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Poverty in Maine Update, February 2008

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POVERTY IN MAINE UPDATE

Volume I, Issue I

February, 2008

IN THIS ISSUE:

Poverty Remains Persistent

Benefits

Food stamps

Low Income Home Energy Assistance Program

Free and Reduced School Lunch Program

Dear Readers,

This *Poverty in Maine Update* newsletter is created by the Margaret Chase Smith Policy Center with the support of the state's ten Community Action Agencies. Community Actions have been working to alleviate the conditions of poverty around our state for over 40 years. Periodically we will publish the most current information available that describes trends, profiles those most at risk, and measures the extent of poverty in our state.

This first issue focuses on two basic areas of survival—heat and food. This update shows the extent to which citizens in Maine increasingly are in need of assistance to heat their homes and feed their families. The information presented here also provides insight into the profiles of these families needing assistance and where they live in Maine. The next newsletter will focus on regional poverty rates, employment and income, and trends in these measures.

We hope you find this newsletter helpful in gaining a better understanding about our neighbors in need.

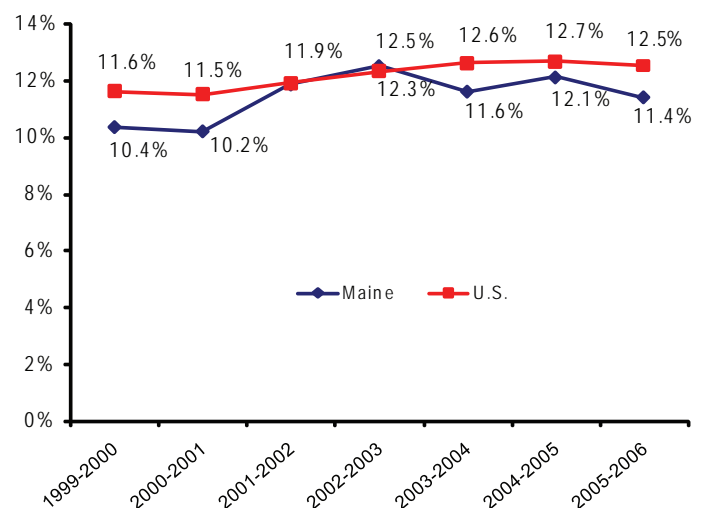
Fenwick L Fowler, President
Maine Community Action
Association

Poverty Remains Persistent

Maine's two-year average poverty rate has fluctuated more than the U.S. rate. While Maine's rate has generally remained below the national average, the state's 2005-06 rate of 11.4% remains higher than its recent low of 10.2% in 2000-2001.

Although figures will not be available for some time, analysts suggest that the recent national economic downturn is likely to result in worsening poverty rates by 2007-2008.

Maine and U.S. Poverty Rates, 2-Year Averages



Source: US Census Bureau, Current Population Survey

Margaret Chase Smith
Policy Center
University of Maine

Maine Community
Action Association

Benefits

2006 HHS Poverty Guidelines

Persons in Family or Household	
1	\$ 9,800
2	13,200
3	16,600
4	20,000
For each additional person, add	3,400

Poverty guidelines are issued annually by the U.S. Department of Health and Human Services, and are used in determining financial eligibility for many federally-funded programs, including food stamps, the free and reduced school lunch program, the Low Income Home Energy Assistance Program (LIHEAP), Head Start, parts of Medicaid, and many other

benefits and programs. Some programs use a percentage multiple in determining eligibility, and many programs have other provisions in addition to income (e.g., level of allowable assets, allowable deductions from income).

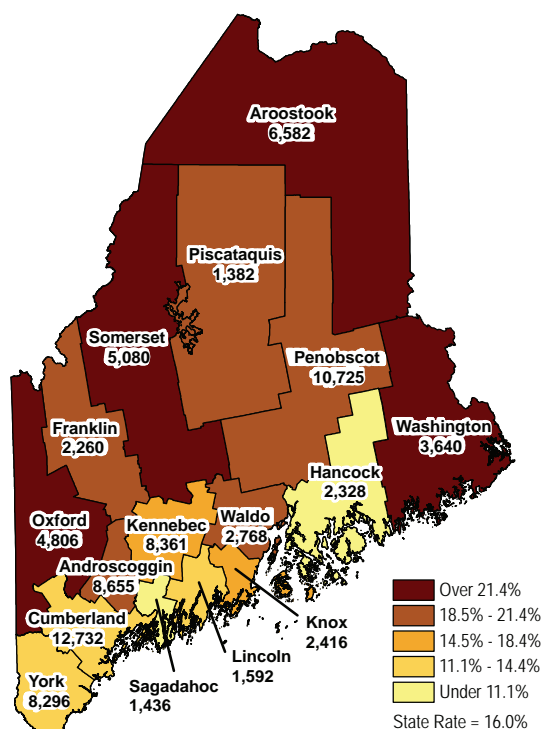
For example:

LIHEAP eligibility: Household income 150% of the federal poverty guideline, 170% for households with members age 60 and over or age 2 and under.

National School Lunch Program eligibility: Free lunch: household income 130% of federal poverty guideline; reduced price lunch: 185% of federal poverty guideline. (For schools offering breakfast, the same guidelines apply.)

Food stamps eligibility: Household gross monthly income at 130% of poverty guideline and net monthly income (after allowable deductions) at 100% of poverty guideline. In addition, there are levels of allowable assets and allowances made based on age, disability, and source of income.

Households Receiving Food Stamps
Monthly Average by County, 2006-2007



Source: Average calculated from DHHS monthly report, Geographic Distribution of Programs and Benefits (RE-PM001)

debit card system, which was more acceptable to users. The leveling off in the number of households is likely an indicator that food stamp program utilization more truly reflects the level of need in Maine's population, compared with earlier years when there was likely under-enrollment. Food stamps is an "open-ended" program, with no set amount of money allocated to it each year. The level of funding increases as need and demand increase. If Maine experiences an economic downturn, we would expect to see an increase in participation in food stamps and similar programs.

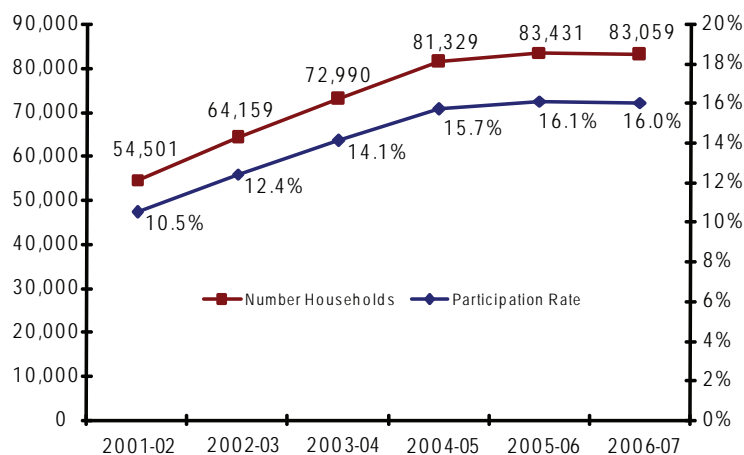
Food Stamps

The USDA's food stamp program is one of the most wide-reaching low-income benefit programs in Maine. Statewide, in the most recent fiscal year (2006-2007), over 83,000 households (16% of the state's total) received food stamps. In Aroostook, Oxford, Somerset, and Washington counties, more than 21% of households received food stamps. Washington County's rate of 25.8% was the highest in the state, while in Sagadahoc and Hancock counties (lowest in the state) a little over 10% of households received food stamps. Cumberland and Penobscot counties had the largest absolute numbers of households receiving food stamps, and sparsely-populated Piscataquis County had the fewest.

Food Stamps Trends

The number of households receiving food stamps and the overall participation rate leveled off in the last fiscal year, following a significant increase over the previous five years. Increased use was likely related to effective outreach by the Department of Health and Human Services to enroll eligible clients, and possibly to the switch from paper food stamps to a

Households Receiving Food Stamps and Program Participation Rates



Low Income Home Energy Assistance Program (LIHEAP)

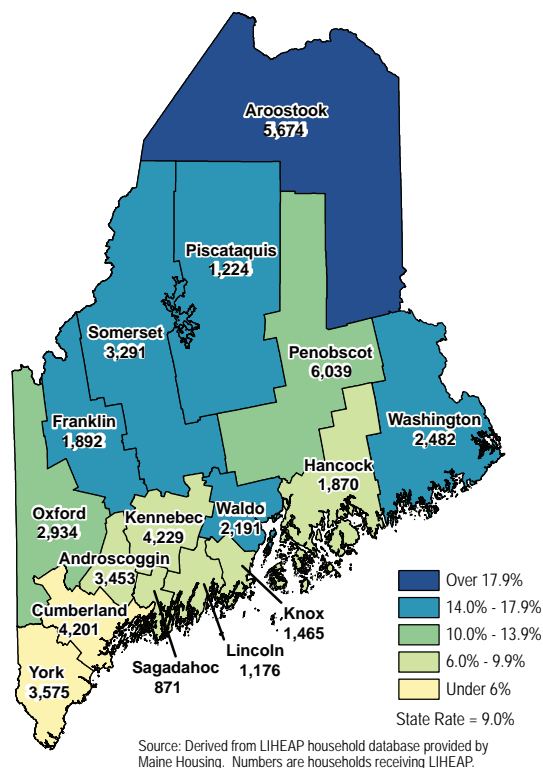
The recent surge in fuel prices, combined with colder than usual weather in the earlier part of the winter, has brought the plight of lower-income Mainers into sharp focus. CAP agencies are seeing a rise in applications for fuel assistance, including an increase in numbers of applications from families whose incomes are over the LIHEAP qualifying limit and who are therefore ineligible for the benefit. Unlike the food stamp program, LIHEAP has a fixed amount of funding, allocated to each state each year by the U.S. Congress. Funding does not automatically increase when there is increased demand due to increasing fuel prices or to more households in need, though in some years there have been supplemental emergency funds. This year, the same amount of money received from LIHEAP will buy a household much less fuel, leaving many families struggling to heat their homes and pay other bills.

In the previous fiscal year (2006-2007), 46,575 households were served by LIHEAP, or 9% of the state's households. The number of individuals served was 96,455.

LIHEAP household participation rates in 2006-2007 ranged from just under 4% in Cumberland County to over 18% in Aroostook County. The largest number of households served was in Penobscot County, 6,039.

The number of households receiving LIHEAP benefits is considerably less than the number receiving food stamps. There are some differences in eligibility requirements between the two programs that may account for some of the discrepancy. For example, food stamps may be issued to some members of a household, discounting the income of other members, while income of all household members is used in determining LIHEAP eligibility.

Households Receiving LIHEAP by County, 2006-2007



Food Stamp and LIHEAP Household Participation Rates, 2006-2007

	Households (2000 Census)	2006-07 Households Receiving Food Stamps, Monthly Average		2006-07 Households Receiving LIHEAP	
		Number	Percent	Number	Percent
Androscoggin	42,028	8,655	20.6%	3,453	8.2%
Aroostook	30,356	6,582	21.7%	5,674	18.7%
Cumberland	107,989	12,732	11.8%	4,201	3.9%
Franklin	11,806	2,260	19.1%	1,892	16.1%
Hancock	21,864	2,328	10.6%	1,870	8.6%
Kennebec	47,683	8,361	17.5%	4,229	8.9%
Knox	16,608	2,416	14.5%	1,465	8.8%
Lincoln	14,158	1,592	11.2%	1,176	8.3%
Oxford	22,314	4,806	21.5%	2,934	13.1%
Penobscot	58,096	10,725	18.5%	6,039	10.4%
Piscataquis	7,278	1,382	19.0%	1,224	16.8%
Sagadahoc	14,117	1,436	10.2%	871	6.2%
Somerset	20,496	5,080	24.8%	3,291	16.0%
Waldo	14,726	2,768	18.8%	2,191	14.9%
Washington	14,118	3,640	25.8%	2,482	17.6%
York	74,563	8,296	11.1%	3,575	4.8%
STATE *	518,200	83,059	16.0%	46,575	9.0%

The discrepancy between the number of households receiving LIHEAP benefits and those receiving food stamps also underscores the difference between programs that are open-ended ("entitlements") and those with annual funding limits.

The level of the LIHEAP benefit fluctuates depending on the number of eligible applicants, the price of fuel, and the specific level of funds appropriated.

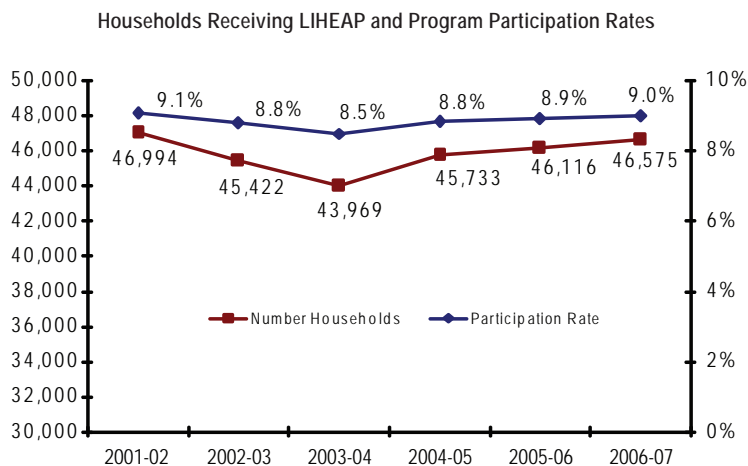
*LIHEAP state totals include a few households with missing town information in the database.

LIHEAP Household Characteristics, 2006-2007

	Total Households	Total Individuals	Average Household Income	Applicant Age 65 or Over		Single Person Households	
				Number	Percent	Number	Percent
Androscoqqin	3,453	7,026	\$13,422	1,249	36.2%	1,714	49.6%
Aroostook	5,674	11,339	\$13,678	2,267	40.0%	2,683	47.3%
Cumberland	4,201	8,380	\$13,407	1,590	37.8%	2,141	51.0%
Franklin	1,892	3,985	\$13,641	587	31.0%	856	45.2%
Hancock	1,870	3,848	\$12,479	666	35.6%	872	46.6%
Kennebec	4,229	8,827	\$13,235	1,301	30.8%	1,998	47.2%
Knox	1,465	3,035	\$13,464	522	35.6%	670	45.7%
Lincoln	1,176	2,490	\$13,394	395	33.6%	525	44.6%
Oxford	2,934	6,178	\$12,927	960	32.7%	1,335	45.5%
Penobscot	6,039	12,839	\$13,016	1,732	28.7%	2,651	43.9%
Piscataquis	1,224	2,547	\$12,846	407	33.3%	547	44.7%
Sagadahoc	871	1,815	\$13,578	263	30.2%	404	46.4%
Somerset	3,291	6,913	\$12,906	1,078	32.8%	1,495	45.4%
Waldo	2,191	4,796	\$12,741	682	31.1%	954	43.5%
Washington	2,482	5,090	\$12,199	916	36.9%	1,135	45.7%
York	3,575	7,330	\$14,263	1,351	37.8%	1,748	48.9%
STATE*	46,575	96,455	\$13,242	15,966	34.3%	21,728	46.7%

*LIHEAP state totals include a few households with missing town information in the database.

Over one-third of households statewide receiving LIHEAP benefits were elderly (age 65 or over); close to half were single-person households; and the average household income was \$13,342. Aroostook County, with one of the oldest populations in the state, had the highest proportion of elderly households receiving LIHEAP benefits (40%), and Penobscot had the lowest (28.7%).



LIHEAP Trends

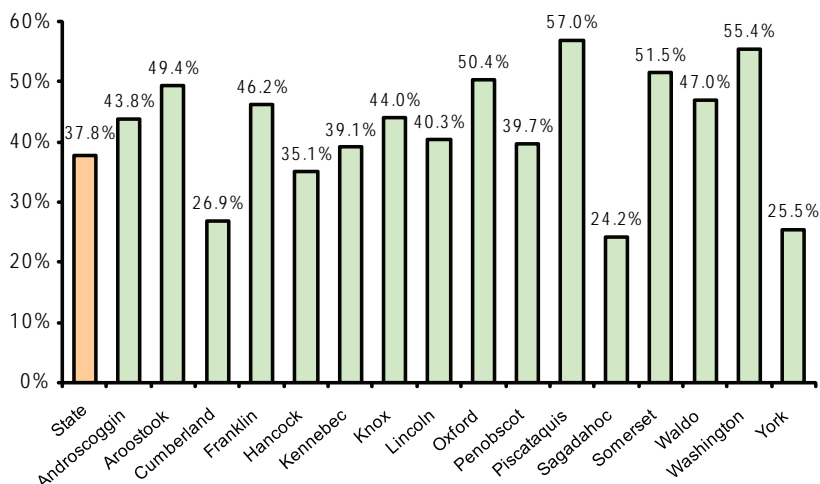
Over the last six years, the number of households receiving LIHEAP benefits has remained fairly stable, with a slight decline in 2002-2004. This is in contrast to the increase in households receiving food stamps during most of this same period.

Free and Reduced School Lunch Program

The National School Lunch Program for students enrolled in grades K-12 is administered through the state's Department of Education, which operates the program through agreements with local schools.

Because eligibility levels are somewhat less stringent than for food stamps, the participation rate in the lunch program is somewhat higher than for food stamps. In the current school year (2007-2008), 66,162 students are eligible for free or reduced lunch, which is 37.8% of enrolled students.

Enrolled Students Eligible for Free or Reduced School Lunch, as of October 1, 2007



Free and Reduced Lunch School Eligibility

	Total Enrolled	Free Lunch		Reduced Lunch Eligible		Total Eligible	
		Number	Percent	Number	Percent	Number	Percent
Androscoggin	15,164	5,448	35.9%	1,191	7.9%	6,639	43.8%
Aroostook	11,032	4,243	38.5%	1,208	10.9%	5,451	49.4%
Cumberland	33,961	7,554	22.2%	1,583	4.7%	9,137	26.9%
Franklin	4,345	1,590	36.6%	419	9.6%	2,009	46.2%
Hancock	5,645	1,465	26.0%	514	9.1%	1,979	35.1%
Kennebec	16,555	5,145	31.1%	1,325	8.0%	6,470	39.1%
Knox	3,365	1,221	36.3%	259	7.7%	1,480	44.0%
Lincoln	4,004	1,286	32.1%	329	8.2%	1,615	40.3%
Oxford	10,158	4,067	40.0%	1,050	10.3%	5,117	50.4%
Penobscot	20,764	6,577	31.7%	1,674	8.1%	8,251	39.7%
Piscataquis	2,542	1,134	44.6%	314	12.4%	1,448	57.0%
Sagadahoc	3,932	762	19.4%	190	4.8%	952	24.2%
Somerset	8,913	3,660	41.1%	934	10.5%	4,594	51.5%
Waldo	5,343	1,973	36.9%	540	10.1%	2,513	47.0%
Washington	3,503	1,586	45.3%	356	10.2%	1,942	55.5%
York	25,757	5,051	19.6%	1,514	5.9%	6,565	25.5%
STATE	174,983	52,762	30.2%	13,400	7.7%	66,162	37.8%

Close to or greater than half the students in Aroostook, Oxford, Piscataquis, Somerset, and Washington counties are eligible for free or reduced lunch. By way of contrast, only about one-quarter of students in Cumberland, Sagadahoc, and York counties are eligible.

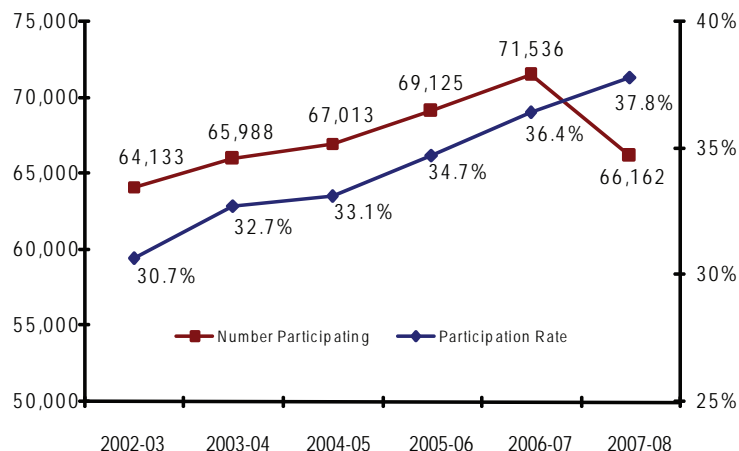
The percentage of eligible students is important not only as an indicator of poverty but also because having a higher percentage of eligible students entitles the school or district to other kinds of federal funds and programs aimed at disadvantaged students.

School Lunch Program Trends

The percentage of students eligible for the school lunch program statewide has increased steadily over the past six years, from 30.7% in 2002-03 to 37.8% in the current school year.

The number of eligible students also increased each year until this year, when there was a marked decrease due to a decline in the overall student population.

Enrolled Students Eligible for Free or Reduced Lunch and Program Participation Rates



Sources

Food stamp information is computed from the Maine Department of Health and Human Services monthly report, Geographic Distribution of Programs and Benefits (RE-PM001). <http://www.maine.gov/dhhs/OIAS/reports/reports.html>

LIHEAP information is derived from annual household databases provided to the Margaret Chase Smith Policy Center by Maine Housing.

School Lunch Program information is computed from an annual report of the Maine State Department of Education. http://portalx.bisoex.state.me.us/pls/doi_sfsr/eddev.ed534.ed534_parameters

Any and all figures presented here are the responsibility of the Margaret Chase Smith Policy Center and not of the provider sources.



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