of 20.8 percent.

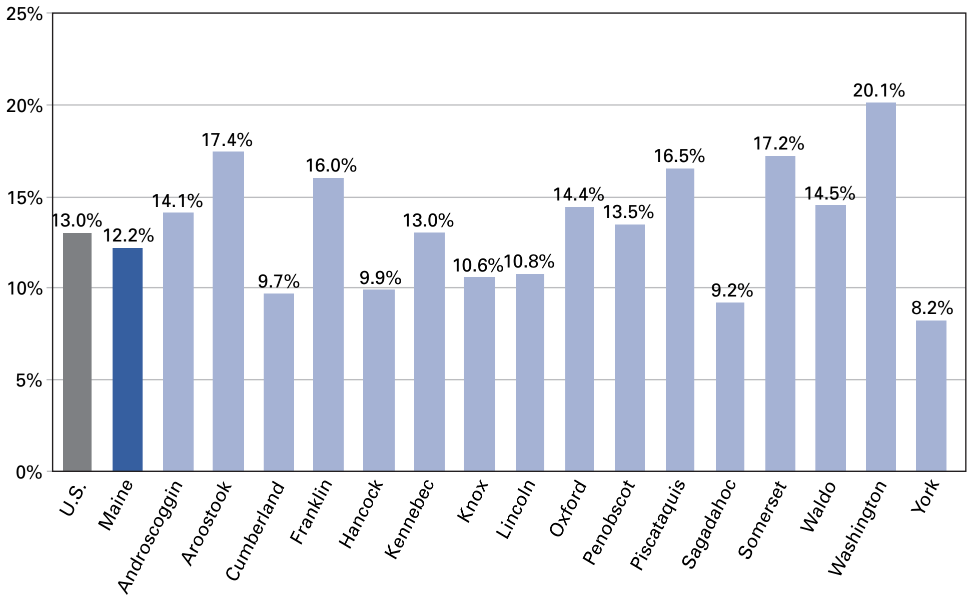
Income

Maine's median household income is below that of the U.S., and Maine is in the lowest third of states in this measure. (Median income is the mid-point of incomes in a given area, with half of households below and half above this point.)[2] As with poverty rates, there is a great deal of variation in household income between Maine's counties. The lowest reported median household incomes in 2007 were in Washington ($32,624) and Piscataquis ($32,989) counties, and the highest were in Cumberland ($54,992), Sagadahoc ($52,375), and York ($52,365) counties, compared with the state median of $45,832 and the national median of $50,740 (Figure 2, page 36).

Employment

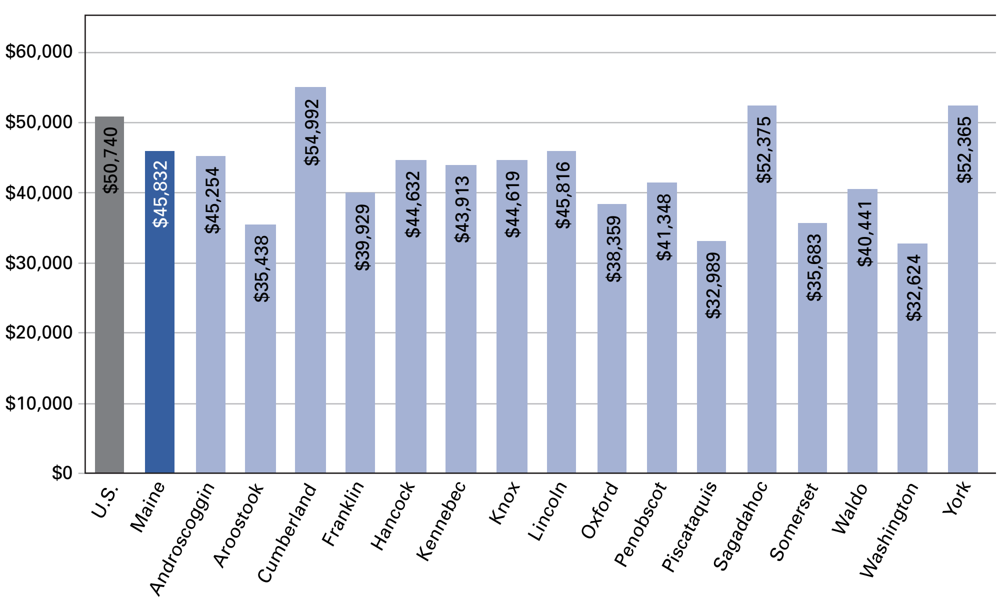
In considering family economic security, employment is the key factor since earnings from work are the

FIGURE 1: **Individual Poverty Rates, U.S., Maine and Maine Counties, 2007**



Source: U.S. Census Bureau, Small Area Income and Poverty Estimates (SAIPE) www.census.gov//did/www/saipe/county.html

FIGURE 2: **Median Household Income, 2007**



Source: U.S. Census Bureau, Small Area Income and Poverty Estimates (SAIPE) www.census.gov//did/www/saipe/county.html

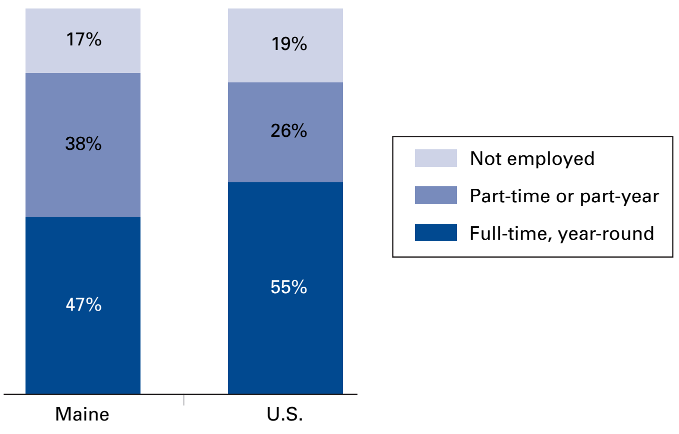
primary income source for most Mainers and especially for lower-income households. Even before the current recession, which has increased unemployment rates, the employment situation in Maine has been changing, with the loss of better-paying manufacturing jobs and an increase in lesser-paying service jobs. Maine's unemployment rate has tended to be slightly lower than the national average in recent years, but there continue to be marked differences among the counties in unemployment rates. In 2008, the state's unemployment rate was 5.4 percent, and county rates ranged from highs of 8.5 percent in Washington County and 8.0 percent in Piscataquis County to lows of 4.0 percent in Cumberland County and 4.6 percent in Sagadahoc County. The unemployment rate is a "lagging indicator," meaning that during economic downturns such as the current one, unemployment continues to rise even after the economic situation starts to improve, as employers do not start hiring immediately. So far in 2009, unemployment rates nationally and in Maine are running well ahead of 2008 averages.

Maine's employment pattern is characterized by a rate of multiple-job holding that is higher than the national average. In 2007, 8.1 percent of Mainers reported holding more than one job over the course of the year, compared with 5.2 percent nationally. And although the rate of multiple-job holding has decreased nationally since 1995, in Maine it has increased (Maine SPO 2009).

Multiple-job holding is related to two primary factors in Maine: seasonal employment and low wages. Maine has a high number of seasonal jobs, especially in the tourism and natural-resource-based industries. Data from the U.S. Bureau of Economic Analysis clearly show that more Mainers are employed in the summer months than in the winter months (Maine SPO 2009). Although some seasonal employment pays well while it lasts, the income is generally not enough to sustain families year-round. Moreover, seasonal employment earnings in Maine are also unpredictable, dependent in part on factors such as weather, the state of the national economy, and even the world economy (as demonstrated by the impact of increased fuel prices on economic sectors ranging from tourism to lobster fishing). Additionally, lower-wage workers will often work several jobs at the same time just to get by.

Figure 3 shows the employment situation for parents of low-income children in Maine and the U.S. in 2007, highlighting the fact that fewer of these Maine parents have full-time, year round jobs (47 percent) compared with 55 percent of parents nationally (National Center for Children in Poverty 2009b).

FIGURE 3: **Employment Status of Parents of Low-Income Children, 2007**



Source: National Center for Children in Poverty (2009b)

BENEFITS AND SUPPORTS PROMOTING FAMILY ECONOMIC SECURITY

There are a myriad of benefits and programs to assist lower-income individuals and families, many of which are aimed at those below the poverty level.[3] Some programs provide direct cash assistance (e.g., Temporary Assistance to Needy Families [TANF], unemployment benefits). Others provide assistance in the form of vouchers or credits for goods or services (e.g., the supplemental nutrition assistance program [food stamps], child care) or subsidies that are paid on behalf of the individual or family (e.g., housing, energy). Still others provide education, training, or other employment-related programs to assist individuals to achieve better-paying, more stable employment and to thereby gain greater self-sufficiency (e.g., the Parents as Scholars [PaS] program; Job Corps). The sidebar (page 38) lists a number of the more important of these programs and benefits.

A detailed description of these and other programs and benefits is beyond the scope of this article. However, several programs of particular importance to working families with young children warrant further discussion. "Work-support" benefits and programs of federal and state government aim to close the gap between earnings and basic expenses for lower-income workers. These benefits either supplement low earnings or reduce expenses by subsidizing the costs of needed goods or services (Cauthen 2007). Because certain household expenses (e.g., housing, child care, energy, medical costs, and transportation) represent a larger proportion of the budgets of lower-income households than of higher-income households, benefits aimed at these categories of expense can be particularly important. Lower-income households also are more sensitive to price increases in these essential items, as was evident when energy costs increased so sharply in 2008. Table 1 (pages 39–40) provides details on some of the key work and income supports benefits, and some of the strengths and weaknesses of each.

Earned Income Tax Credit

The earned income tax credit (EITC) is a tax benefit designed to encourage work and to assist families to become independent. This benefit for low- and moderate-income workers helps reduce the impact of payroll and income taxes and also supplements earnings for very low-wage workers. Begun in 1975 and refined

PROGRAMS TO ADDRESS POVERTY AND FAMILY ECONOMIC SECURITY

Selected Direct (cash) Payments

Temporary Assistance to Needy Families (TANF)—U.S. Department of Health and Human Services (U.S. DHHS) and Maine Department of Health and Human Services (Maine DHHS) Office of Integrated Access and Support

General Assistance—Short-term emergency funds administered through municipalities to allow purchase of basic necessities for those without means to pay

Supplemental Security Income (SSI)—Federal, administered by Social Security Administration, designed to help aged, blind, and disabled people who have little or no income

Earned Income Tax Credit (EITC)—Federal and state, administered through the Internal Revenue Service and Maine Revenue Services, aimed at working families

Unemployment Insurance Benefits—U.S. Department of Labor and employers, administered by Maine Department of Labor

Selected Subsidies/Vouchers

Supplemental Nutrition Assistance Program (SNAP; formerly food stamps)—U.S. Department of Agriculture (USDA) and Maine DHHS Office of Integrated Access and Support

Free and Reduced School Lunch—USDA, administered by Maine Department of Education

Special Supplemental Nutrition Program for Women, Infants and Children (WIC)—USDA and Maine DHHS Office of Integrated Access and Support

Child Care Vouchers—Federal Child Care Development Fund and Maine DHHS Office of Child and Family Services

Low Income Home Energy Assistance Program (LIHEAP)—U.S. DHHS, administered by Maine Community Action agencies

Weatherization Assistance—U.S. Department of Energy, administered by Maine Community Action agencies

Housing (Rental) Subsidies—U.S. Department of Housing and Urban Renewal (HUD) and MaineHousing. Programs include Housing Choice vouchers (Section 8), Rental Assistance Coupons Plus (aimed at the homeless), subsidized apartments.

Selected Employment, Training and Education Programs

Pell Grants, Subsidized Loans—U.S. Department of Education, for higher education

Parents as Scholars (PaS)—U.S. DHHS and Maine DHHS Office of Integrated Access and Support (student aid program to help low-income parents enrolled in two- or four-year college programs)

Job Corps—U.S. Department of Labor

several times since then, the EITC had become the federal government's largest anti-poverty program for those under age 65 by the mid-1990s (Beamer 2007). Twenty-four states and the District of Columbia have also instituted state earned income tax credits. The amount of the state tax credit is set as a percentage of the federal credit, ranging from 3.5 percent (Louisiana) to as much as 43 percent (Wisconsin) (www.stateeitc.com/map/index.asp). Maine is on the lower end of states in its earned income tax credit of five percent.

The size of the federal tax credit depends on household income from work and on family size. Unlike the minimum wage, the amounts are indexed to inflation each year. Working families with children with annual incomes below about $34,000 to $41,000 (depending on marital status and number of children) generally are eligible for the EITC. (Workers without children who have very low incomes, below about $13,000, or $16,000 for a married couple, can receive a very small credit.) According to the Center on Budget and Policy Priorities Web site, among families with children, the average size of the federal credit in the U.S. in 2006 was $2,375 (www.cbpp.org/cms/index.cfm?fa=view&id=2505).

The federal tax credit, and the tax credit in most states, is refundable. Refundable credits provide a payment even if no taxes are owed, i.e., if the amount of the credit is greater than the tax liability, the government pays the difference to the worker as a cash rebate. The federal credit was made refundable because policymakers recognized that the income tax is not the only federal tax paid by low- and middle-income workers, who usually pay much more in payroll taxes than in income taxes.

Maine until this year was one of only a handful of states whose credit was not refundable. However, in 2009 the legislature passed a tax-overhaul package, which included making the state EITC partially refundable: up to $150 for joint filers and $125 for single filers. The changes will go into effect in tax year 2010.[4]

TABLE 1: **Characteristics of Work Support Programs**

Policy	Description of Benefit	Target Population	Federal/State Relationship (funding and administration)	Strengths	Weaknesses
Federal Earned Income Tax Credit (EITC)	Refundable tax credit that reduces tax liability	Low- to moderate-income working families	Federal entitlement; several states and some localities supplement the federal credit with a state credit	Federally funded entitlement: all eligible families and individuals who apply are entitled to benefits • Relatively high participation rates • Low stigma because administered through the income tax system and not associated with welfare	• Typically received as a lump sum at the end of the year so cannot be used to offset expenses as incurred • Many married-couple families face marriage "penalty" • Large families receive same benefit level as those with two children • Low benefits for workers without (resident) children
Child Care and Development Fund (CCDF) subsidies	Subsidizes child care expenses, enabling parents to work or engage in work-related activities	Low- to moderate-income working families	Block grant with matching funds for states that meet maintenance of effort requirement; federal law sets broad guidelines; states administer programs	• Makes child care more affordable and facilitates employment • Reduces child care expenses as they are incurred • Has the potential to make higher-quality early care and learning experiences available to low-income children	• Inadequate funding: federal block grant with state matching requirements • Only 1 in 7 eligible families served (national average); few subsidies available to non-welfare families • Low provider payment rates jeopardize quality of care in many states families face a steep benefit "cliff" when they lose a subsidy
Federal Child and Dependent Care Tax Credit	Non-refundable child and dependent care tax credit reduces the amount of taxes working families with child care expenses are required to pay	Families at all income levels with child care expenses	Federal entitlement; several states build on federal credit and offer state credits or tax deductions to offset state income tax liability	• Federally funded entitlement: all eligible families and individuals who apply are entitled to benefits • Low stigma because administered through the income tax system and not associated with welfare	• Not refundable so helps few low-income families • Benefits are low relative to the cost of high-quality child care • Offset to tax liability so cannot be used to pay for expenses as incurred
Medicaid	Family health insurance coverage for parents and children with low incomes	Low-income adults and children	Federal entitlement with required state match; administered by the states with broad federal guidelines	• Medicaid is a joint federal/state entitlement: all eligible families and individuals who apply are entitled to benefits • Medicaid and SCHIP provide health insurance access to a substantial portion of children	• Increases in Medicaid spending are stressing state budgets • Working-age adults have limited access to public health coverage

Table continues on next page

TABLE 1: **Characteristics of Work Support Programs — continued from previous page**

Policy	Description of Benefit	Target Population	Federal/State Relationship (funding and administration)	Strengths	Weaknesses
State Children's Health Insurance Program (SCHIP)	Low-income children and some parents with family income above the Medicaid income limit	Low-income children	Block grant with state maintenance of effort requirement; administered by states with broad federal guidelines	• Medicaid & SCHIP provide health insurance access to a substantial portion of children	• Inadequate funding: SCHIP is a federal block grant with state matching requirements
Housing Choice Vouchers	Housing vouchers allowing recipients to rent privately owned units	Low-income families and individuals	Federal program with local housing authorities responsible for administering benefits	• Federally funded • Makes housing more affordable for those with access	• Need for housing assistance far exceeds available funding • Some families with vouchers have difficulty finding landlords who will accept them
Supplemental Nutrition Program (SNAP; formerly food stamps)	Food assistance for low-income families and individuals	Low-income families and individuals	Federal entitlement program with states responsible for administering benefits	• Federally funded entitlement (states pay only a portion of administrative costs): all eligible families and individuals who apply are entitled to benefits	• Participation rates could be higher • High stigma because of association with welfare • Strict asset eligibility limits • Families can face a significant benefit "cliff" when their income reaches the gross income limit

Source: Modified from Cauthen (2007: 25–27), Tables A1 and A2.

Housing

The cost of housing in Maine has increased at a much faster rate than the increase in Maine's median income. MaineHousing's "affordability index" indicates that both rental and home purchase are beyond the means of many working families. The affordability index is the ratio of the home or rent cost considered to be affordable at median income; a cost of 28 percent or less of median income is considered affordable (Maine SPO 2009). Even in counties such as Cumberland and York, where indicators such as poverty, unemployment, and income are better, housing and rental prices are very high, leading to an unfavorable housing affordability index. Half of Maine's low-income working families are defined as being "housing burdened," meaning they spend more than one-third of their income on housing (Maine DHHS 2008). At the same time, benefits to provide housing assistance have not kept up with the rate of cost increase and the demand for subsidized housing and housing vouchers. For rental housing, the Section 8 housing voucher program in Maine currently has 11,500 eligible families on the wait list, and the wait list has been closed to new applicants (Maine DHHS 2008).

Child Care

As is the case for housing, the availability of child care and child care assistance has not kept up with the demand. There are an estimated 46,000 children under five needing child care, but only 27,600 spaces in licensed care; although Maine serves 78 percent of eligible three- and four-year olds in Head Start, only eight percent of families can be served annually in Early Head Start (Maine DHHS 2008). Child care is costly and can consume a disproportionate share of income for lower-wage workers. Although families whose incomes are below 75 percent of the state's median income are eligible for government child care subsidies, many eligible families are not receiving subsidies, in large part due to insufficient funding. From 2002 through 2007, there was an 11 percent decrease in the number of families receiving child care vouchers, and information from the Office of Early Care and Education indicates that subsidies now reach only 38 percent of eligible children (Lahti et al. this issue).

Health Care

A substantial contribution to support family income also is provided by government medical benefits paid for lower-income and disabled people, especially the children's health insurance program (SCHIP), Medicaid (MaineCare), and parts of Medicare (for the disabled). (For information about additional programs and services for Maine's youngest residents, see Forstadt and Peavey [this issue]; for more details about health insurance see Mills [this issue]).

POLICY CONSIDERATIONS

Maine and other states are able to enact a number of kinds of policies that can help families with young children to have greater economic security. The National Center for Children in Poverty (2009a) suggests a series of policies in the areas of health and nutrition, early care and education, and parenting and economic supports. The sidebar shows their recommended policies in the area of parenting and economic supports. Maine already has a majority of these policies in place and more can be done.

However, there is only so much states can do alone to try to address family economic security. Funding for the vast majority of programs and benefits is provided by the federal government, and many policies and eligibility requirements are likewise the purview of the federal government. Some programs, such as TANF, the federal EITC and Medicaid, are entitlements, meaning that as the number of eligible people increases, all those eligible will receive benefits in the amount to which they are entitled. Many other programs and benefits are funded through block grants to the states or through annual fixed-amount federal appropriations. If need increases, states have no way to provide additional

RECOMMENDED STATE POLICIES FOR PARENTING AND ECONOMIC SUPPORTS (NATIONAL CENTER FOR CHILDREN IN POVERTY)

State Choices to Promote Effective Parenting

- Provide paid medical/maternity leave. [2008] (Maine—No)
- Have a Medicaid family planning waiver to extend coverage to low-income women to increase the interval between pregnancies. [2008] (Maine—No)
- Exempt single parents on TANF from work requirements until the youngest child reaches age one. [2006] (Maine—Partial)
  The exemption is limited to 12 months in the recipient's lifetime.
- Reduce the TANF work requirement for single parents with children under age six. [2006] (Maine—Yes)
- Allow parents in school to qualify for child care subsidies. [2005] (Maine—Yes)
- Operate a statewide home-visiting program. [2007] (Maine—Yes)
  Two statewide programs
- Formally link home-visiting programs to supports for early childhood development (e.g., Medicaid/SCHIP, early intervention, and early childhood mental health). [2007] (Maine—Yes)

State Choices to Support Family Economic Security

- Establish a state minimum wage that exceeds the federal minimum wage. [October 2009] (Maine—Yes)
  Maine $7.50 (federal is $7.25 as of July 2009)
- Exempt a single-parent family of three below the poverty level from personal income tax. [2007] (Maine—Yes)
  Up to 143 percent federal poverty limit
- Offer a refundable state earned income tax credit. [2010] (Maine—Enacted 2009)
  State credit will be partially refundable
- Offer a refundable state dependent care tax credit. [2007] (Maine—Yes)
- Keep co-payments for child care subsidies below 10 percent of family income for most families. [2008] (Maine—Yes)
- Allow families on TANF to receive some or all of their child support payment without reducing TANF cash assistance. [2007] (Maine—Partial)
  Up to $50 passed through. Amount disregarded for purposes of eligibility and benefits. State also uses fill-the-gap budgeting.

Source: Adapted from National Center for Children in Poverty (2009a: 4) funding and must try to "ration" the available resources. Unlike the federal government, Maine and other states cannot operate with a budget deficit.

There are multiple kinds of policies and programs that can help promote family economic security....

Basic-Needs Budgets, Livable Wages, and the Minimum Wage

Basic-needs budgets have been proposed as an alternative to federal poverty guidelines. This model uses a market-basket approach to identify budget items necessary for a household to maintain an adequate standard of living, taking into account differences in expenses depending on work status, household composition, and the region where the household is located. Most basic-needs budgets include the same categories used by the U.S. Department of Labor Statistics: food, housing, transportation, child care, clothing and personal care; most also include taxes, and some include an allowance for savings. The hourly rate for a "livable wage" (sometimes called "living wage") for a given area, household size and household composition can be calculated by dividing total expenses of the basic needs budget by the number of hours in a year of full time work. Recent calculations show that the annual livable wage average in Maine in 2008 for a single adult with two children was $41,605, which would be $20/hour (www.maine.gov/labor/lmis/livableWage.html). The poverty guideline for a three-person household in 2008 was $17,600, which is 42 percent of the state's average livable wage. (There are regional differences in livable wages within the state, ranging from $13.70/ hour in Aroostook County to $23.12/hour in the York-Kittery-South Berwick metropolitan area for a single parent with two children in 2008.)

Maine is ahead of the nation in its minimum wage, which went up to $7.50/hour as of October 1, 2009. The federal minimum wage, which had remained at $5.15/hour from 1997 to 2006, went up in a series of steps from 2007 to 2009 to $7.25/hour in July 2009. However, even recent increases in the minimum wage will not solve the problem of income inadequacy for low-wages workers. Minimum wages (even if two people in a household are working full-time, year round) will not support a family basic-needs budget in Maine.

Invest Early in Maine, 2008 notes that "the most direct intervention to support working families struggling to meet their basic needs is to increase their wages" (Maine DHHS 2008: 8). Many have recommended increasing the minimum wage and working toward having employers pay a living wage. Both can be done at the state level, but national actions also are needed. Along with being increased, the minimum wage should be indexed to inflation, as is the EITC and other tax credits. Goal 1.B.7 of the "Invest Early" report suggests for Maine: "Be a model employer—Ensure that all projects and programs funded with state dollars pay a living wage" (Maine DHHS 2008: 8).

Expanding and Promoting the Earned Income Tax Credit

Maine has progressed in its state EITC by making it partially refundable, beginning in 2010. However, Maine's EITC amount is low compared with many other states (only five percent of the federal credit). Increasing the amount of the Maine EITC and making the state credit fully, instead of partially, refundable would provide additional support for working families. Maine also can help working families by encouraging more eligible workers to apply for the federal EITC, which is done as part of filing federal income taxes. This could be accomplished through education campaigns and by promoting additional opportunities for free tax preparation for low-income workers, working through advocacy and social service organizations (Beamer 2007: 51). Improving Maine's EITC and having more workers receive the federal EITC could also benefit areas of the state whose economies are struggling. In counties with higher poverty rates, proportionally more families benefit from the federal EITC, so any improvements in EITC receipt can give a boost to the economies in those areas (Beamer 2007: 50).

Improving Other Programs and Benefits

Access, affordability, and quality of child care have important policy and fiscal implications that are discussed in a number of articles in this issue (Lahti et al.; Ward, Oldham and Atkins). From the perspective of family economic security the two critical aspects of child care that need to be addressed are access (demand for child care exceeds supply) and cost (most families pay as much as 25 percent of their income for just one child) (Maine DHHS 2008: 16). Improving both education and pay for child care workers could help improve access (as more workers would be attracted to the field) and quality of care. On the family expense side, increased federal funding for child care subsidies is needed, since many eligible families currently are unable to receive the assistance to which they are entitled. Employer-provided or employer-subsidized child care is an option that could be encouraged and expanded.

Housing assistance is another area where demand far exceeds the availability of resources, especially for rental housing where funding for subsidies and for low-income housing is largely from the federal government. Greatly increasing the federal subsidy funds for renters would be of major benefit for Maine's working families. For low- and moderate-income home owners, MaineHousing has a number of programs that can provide assistance in the form of low or no down payments and low-interest loans for home purchase. MaineHousing also recently instituted an innovative loan program to assist those of low and moderate means with home weatherization to improve energy efficiency and thereby reduce annual costs (McCormick and Van Hook 2008). Increasing the level, and predictability, of federal funding for the Low Income Home Energy Assistance Program (LIHEAP) and for weatherization is another important action that could be taken to reduce housing costs for lower-income families.

Finally, policies and programs to address human capital improvement are important to help parents of young children achieve greater economic security. There is a well-documented correlation between education and skills and lifetime earnings. Moreover, the kinds of jobs that require higher levels of education and skills are also more likely to be stable, be full time and year-round, and to provide benefits such as health and life insurance and access to pension plans.

Programs to improve the quality of K-12 education, to reduce high school drop-out rates, and to encourage more students to continue education beyond high school are an important component in developing human capital. In Maine, these include programs such as Gear-Up, Upward Bound, and Maine Educational Opportunity Centers (MEOC).

For higher education, the recent increase in federal Pell grants is a good start, but critics point out that the federal government's support for lower-income students is still not keeping up with rising costs and increasing demand. The recent recession, which has reduced the incomes of many families, has also led to increased need for scholarship, grant and loan support from all sources for students in higher education.

Maine has been a leader in providing assistance for low-income adults (primarily single mothers) to move from welfare to work by supporting them to get post-secondary degrees through the Parents as Scholars (PaS) program. Maine also has recently instituted a loan forgiveness program through Opportunity Maine, whereby students attending college in Maine and living and working in the state after graduation can claim a state tax credit equal to the amount of student loan payments.

On the down side, state support for higher education in Maine has decreased since 1992, and Maine's grant aid for undergraduates ($341 per full time equivalent student) in 2006 was well below the national average of $613. For Maine students graduating from college in 2007 the average student loan burden was $22,948, the eight highest in the country (Plimpton, Tsai and Dupee 2009). Increasing support both for institutions that provide education and training and for those who attend them is important, given the role of post-secondary education and training in helping increase the human capital component of family economic security

CONCLUSION

There are multiple kinds of policies and programs that can help promote family economic security, which have only been touched on in this article. Economic development strategies can indirectly impact family economic security through increasing the number and quality of jobs. In terms of existing programs, Maine is in a difficult position as severe short-term budget crises threaten to erode funding and support for key programs and benefits that help support families. Federal, state, local and private efforts are all needed to expand opportunities for jobs with adequate wages; to assist lower-income families by providing necessary assistance to help pay for high-cost budget items such as child care, housing and energy; to increase support for those pursuing post-secondary education and job skills training/re-training; and to engage in education and information outreach activities so that more eligible families take advantage of the benefits to which they are entitled such as the EITC, child care, and nutrition benefits, among many others.

ENDNOTES

1. The federal poverty measure has long been considered inadequate in that it uses outdated family budget assumptions; does not take regional differences in costs into account; and does not take household composition into account, only size. Nonetheless, it remains as the standard statistical measure used in defining poverty in the U.S. For further critical analysis of problems with the measure, see, for example, Corbett (1999) and Bernstein (2001).
2. Since Census income is self-reported, economists say that a more comprehensive measure of income in a given area is *personal income*. The national Bureau of Economic Analysis state and county estimates of total and per capita income include *net earnings from wages and self employment,* income from *investments* (dividends, interest, and rent), and income from *transfer payments* (e.g., government retirement and disability benefits, Medicare, unemployment insurance benefits). See Acheson (2006, 2007) and Maine SPO (2009) for more detailed analyses of personal income in Maine.
3. Because the methodology used in determining the federal poverty guidelines is so problematic, a number of federal and state programs use a percentage multiple in determining eligibility, for example, household income that is 125 percent, 150 percent, or 200 percent of the poverty guideline. In 2008, the poverty guideline for a family of four was $24,380.
4. As of this writing (September 2009) opponents of the tax reform legislation have gathered signatures to try to place a referendum repealing the tax reform on Maine's June 2010 ballot. If enough signatures are certified, the tax reform package, including the changes in Maine's EITC, will have to be put on hold, pending results of the referendum.

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