

Community Connections

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The High Cost of Poverty: It Affects Us All

Erie County, Pennsylvania

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Helping today... Shaping tomorrow.

One in a series of publications designed to build and share knowledge on public issues in Erie County, Pennsylvania.

This series is a collaboration between The Erie Community Foundation and the Mercyhurst Civic Institute.

In furthering its mission of enriching the quality of life in the region, the Erie Community Foundation established an ad hoc committee of the Council of Advisors to study the issue of poverty in the Erie community. In the spring of 2006, this committee began its task by reviewing demographic data regarding poverty, conducting interviews with a cross section of stakeholders, and carrying out a literature review. This publication presents the findings of the work completed thus far by the Poverty Study Group.

This brief report is in no way meant to be an exhaustive exploration of this issue. Its intent is to increase public awareness about the magnitude of poverty in Erie County, the challenges for families living in poverty, the circumstances that lead to poverty, and the high costs of poverty for the whole community. It briefly presents current efforts in the Erie community to manage the effects of

A healthy community is necessary for a healthy business environment.

We all have a stake in working together to address poverty. In fact, it is essential that we do.

— Bill Hilbert Sr., PHB Industries

poverty. Finally, you are invited to partner with the Erie Community Foundation in developing community awareness and in creating a community-driven vision and action plan to address poverty in Erie County.



Poverty in Our Community

The 2000 U.S. Census Bureau figures indicate that 12.0% of Erie County residents, more than 32,000 people, lived below the poverty threshold.¹ The overall poverty rate in Erie City was 18.8%, and many of our residents who are poor are concentrated within census tracts where 32% to 45% of the residents live in households with incomes below the poverty threshold. *Living below the poverty threshold for the 2000 census equated to an income of less than \$13,300 for a family of three and less than \$17,100 for a family of four.*² A disproportionate number of children, especially minority children, are poor.

ERIE COUNTY CHILD POVERTY STATISTICS (1999)

	United States	Pennsylvania	Erie County	Erie City
All Children	16.6%	14.7%	16.2%	27.4%
White (Non-Hispanic)	9.4%	9.7%	11.4%	17.1%
Black	33.1%	35.8%	46.6%	47.9%
Hispanic	27.8%	37.7%	41.8%	46.5%

As has been the case nationally, poverty has increased in Erie County since 2000. Estimates conducted by the U.S. Census Bureau between decennial census years indicate 12.6% of Erie County residents, approximately 35,657 people, lived below the poverty threshold in 2003.³ This is an increase of an estimated 3,549 individuals, reflecting an 11% increase of individuals living in poverty since the 2000 census. *In 2003, the poverty threshold was \$15,260 for a family of three and \$18,400 for a family of four.*

An additional resource from the Census Bureau, The American Community Survey, produces critical information about local communities and each year publishes social, housing, and economic characteristics for various U.S. geographic areas.⁴

According to The American Community Survey in 2005:

- In Erie City, approximately 1 out of 5 individuals lived below the poverty threshold. And, approximately 1 out of 4 children in the city lived below the poverty threshold.
- In Erie County, approximately 1 out of 7 individuals lived below the poverty threshold. And, approximately 1 out of 6 children lived below the poverty threshold.
- In Erie City, approximately 30,886 individuals (34%) lived in households with incomes less than 150% of the poverty threshold.
- In Erie County, approximately 62,407 individuals (23.5%) lived in households with incomes less than 150% of the poverty threshold. *150% of the poverty threshold equals an income of \$23,366 or less for a family of three and \$29,957 or less for a family of four.*

The data informs us that poverty is indeed a growing problem in our community. The residents of Erie County agree. Of the 625 respondents recently polled on "Perceptions of Poverty in Erie County," 72% of residents said they believe that poverty in Erie City was a big problem, and 51% said that poverty in the county was a big problem.⁵

The Challenges of Living in Poverty

Behind the statistics are individuals—infants, children, teens, moms, dads, aunts, uncles, sisters, brothers, grandmas, and grandpas—who experience the personal effects of being “officially” poor or near poor. Interviews conducted by members of the Poverty Study Group were informative in gaining some insight into what it means to be one of the faces behind the statistics.⁶ What appears to be universal is that being low income in Erie County results in struggling to access transportation, adequate housing, quality child care and health care, and, too often, being unable to acquire these basic necessities. For many Erie families, being poor means making choices between food and rent or skipping meals so children can eat. It means heading to the food pantry in order to provide nutritional meals at home and relying on government, social service agencies, and churches for support and meeting basic needs. It means not knowing how you will pay for the medical care or dental work your child needs.

There is no single approach to this issue. Rural areas and the inner city are facing different issues and therefore require different approaches.

— Dr. David Kozak,
Professor of Public Policy,
Gannon University

Travis and Carmen

Erie County, Pennsylvania

Travis and Carmen’s financial struggles have been ongoing during much of their married lives. While they both have work histories, Carmen’s was interrupted for several years due to having to care for one of their children who, after an accident, ended up needing round-the-clock care. The child is now deceased, and Travis and Carmen are doing everything they can to provide for their remaining child. Travis works in a position that pays slightly above minimum wage. Carmen is drawing unemployment after being laid off from her factory job. Their income does not cover all the bills and while they have received help from a local social service agency for assistance with food, rent, clothes, and utilities, they are still falling further and further behind.

In addition to presenting serious challenges in meeting physical needs, being poor has profound psychological effects on families. Some parents expressed feeling bad that there was never money for “extras” like going out to a movie or shopping for new clothes for their children. The desire to be self-sufficient was expressed by many, and yet as one individual who works a part-time job in addition to her full-time job stated, “I work so hard but I don’t see it materializing.” Being poor can lead to feelings of hopelessness, frustration, fear, and distrust. However, there are also many low-income individuals who express pride in what they have overcome and an “I can do it” attitude. Just like “non-poor” parents, parents who are low-income expressed a desire for their children to obtain a good education and have what is best for them.

Why Are So Many in Erie Poor?

There are multiple factors associated with why people in Erie County experience poverty. Glimpsing at a few of the factors clearly indicates stereotypes often do not apply. Policy reform ending cash entitlements and an improved economy resulted in a significant reduction in the welfare rolls, and many who left cash assistance are working. But many former welfare recipients are working in low-wage jobs, mostly without benefits, and are still poor. (A local study conducted with single mothers who left cash assistance in Erie County indicated welfare leavers want to work and are working.⁷) And, it is not only those who once used welfare working in low-wage jobs. Plant closings in our community have contributed to the financial hardships being experienced by some who lost their jobs. Many elderly living solely on Social Security are officially poor. They sometimes choose between medicine and paying for food or rent. There are those who are poor and dealing with serious mental health issues such as depression, post-traumatic stress syndrome, and schizophrenia. Many working families with children do not have access to affordable child care or reliable transportation and end up struggling to make ends meet.

Many of the factors associated with poverty can be alleviated. Stakeholders interviewed indicated that equal access to quality education starting in early childhood and the development of, and access to, job training and good paying jobs as well as affordable health care are needed most to break the cycle of poverty in Erie County. Alleviating poverty through systemic change, however, will require a concerted, multifaceted, and community-wide approach.

Everyone I know is in poverty and it is getting worse with companies closing. Sometimes I wonder if it is everywhere or if it is just because I am so poor and everyone I know is too. I see it everywhere.

— Person living in poverty



Economic and Social Costs of Poverty

Poverty is costly to all of us. Poverty interferes with the accumulation of human capital, which subsequently has a negative impact on the economic growth of our community. Living in poverty results in increased risk of poor health and criminal activity that has significant social and economic implications.⁸

This past year, four nationally respected academic researchers, Holzer, Schanzenbach, Duncan, and Ludwig, utilized the findings from many studies to estimate “the average statistical relationships between children growing up in poverty and their earnings, propensity to crime, and quality of health later in life.” They also reviewed “the costs that crime and poor health per person impose on the economy.” They estimate that the costs associated with child poverty totals approximately \$500 billion per year. This equates to about 3.8% percent of the GDP.⁹

The Erie County Department of Health estimated the economic costs of Erie County poverty by using the 2005 population estimate for Erie County of 280,446 and applying

the GDP economic cost model figures provided by Holzer and colleagues. The estimate equals \$463,577,238 per year. The \$463 million in annual economic costs is distributed across the three domains of (1) foregone earnings, (2) crime, and (3) health.¹⁰

In accordance with Holzer on the national cost estimate, the health department notes the uncertainty of the local cost estimate. Holzer, et. al. believe that their methodology very likely underestimates the overall economic costs of all poverty.

When we become serious about poverty we undertake a journey that begins with awareness, moves on to charity, and then leads to challenging questions of justice.

— The Very Reverend
John P. Downey, Dean,
Cathedral of Saint Paul
(Episcopal)

Malcolm and Deena

Erie County, Pennsylvania

Malcolm and Deena have been married for 12 years and have two children. Malcolm recently started receiving disability for a serious health condition. His physical condition prevents him from working or being able to watch the children while Deena works. Currently, they receive cash assistance and other government subsidies. Deena worked in health care for 10 years but is currently unemployed since she cannot leave her husband alone. While government assistance and support from social service agencies helps the family survive, the stress of “never having enough” is great. “I tell my kids, so what if other people have cars, or a Game Boy, we make do with what we have.” What she really desires is help that would let her return to work and for her family to be able to get back on their feet.

Access to education is the only way out of poverty. When equal access is denied, it impacts one's life forever.

— Dr. Frank G. Pogue,
President, Edinboro University
of Pennsylvania

Clearly, from an economic standpoint, expenditures to address poverty “can be viewed as public or social investments, which generate returns to society over time in the form of higher real gross domestic product, greater productivity, reduced expenditures on crime and health care problems, reduced costs borne by crime victims or those in poor health, and improvements in everyone’s quality of life in a wide variety of other ways as well.”¹¹

Costs of Concentrated Poverty

Poverty in the Erie community is highly concentrated. In nine contiguous census tracts in Erie City, the poverty rates exceed 30% with a range of 32% to almost 45%. Whereas 21% of the population resides within these nine census tracts, it represents 41% of all those living in poverty. Research supports the common assumption that “concentration of poor people leads to a concentration of social ills that cause and are caused by poverty.”¹² An analysis conducted by the Annie E. Casey Foundation in 2005 indicates that negative child outcomes such as teen pregnancy, health problems, and dropping out of school are linked to higher rates of neighborhood poverty. One of the problems faced by families who live in neighborhoods with high poverty rates is isolation from both economic opportunity and social networks.¹³

Cindy

Erie County, Pennsylvania

Cindy suffered many troubled years and fell victim to substance abuse. In 2000, she was homeless, desperate, and “at the end of my rope.” She entered rehabilitation, is now clean and working two jobs—one full time and another part time. Her annual income from both jobs combined is approximately \$20,000 per year. Additionally, she receives some child support, heating assistance, and medical cards for her two teenage children. They live in a house that she is buying through a first-time homeowner’s loan. She is grateful that she is not homeless and is actually buying, not renting, but she also feels frustration. “I work so hard but I don’t see it materializing, there is never even enough food in the house, and there is no extra anything.” While the bills do get paid, every penny is then gone. She states, “I want to do more for the kids and feel bad that I can’t.” Cindy would like to go back to school eventually so she can get a better job, but at this time she sees no way financially to make that happen.



Current Efforts and Local Initiatives

We are fortunate to have a vital and effective nonprofit sector in Erie County, including many providers that address the diverse needs of poor and low-income individuals and families. "A Profile of Nonprofit Organizations," available through the Erie Community Foundation, identifies organizations in Erie County that deliver arts and culture, education, health, human services, and youth development programs to the community. Human service organizations account for nearly one in three nonprofits in the county, evidence of a long tradition of service and a strong commitment to Erie's poor and vulnerable.

Social service nonprofits are joined by churches and religious institutions that provide additional assistance, including emergency support, education, food distribution, and housing. These services supported both publicly and privately are critical, yet, as President of Mercyhurst College Dr. Thomas Gamble states: "Social services respond to the consequences of poverty, but generally not to the causes of poverty. There is a need to address poverty on the macro level of social policy change, education and finance reform, and to involve the resources of the business and political communities. While we have a humanitarian obligation to provide social services and they do ameliorate much human suffering, social services alone will never adequately address the poverty problem."

There are numerous community initiatives aimed at addressing some of the underlying factors associated with poverty. For example, to promote early learning in childhood and enhance school readiness, United Way funds programming at Early Connections that provides free educational services to children from low-income families who are not

It is education, jobs and opportunities that break the cycle. It is a matter of awareness, prioritization, and mobilization of resources. This will require a full court press of community leaders. We need a "summit" on poverty in Erie.

kindergarten-ready. After services, 88% of the 385 children served in 2006 exhibited age-appropriate social, motor, verbal, and cognitive skills, and displayed a positive self-image. These services are critical in giving poor children enhanced opportunities for early learning and later school success, especially during the foundational years of kindergarten and elementary grades.

The Earned Income Tax Credit (EITC) Initiative was started to help low-income families access federal tax credits and free tax preparation services. The federal Earned Income Tax Credit (EITC) provides up to \$4,500 to working families who earn less than \$39,000. The credit enjoys wide bipartisan support because of its proven record in helping reduce

—John Malone,
President and CEO,
Hamot Health Foundation

poverty, reward work, provide tax relief, stimulate local economies, and meet basic expenses for working families. The most recent data indicate that in 2004, 20,877 taxpayers in Erie County received the earned income credit for a total of \$34,392,058. It is estimated an additional 9,000 Erie County taxpayers are eligible but not receiving credits. At an average of \$1,700 per credit, local families could be missing \$14,000,000 in annual income. During its first year (2005), Erie's EITC Initiative generated almost \$600,000 in additional refunds for local individuals and families and saved them from spending \$50,000 on tax preparation services. The local initiative is led by Family Services and supported with grants from the Erie Community Foundation. This year, there are 19 free tax preparation sites throughout Erie city and county, many of which are located in poor neighborhoods.

We need to change the way we perceive poverty...change to what are the human needs of the community and what are the human and (hidden) resources we have to meet those needs. We need community-wide unity not division.

— Rabbi John L. Bush,
Temple Anshe Heses

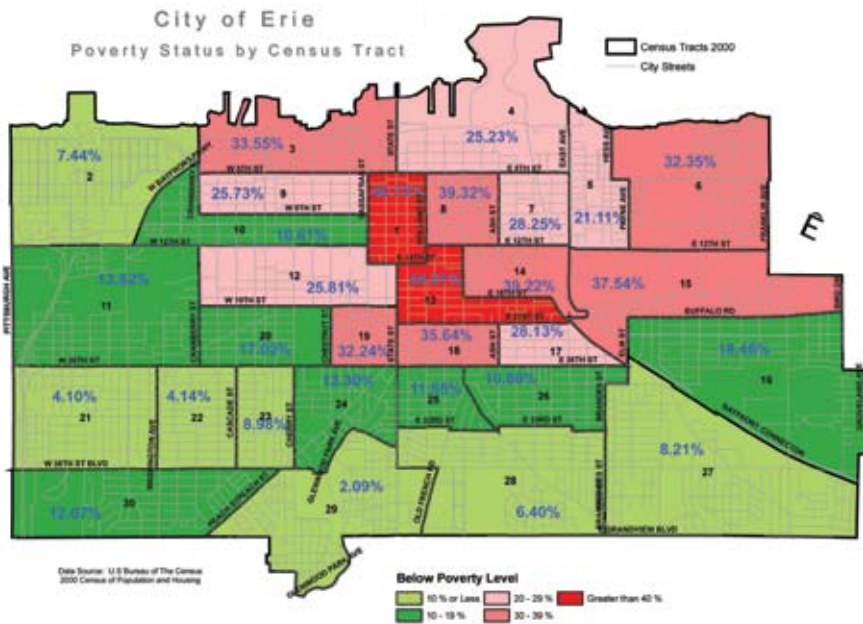
Maria

Erie County, Pennsylvania

Maria is a 31-year-old mother of three children who is recently separated from her spouse. She is currently in her junior year of college. Her biggest challenges are paying her bills on time and helping the children adjust to not having a father in the home. To pay the bills she relies on money from her work-study jobs, child support, and college loans. She does not receive cash assistance but does get food stamps, a medical card, and help with heat and electricity. Money for necessities such as clothes is just not available. At the beginning of the school year she was doing laundry every day since the children only had one pair of pants each and she wanted them to be clean. Her hope is to finish school and make a better life for her family. By sacrificing and going without right now she is certain she and her children will come out on top.

In Summary

In our region poverty is a serious issue requiring attention from all of us. It has a direct impact on many adults and children, and indirectly affects the quality of life for all Erie residents. By addressing poverty we stand to both improve our workforce and the overall business climate in our region. A common theme that emerged in stakeholder interviews with individuals from business, health care, education, the religious community, social service, government, and people living in poverty was that as a community we must unite and work together to develop and implement creative strategies to effectively deal with poverty and its long-lasting effects on families.



Poverty Rates by Municipality 2000

	Total Poverty	Child Poverty
United States	12.4%	16.6%
Pennsylvania	11.0%	14.7%
Erie County	12.0%	16.2%

Municipality	Total Poverty	Child Poverty
Albion Borough	11.8%	14.3%
Amity Township	10.9%	14.1%
Concord Township	7.3%	8.4%
Conneaut Township	11.3%	16.5%
Corry City	16.4%	21.4%
Cranesville Borough	7.8%	*
Edinboro Borough	34.4%	10.8%
Elgin Borough	*	*
Elk Creek Township	6.0%	5.0%
Erie City	18.8%	27.4%
Fairview Township	3.8%	4.7%
Franklin Township	3.0%	4.1%
Girard Borough	8.3%	13.4%
Girard Township	6.5%	7.5%
Greene Borough	4.6%	6.3%
Greenfield Township	5.3%	7.5%
Harborcreek Township	5.5%	4.8%

	Total Poverty	Child Poverty
Lake City Borough	12.9%	16.1%
Lawrence Park Township	6.5%	9.7%
LeBoeuf Township	7.0%	9.1%
McKean Borough	5.4%	*
McKean Township	5.0%	8.1%
Millcreek Township	5.8%	7.5%
Mill Village Borough	9.3%	*
North East Borough	13.6%	19.1%
North East Township	5.8%	8.5%
Platea Borough	12.9%	*
Springfield Township	9.3%	10.3%
Summit Township	6.9%	11.3%
Union Township	8.1%	13.4%
Union City Borough	20.9%	26.8%
Venango Township	3.7%	*
Washington Township	3.5%	*
Waterford Borough	7.2%	9.3%
Waterford Township	7.0%	14.9%
Wattsburg Borough	17.9%	*
Wayne Township	9.9%	9.5%
Wesleyville Borough	11.8%	12.3%

* Population less than 300

Call to Action

The Erie Community Foundation, in partnership with additional funders, local nonprofit service providers, government, civic leaders, and volunteers will:

- Continue efforts to create awareness of the poverty issue through a series of presentations to a wide variety of stakeholder groups. *If you participate in a civic group, please contact ECF for a speaker on the topic of poverty in Erie County.*
- Conduct an in-depth study of successful national initiatives to address poverty and determine, with community feedback, what could be initiated locally to continue reducing poverty in the Erie community.
- Convene members from a wide cross section of stakeholders to develop a community agenda for addressing poverty and improving the quality of life for all Erie residents.

The Poverty Study Group would like to encourage all Erie residents to learn more about poverty in our community and to please contact the Erie Community Foundation with your thoughts and ideas.

For more information, please go to the Erie Community Foundation web site at www.eriecommunityfoundation.org or the Mercyhurst College Civic Institute web site at www.civicinstitute.org.

Never doubt that a small group of thoughtful committed citizens can change the world, indeed that is the only thing that ever has.

— Margaret Mead, Anthropologist (1901-1978)

ENDNOTES

- 1 U.S. Bureau, Census 2000, Table DP-1: Profile of General Demographic Characteristics, Erie County, Pennsylvania at www.census.gov.
- 2 Poverty guidelines updated periodically in the Federal Register by the U.S. Department of Health and Human Services under the authority of 42 U.S.C. 9902(2).
- 3 U.S. Census Bureau: State and County QuickFacts. Data derived from Population Estimates, Census of Population and Housing, Small Area Income and Poverty Estimates at <http://quickfacts.census.gov/qfd/states/42/42049.html>.
- 4 U.S. Census Bureau, 2005 American Community Survey, Erie County Pennsylvania, General Demographic Characteristics.
- 5 The "Perceptions of Poverty Poll" was conducted through the Mercyhurst College Civic Institute under the direction of Dr. Laura Lewis. College students assisted in the completion of 625 phone interviews during October and November 2006. Report can be found at www.civicinstitute.org.
- 6 During 2006 the Poverty Study Group conducted interviews with 40 individuals who were each asked a series of 10 questions. The individuals were people living in poverty, social service providers and members of the business, government, education, health care and religious sectors of the community. Six additional in-depth interviews were conducted with individuals who were working and struggling to make ends meet.
- 7 Lewis, L. (2002). "Life After TANF: Single Mothers in Erie County Pennsylvania Share Their Experiences."
- 8 "Poverty in America, Consequences for Individuals and the Economy," Statement by S. Nilsen, of the General Accounting Office, before the Committee on Ways and Means, January 24, 2007.
- 9 Holzer, H., Whitmore Schanzenbach, D., Duncan, G., and Ludwig, J. (January 2007) "The Economic Costs of Poverty in The United States: Subsequent Effects of Children Growing Up Poor," Center for American Progress. The authors make it clear that they make a number of assumptions about the definition of poverty as well as cause and effect. They acknowledge the limitations of attempts to "disentangle" hereditary and environmental factors associated with poverty.
- 10 Jeffrey T. Quirk, Ph.D., Epidemiologist, Erie County Department of Health, Erie, PA. February 2007.
- 11 Holzer, H., Whitmore Schanzenbach, D., Duncan, G., and Ludwig, J. (January 2007) "The Economic Costs of Poverty in The United States: Subsequent Effects of Children Growing Up Poor," Center for American Progress.
- 12 Mather, M. and Rivers, K., "Census 2000 Report: The Concentration of Negative Outcome in Low-Income Neighborhoods," Annie E. Casey Foundation, 2007.
- 13 Ibid.

Profiles listed are that of current Erie County low-income families. Names and some identifying information have been changed.



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