



POVERTY IN MAINE UPDATE

Volume 2, Issue 1

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IN THIS ISSUE:

Poverty is Persistent

Benefits

Food Stamps

Low Income Home Energy Assistance Program (LIHEAP)

Free and Reduced Lunch Program

Dear Readers,

We are pleased to present the first of two *Poverty in Maine Update* newsletters for 2009, produced by the Margaret Chase Smith Policy Center, University of Maine, with the support of the state's ten Community Action agencies. Our newsletters aim to present a picture of poverty in Maine, based on the most current and reliable data available from state and federal sources. This issue focuses on the latest trends in poverty rates and in major benefits programs serving the state's most vulnerable populations.

In reviewing the analysis here, readers should recognize that the impact of the current national recession is adding critical stress on Maine families that is not yet fully measured by the numbers in this newsletter. We anticipate that the recession will add significantly to the sober-

ing picture presented here. As we go to publication there is reason to be very worried about the future for Maine's low and middle income families. There are tens of thousands of Mainers who will struggle to maintain enough income to sustain themselves, especially if layoffs continue and fuel prices rise during the next winter.

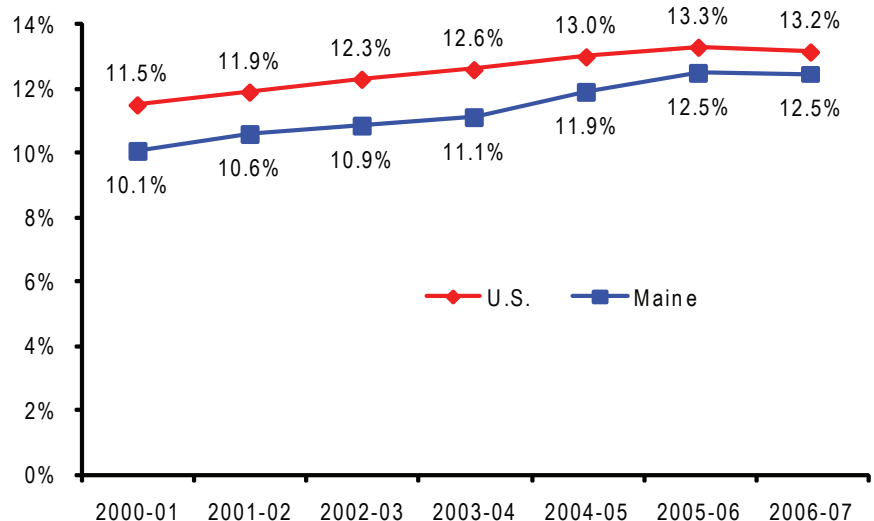
We hope you find this newsletter useful in understanding the issues and scope of poverty and economic distress in the state. We also hope that state leaders will use this information to design policies and programs that are most responsive to the needs of Maine's most vulnerable citizens.

Executive Director,
Maine Community Action Association

POVERTY IS PERSISTENT

The individual poverty rate in Maine remained at an elevated level through 2007. The state's two-year average individual poverty rate of 12.5 percent in 2006-07 was the same as in 2005-2006. It remains higher than its recent low of 10.1 percent in 2000-2001. By contrast, the two-year average poverty rate declined in the U.S. in the 2006-2007 period compared with 2005-2006.

Figure 1: Maine and U.S. Individual Poverty Rate Estimates, Two-year Averages*



* Because of possible fluctuations due to sampling error in poverty estimates, the Census Bureau recommends reporting changes in state poverty rates over time as two-year averages.

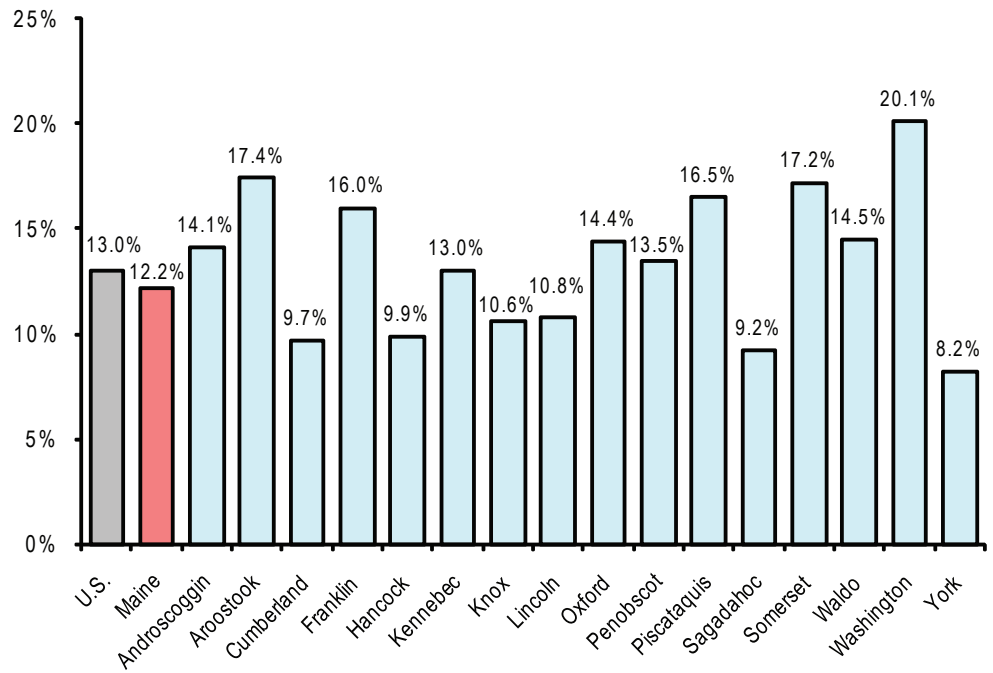
Margaret Chase Smith Policy Center
University of Maine

Maine Community Action Association

The poverty rate is considered a “lagging” indicator, in that it tends to rise after the “official” end of recessions. Poverty in 2008-09 is likely to show an increase both nationally and in Maine, reflecting the impact of the severe national and global economic downturn.

Regional poverty disparities continued in 2007. Washington County passed the dubious milestone of having a poverty rate of over 20 percent, more than double that of York County, with 8.2 percent, the lowest in the state. Somerset and Aroostook counties both had 2007 poverty rates of over 17 percent.

Figure 2: Individual Poverty Rates, 2007: U.S., Maine and Maine Counties



BENEFITS

2007 HHS Poverty Guidelines

Persons in Family or Household	Guideline
1	\$10,210
2	13,690
3	17,170
4	20,650
For each additional person, add	\$3,480

Poverty guidelines, issued annually by the U.S. Department of Health and Human Services, are used in determining 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 programs. Some programs use a percentage multiple in determining eligibility, and

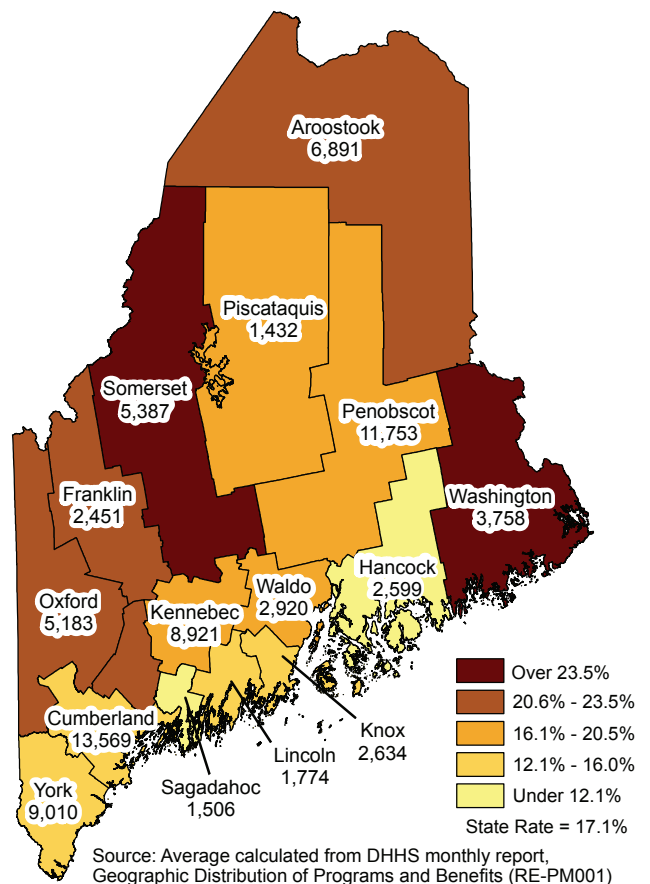
many have other provisions besides income (e.g., level of allowable assets, allowable deductions from income).

LIHEAP eligibility: In FY 2007-08, household income 150 percent of the federal poverty guidelines, 170 percent for households with members age 60 and over or age two and under.

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

Food Stamps [Supplemental Nutrition Assistance Program] eligibility: Household gross monthly income at 130 percent of poverty guideline, and net monthly income (after allowable deductions) at 100 percent of poverty guideline. However, there are also levels of allowable assets, and allowances made based on age, disability, and source of income.

Figure 3: Households Receiving Food Stamps, Monthly Average by County, FY 2007-08



Food Stamps [Supplemental Nutrition Assistance Program]

The USDA's food stamp program (recently renamed "Supplemental Nutrition Assistance Program," or SNAP) is one of the most wide-reaching, low-income benefit programs in Maine. In FY 2007-08, a monthly average of 88,863 households in the state received food stamps, or 17.1 percent of Maine households.

Washington and Somerset counties had the highest rate of food stamp use, with a monthly average of over 26 percent of households receiving food stamps, while Sagadahoc County had the lowest rate, 10.7 percent. In Androscoggin, Aroostook, Franklin, Oxford and Penobscot counties, more than 20 percent 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 (Figure 3 and Table 1).

Table 1: Monthly Average Number of Households and Individuals Receiving Food Stamps and Program Participation Rates, FY 2007-08

	Households*	FS Cases		Population*	FS Individuals	
		Number	Percent		Number	Percent
Androscoggin	42,028	9,053	21.5%	100,164	18,786	18.8%
Aroostook	30,356	6,891	22.7%	71,993	13,087	18.2%
Cumberland	107,989	13,569	12.6%	257,982	26,247	10.2%
Franklin	11,806	2,451	20.8%	28,268	4,856	17.2%
Hancock	21,864	2,599	11.9%	50,394	5,301	10.5%
Kennebec	47,683	8,921	18.7%	113,534	17,649	15.5%
Knox	16,608	2,634	15.9%	38,292	5,320	13.9%
Lincoln	14,158	1,774	12.5%	33,269	3,826	11.5%
Oxford	22,314	5,183	23.2%	53,734	10,615	19.8%
Penobscot	58,096	11,753	20.2%	138,605	22,726	16.4%
Piscataquis	7,278	1,432	19.7%	17,011	3,052	17.9%
Sagadahoc	14,117	1,506	10.7%	34,909	3,298	9.4%
Somerset	20,496	5,387	26.3%	49,980	10,984	22.0%
Waldo	14,726	2,920	19.8%	35,704	6,176	17.3%
Washington	14,118	3,758	26.6%	32,985	7,207	21.8%
York	74,563	9,010	12.1%	184,069	18,520	10.1%
STATE**	518,200	88,863	17.1%	1,240,893	177,695	14.3%

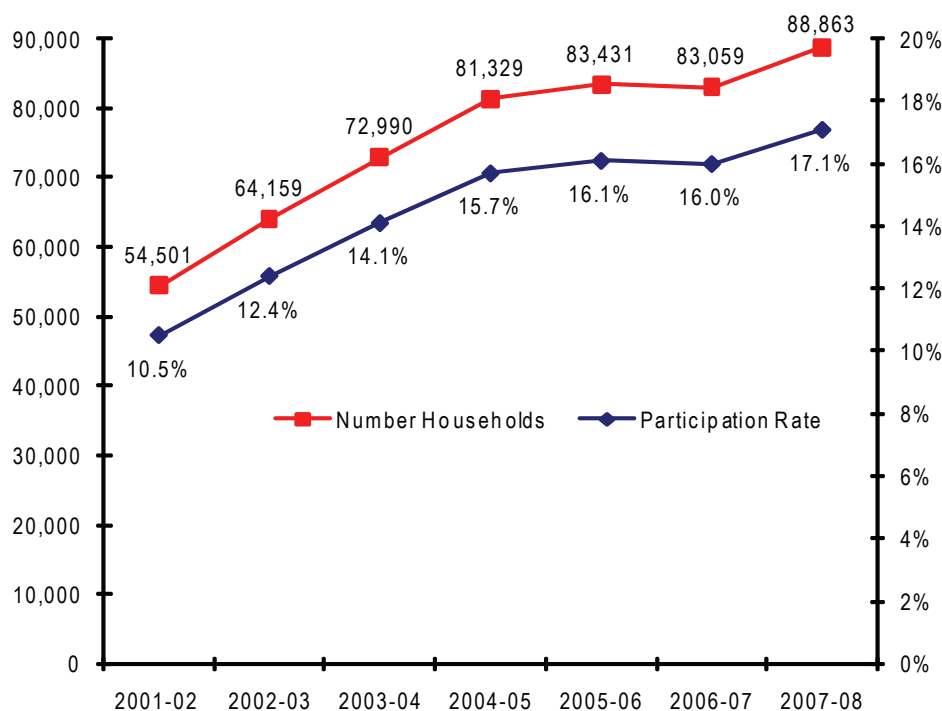
* Household and population numbers are from the 2000 US Census

**State food stamp figures include a few households with unknown or NH addresses

In FY 2007-08, a monthly average of 177,695 individuals received food stamps, or 14.3 percent of the state's population (Table 1). Somerset County had the highest percentage of individuals receiving food stamps (22.0 percent), followed by

Washington (21.8 percent), Oxford (19.8 percent), Androscoggin (18.8 percent) and Aroostook (18.2 percent) counties. Cumberland County had the largest number of individuals receiving food stamps (26,247).

Figure 4: Monthly Average Number of Households Receiving Food Stamps and Program Participation Rates, by Year, FY 2002 – FY 2008



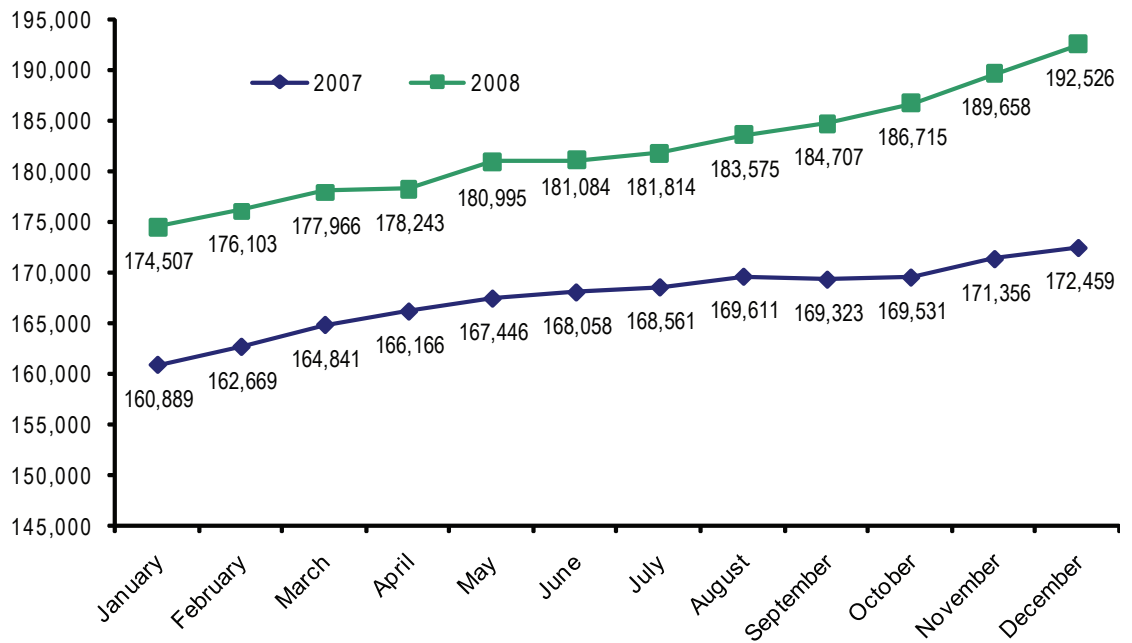
Trends in Food Stamp Use

After leveling off in the previous two fiscal years, the number of households receiving food stamps showed a dramatic upturn, from a monthly average of 83,059 (16 percent of the state's households) in FY 2006-07 to 88,863 (17.1 percent of the state's households) in FY 2007-08 (Figure 4).

In earlier years (2001-2006) increases in food stamp use can be explained more by changes in the administration of the program, such as increased outreach efforts to enroll those eligible, and the switch from paper to a debit card system, rather than by increases in the level of need.

However, the current increase in food stamp program participation is likely closely related to increased levels of need related to the economic downturn and possibly to last year's spike in fuel prices. Because food stamps is such a broad-based safety net program, it can be seen as a sensitive and immediate indicator of short-term patterns of economic distress.

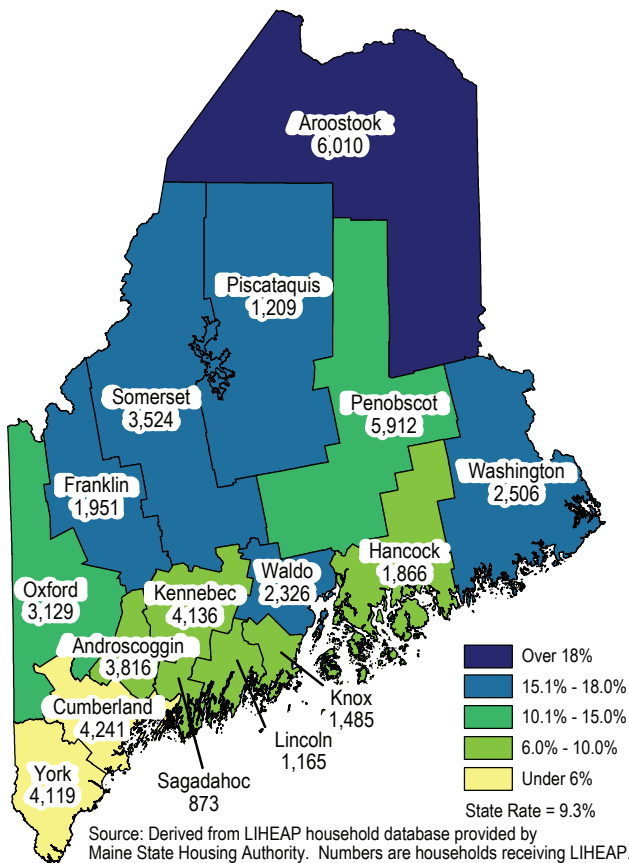
Figure 5: Number of Individuals Receiving Food Stamps, by Month, 2007 and 2008



Looking at month-by-month comparisons between 2007 and 2008

in the number of individuals receiving food stamps further illustrates the major upswing in the use of food stamps statewide (Figure 5). For example, comparing December 2008 with December 2007, there was an increase of over 20,000 in the number of people receiving food stamps (an 11.5 percent increase), from 172,469 in December 2007 to 192,526 in Decem-

Figure 6: Households Receiving LIHEAP, by County, FY 2007-08



Low Income Home Energy Assistance Program (LIHEAP)

The sharp surge in fuel prices in the FY 2007-08 heating season, along with colder than normal winter temperatures, caused hardship for many Mainers, especially the state's lower income population. Community Action Agencies (CAPs) saw a major rise in applications for fuel assistance, including an increase in applications from families whose incomes were over the LIHEAP qualifying limit and who were therefore not eligible for benefits. Communities, businesses, non-profit agencies, and coalitions of organizations attempted to bridge the gap between existing resources and levels of need by setting up temporary emergency fuel assistance programs. These programs helped to provide additional resources for those whose LIHEAP benefits were exhausted and for some families whose incomes exceeded the LIHEAP qualifying level but who were in severe distress because of the unforeseen increase in fuel prices.

The "fuel crisis" of 2008 highlights the fact that there are a substantial (but uncounted) number of working families in the state who are not included in poverty statistics, but who are in danger of suffering hardship with any upward spike in prices for basic needs such as food or fuel.

For the 2008-09 heating season (beginning October 1, 2008), the federal government passed a temporary change in eligibility requirements allowing additional Maine households to receive

LIHEAP benefits (household income 200 percent of federal poverty guidelines, or 230 percent for households with members over 60 or under two). There was also an increased funding level. These changes, combined with the sharp drop

in oil prices, should enable the LIHEAP program to provide more benefits to an expanded number of households during the current fiscal year.

In 2007-08, 48,278 Maine households received LIHEAP benefits, or 9.3 percent of all households in the state (Table 3). The number of individuals in these households came to 100,569 (Table 2). LIHEAP household participation rates ranged from just under four percent in Cumberland County to almost 20 percent in Aroostook County (Figure 6 and Table 3). Aroostook County also had the largest number of households receiving

Table 2: Characteristics of LIHEAP Recipients, FY 2007-08

	Total Households	Total Individuals	Average Household Income	Applicant Age 65 or Over		Single Person Households	
				Number	Percent	Number	Percent
Androscoggin	3,816	7,881	\$14,037	1,354	35.5%	1,832	48.0%
Aroostook	6,010	12,111	\$14,521	2,374	39.5%	2,779	46.2%
Cumberland	4,241	8,593	\$14,322	1,542	36.4%	2,115	49.9%
Franklin	1,951	4,095	\$14,085	643	33.0%	885	45.4%
Hancock	1,866	3,795	\$12,987	684	36.7%	889	47.6%
Kennebec	4,136	8,661	\$14,198	1,326	32.1%	1,947	47.1%
Knox	1,485	3,085	\$13,911	528	35.6%	679	45.7%
Lincoln	1,165	2,434	\$13,838	411	35.3%	538	46.2%
Oxford	3,129	6,667	\$13,783	1,000	32.0%	1,412	45.1%
Penobscot	5,912	12,539	\$13,863	1,820	30.8%	2,633	44.5%
Piscataquis	1,209	2,484	\$13,582	421	34.8%	540	44.7%
Sagadahoc	873	1,871	\$14,381	279	32.0%	398	45.6%
Somerset	3,524	7,543	\$13,790	1,203	34.1%	1,534	43.5%
Waldo	2,326	5,018	\$13,537	751	32.3%	1,042	44.8%
Washington	2,506	5,139	\$12,888	945	37.7%	1,136	45.3%
York	4,119	8,624	\$15,043	1,495	36.3%	1,960	47.6%
Unk. & NH	10	29		0	0.0%	2	20.0%
STATE	48,278	100,569	\$14,030	16,776	34.7%	22,321	46.2%

LIHEAP, 6,010. Over one-third of households statewide receiving LIHEAP were elderly (65 or over). Aroostook County, with one of the oldest populations in the state, had the highest proportion of elderly receiving LIHEAP (39.5 percent), while Penobscot had the lowest (30.8 percent). Close to half (46.2 percent) of households statewide receiving LIHEAP were single-person households (Table 2).

Table 3: Food Stamp and LIHEAP Household Participation Rates, FY 2007-08

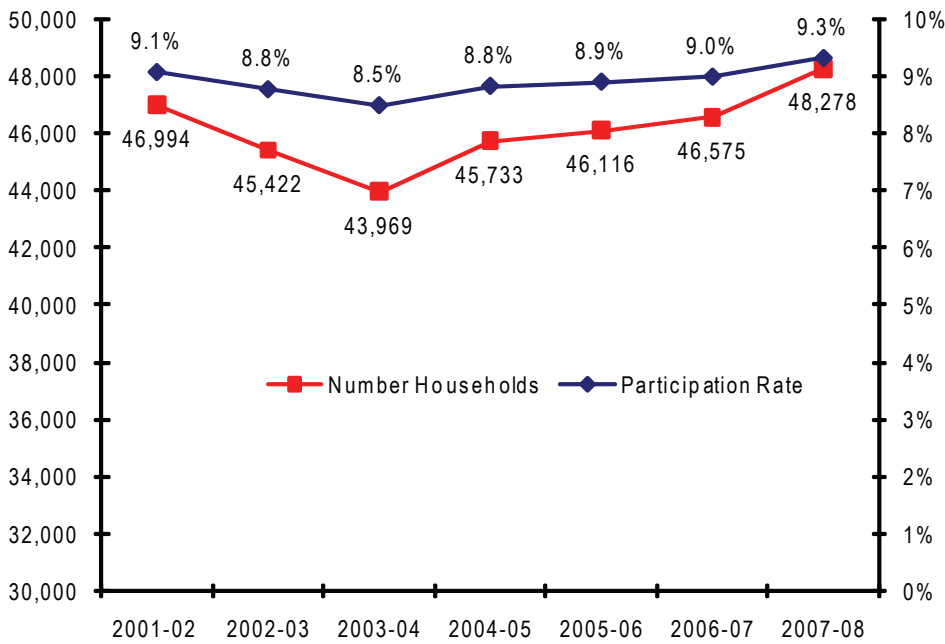
	Households (2000 Census)	Monthly Avg. Food Stamp Cases		Households Receiving LIHEAP	
		Number	Percent	Number	Percent
Androscoggin	42,028	9,053	21.5%	3,816	9.1%
Aroostook	30,356	6,891	22.7%	6,010	19.8%
Cumberland	107,989	13,569	12.6%	4,241	3.9%
Franklin	11,806	2,451	20.8%	1,951	16.5%
Hancock	21,864	2,599	11.9%	1,866	8.5%
Kennebec	47,683	8,921	18.7%	4,136	8.7%
Knox	16,608	2,634	15.9%	1,485	8.9%
Lincoln	14,158	1,774	12.5%	1,165	8.2%
Oxford	22,314	5,183	23.2%	3,129	14.0%
Penobscot	58,096	11,753	20.2%	5,912	10.2%
Piscataquis	7,278	1,432	19.7%	1,209	16.6%
Sagadahoc	14,117	1,506	10.7%	873	6.2%
Somerset	20,496	5,387	26.3%	3,524	17.2%
Waldo	14,726	2,920	19.8%	2,326	15.8%
Washington	14,118	3,758	26.6%	2,506	17.8%
York	74,563	9,010	12.1%	4,119	5.5%
STATE*	518,200	88,863	17.1%	48,278	9.3%

*State figures include a few households with missing or NH addresses

The number of households receiving LIHEAP benefits is considerably less than the number receiving food stamps (Table 3). Differences in eligibility for the two programs may account for some of the discrepancy. For example, food stamps may be issued to some members of the households discounting the income of others, while income from all household members is used in determining eligibility for LIHEAP. Moreover, those who live in subsidized housing where heat is included in the rent are not eligible for LIHEAP benefits, but are likely to be receiving foodstamps.

The discrepancy between the number of households receiving LIHEAP and those receiving food stamps also underscores the differences between open-ended programs such as food stamps (“entitlements”) and those such as LIHEAP with annual funding limits allocated to each state. The level of a household’s LIHEAP benefit, and how much fuel cost the benefit will cover, can fluctuate from year to year depending on the number of eligible applicants, the price of fuel, and the level of funds appropriated in a given year.

Figure 7: Households Receiving LIHEAP and Program Participation Rates, FY 2002 - FY 2008



LIHEAP Trends

Over the period from FY 2002 through FY 2007, the number of households receiving LIHEAP benefits remained relatively stable, with a slight dip in 2002-2004 (Figure 7). However in FY 2007-08, there was an increase in the number of households to the highest point in the last seven years. Although fewer households receive LIHEAP than receive food stamps, this pattern of increased use parallels recent increases seen in the food stamp and free and reduced school lunch programs, and all are very likely related to the state and national economic downturn.

Free and Reduced School Lunch Program

The National School Lunch Program for students in grades K-12 is administered through the state's Department of Education which operates the program through agreements with local schools. Participation is open to private as well as public schools.

Income-eligibility requirements are somewhat different for the lunch program than for food stamps, resulting in a higher participation rate for the lunch program than for food stamps. In the current school year (2008-09), 75,364 students are eligible for free or reduced lunch, or 39.1 percent of enrolled students (Figure 8).

More than half of students in Oxford, Piscataquis, Somerset, Waldo, and Washington counties are eligible for free or reduced lunch. In Cumberland, Sagadahoc and York counties, less than a third are eligible.

Figure 8: Enrolled Students Eligible for Free or Reduced School Lunch, October 1, 2008

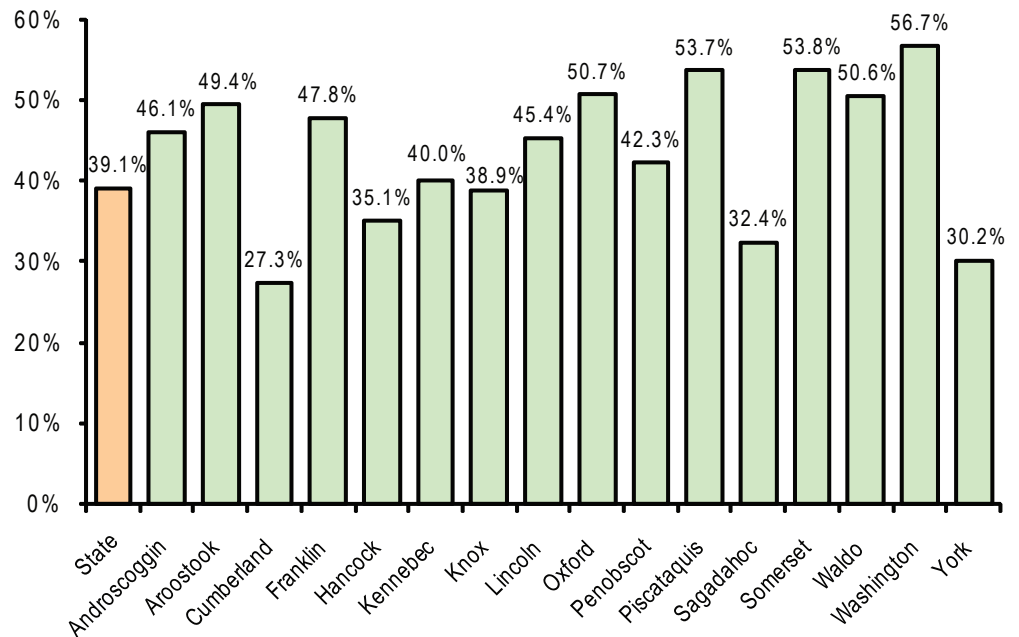
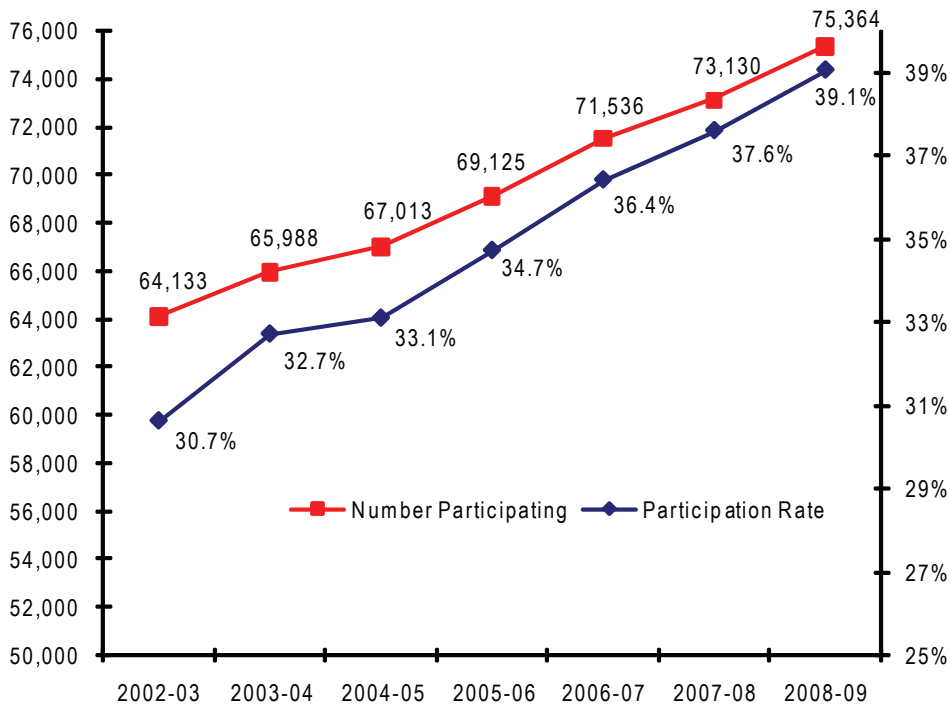


Table 4 shows breakdowns by county for free and reduced lunch. The percentage of students eligible for free and reduced lunch is important as a poverty indicator. However, the percentage of eligible students also has practical implications. A higher eligibility level entitles schools and school districts to obtain additional federal funds and to participate in programs aimed at disadvantaged students.

Table 4: Free and Reduced Lunch School Eligibility, October 1, 2008

	Total Enrolled	Free Lunch		Reduced Lunch Eligible		Total Eligible	
		Number	Percent	Number	Percent	Number	Percent
Androscoggin	15,145	5,768	38.1%	1,215	8.0%	6,983	46.1%
Aroostook	11,124	4,340	39.0%	1,159	10.4%	5,499	49.4%
Cumberland	41,251	9,243	22.4%	2,025	4.9%	11,268	27.3%
Franklin	4,239	1,653	39.0%	373	8.8%	2,026	47.8%
Hancock	6,771	1,815	26.8%	558	8.2%	2,373	35.1%
Kennebec	18,660	5,982	32.1%	1,483	8.0%	7,465	40.0%
Knox	4,769	1,509	31.6%	346	7.3%	1,855	38.9%
Lincoln	4,059	1,438	35.4%	403	9.9%	1,841	45.4%
Oxford	9,966	4,130	41.4%	920	9.2%	5,050	50.7%
Penobscot	21,955	7,565	34.5%	1,715	7.8%	9,280	42.3%
Piscataquis	2,774	1,186	42.8%	303	10.9%	1,489	53.7%
Sagadahoc	5,413	1,372	25.4%	382	7.1%	1,754	32.4%
Somerset	8,307	3,586	43.2%	880	10.6%	4,466	53.8%
Waldo	5,357	2,190	40.9%	518	9.7%	2,708	50.6%
Washington	4,869	2,247	46.2%	513	10.5%	2,760	56.7%
York	28,336	6,629	23.4%	1,918	6.8%	8,547	30.2%
STATE	192,995	60,653	31.4%	14,711	7.6%	75,364	39.1%

Figure 9: Enrolled Students Eligible for Free or Reduced Lunch and Program Participation Rates, FY 2003 – FY 2009



School Lunch Program Trends

The number of eligible students and the program participation rate has increased each year for the past seven years, generally paralleling the pattern of increases seen in the food stamps program. The rate of increase in school lunch eligibility was sharper this year than in the previous year, a trend seen also in food stamp enrollment. This is perhaps not surprising, since students whose families are receiving either food stamps or TANF (Temporary Assistance to Needy Families) are automatically eligible for free school lunch; the parent or caregiver need only check off that the student is a food stamps or TANF recipient when they return the application form to the school in the fall.

Correction Corner

The February 2008 *Poverty in Maine Update* newsletter indicated the number of students eligible for the lunch program in FY 2008 as 66,162, with a participation rate of 37.8 percent. Updated figures from the Department of Education indicate that the number was 73,130 and the participation rate 37.6 percent. The trend line shown here in Figure 9 reflects these updated and corrected numbers. The online version of the February 2008 newsletter has been updated with the correct figures. It is available at the Margaret Chase Smith Policy Center Website, <http://mcspolicycenter.umaine.edu>

Sources

Poverty rates information is from the U.S. Census Bureau, Small Area Income and Poverty Estimates Program, December 2008. "State and County Estimates." <http://www.census.gov/hhes/www/saipe/county.html>

Food stamp information is computed from the Maine DHHS 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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