



October 2, 2015

## Despite Progress, Too Many Michiganders Remain in Poverty: Summary Report on 2014 Census Data

New data released by the Census Bureau on September 17<sup>th</sup> show that poverty declined in Michigan from 17 percent in 2013 to 16.2 percent in 2014. The child poverty rate also dropped to 22.6 percent, down from 23.8 percent in 2013.<sup>i</sup> Despite this welcome reduction, progress remains slow. Nationally, the poverty rate fell slightly from 15.8 percent in 2013 to 15.5 percent in 2014. However, even if poverty keeps declining at the current rate nationally – an extremely optimistic estimate – it would still take more than 25 years just to cut poverty in half across the U.S. It would take even longer – nearly 35 years – to bring child poverty down to that same level.<sup>ii</sup>

In order to speed up the pace, Michigan and the nation need to maintain and expand investments in programs with proven success in helping people out of poverty. The new Census Bureau findings add to the mounting evidence that programs like low-income tax credits, the Supplemental Nutritional Assistance Program (SNAP, formerly known as food stamps), and subsidized housing reduce poverty now and improve children's chances of gaining economic security in the future. Due to spending cuts and the effects of the Great Recession, effective anti-poverty programs do not reach enough of the nearly 1.6 million Michiganders and the 48 million Americans struggling in poverty every day. Even the modest progress beginning to show in the Census data will stall unless Congress acts to end spending cuts known as sequestration scheduled to hit many of these programs this fall. With poverty higher in Michigan than the national rate, accelerating the current progress – and doing nothing to slow it – is of paramount importance.

### ***Deep and Disproportionate Poverty in Michigan***

For a family of four in 2014, the official poverty line was less than \$24,230. Despite this low threshold, nearly 720,000 Michiganders live on far less, below **half** of the poverty level. As is the case nationwide, poverty in Michigan disproportionately affects people of color. More than 33 percent of African Americans and nearly 25 percent of Latinos in Michigan are poor. In contrast, poverty for non-Hispanic whites is 12.3 percent. In Michigan, 22.6 percent of children are growing up in poverty, and the statistics are worse for children of color: 45.4 percent of African American children and 32.1 percent of Latino children in Michigan are poor.<sup>iii</sup>



## ***We Can Speed Up the Pace in Michigan***

Proven human needs programs lift millions out of poverty. The Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) lifted 230,000 Michiganders, including 119,000 children, out of poverty each year, on average, during 2011 to 2013.<sup>iv</sup> In 2014, housing subsidies lifted 2.8 million Americans out of poverty, and SNAP lifted 4.7 million people out of poverty across the U.S.<sup>v</sup>

## ***Congressional Cuts will Thwart Progress in Michigan***

As effective as these programs are, the numbers served are limited because of underfunding, and proposed Congressional cuts threaten these programs further. First imposed in 2013, sequestration's impact through the end of 2014 resulted in 3,631 fewer rental housing vouchers in Michigan.<sup>vi</sup> Thousands



of rental vouchers were restored when Congress partly halted sequester cuts in FYs 2014 and 2015.

Unfortunately, spending bills Congress has advanced so far this year assume that sequestration cuts will return in FY 2016. These House and Senate bills undercut the gains of the nation's successful anti-poverty programs. The House spending bill not only fails to restore the 67,000 rental vouchers still lost due to sequestration in 2013, it would cut even more, failing to renew 28,000 existing vouchers nationwide.<sup>vii</sup> As a result, 530 fewer Michigan families would have the use of housing vouchers in 2016. The Senate spending bill is even harsher, failing to renew 50,000 existing vouchers nationwide, leaving 950 Michigan families without this assistance.<sup>viii</sup>

More than 130 human needs programs have seen their funding cut since 2010, adjusted for inflation; about one-third were cut by 15 percent or more.<sup>ix</sup> Further cuts to these programs threaten to halt the progress made in 2014 in reducing poverty. The Congressional Budget Office also estimated that maintaining sequestration could lead to losses equal to as many as 1.4 million jobs over the next two years.<sup>x</sup> Compounding these losses, as many as 87,000 fewer workers in Michigan would have access to job training and employment services if Congress has its way, compared to the President's budget. Michigan would lose as much as \$27.2 million in federal funding for K-12 education in low-income schools (Title I).<sup>xi</sup> We need more investments – not less – in programs that are proven to reduce poverty so more Americans who need help can get it.



There is talk that Congress might avoid the sequester cuts by cutting safety net programs that don't rely on annual appropriations, like SNAP and Medicaid. This is the wrong approach. The U.S. Department of Agriculture found that 14.7 percent of Michigan households were "food insecure" over the years 2012-2014 – that is, they could not always afford enough food.<sup>xii</sup> SNAP reduces such hardships, but cuts in SNAP that occurred at the end of October 2013 cut the average benefit from \$1.70 per meal to \$1.40. According to health researchers Children's HealthWatch, that cutback made SNAP households with children under age three 23 percent more likely to be food insecure, placing the children at risk for bad health and education outcomes.<sup>xiii</sup> If Congress seeks to offset the cost of stopping sequestration, it should close tax loopholes or end a few corporate tax breaks. Ending the extra tax breaks for hedge fund managers, for example (a proposal with bipartisan support), would save nearly \$1.4 billion a year, nearly enough to fund the \$1.5 billion to cover a full year, full day program for all children in Head Start.<sup>xiv</sup>

In addition, if Congress fails to renew improvements made in 2009 to the EITC and CTC before they expire in 2017, 16 million people – including 8 million children – will be pushed into or deeper into poverty across the U.S.<sup>xv</sup> Michigan's EITC was already cut in 2011 from 20 percent of the federal benefit to 6 percent, and even that is threatened to be sacrificed to find more funding for roads.

### ***Congress Needs to Stop the Cuts***

Our state and our country are continuing to recover from the Great Recession. And we have made progress, as the Census Bureau's poverty data show. But this progress is too slow. By 2020, more than half of children in the U.S. are expected to be part of a minority racial or ethnic group.<sup>xvi</sup> If the shamefully high poverty numbers for African American and Latino children stay so high, the future economic growth of Michigan and our country will be endangered as a larger proportion of our children grow up with less education and less connection to good-paying jobs. Increasing investments in education and housing will give these children a better start and will benefit Michigan and our country as a whole as they become adults.

Members of Congress have a choice to make. They can continue to cut, forcing more Michiganders into poverty and pushing our country backwards. Or they can stop the sequestration cuts so Michigan and the whole nation can expand – not cut – programs that prevent and eliminate poverty. And they can do so without cutting safety net programs like SNAP, low income tax credits like the EITC and CTC, and Medicaid.

*This report was prepared by the [Coalition on Human Needs](#) for [Michigan Community Action](#).*

*Graphics provided by [National Priorities Project](#).*



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<sup>i</sup> U.S. Census Bureau’s American Community Survey data released Sept 17, 2015.

<http://www.census.gov/newsroom/press-releases/2015/cb15-158.html>

<sup>ii</sup> Timelines were calculated using the U.S. Census Bureau’s American Community Survey data released Sept. 17, 2015. The one-year percentage point reduction from 2013 to 2014 for the overall poverty rate and for the child poverty rate were assumed to remain constant going forward until both reached half the value of the current overall poverty rate, thus erasing the disproportionately high child poverty rate.

<sup>iii</sup> U.S. Census Bureau’s American Community Survey data released Sept. 17, 2015.

<http://www.census.gov/newsroom/press-releases/2015/cb15-158.html>

<sup>iv</sup> <http://www.cbpp.org/research/state-fact-sheets-the-earned-income-and-child-tax-credits>

<sup>v</sup> U.S. Census Bureau’s Supplemental Poverty Measure released Sept. 16, 2015.

<http://www.census.gov/content/dam/Census/library/publications/2015/demo/p60-254.pdf>

<sup>vi</sup> <http://www.cbpp.org/research/housing/national-and-state-housing-data-fact-sheets?fa=view&id=3586#table3>

<sup>vii</sup> [https://www.whitehouse.gov/sites/default/files/omb/budget/fy2016/assets/fact\\_sheets/72415/house-budget-students-veterans-workers-health-economy-state-by-state.pdf](https://www.whitehouse.gov/sites/default/files/omb/budget/fy2016/assets/fact_sheets/72415/house-budget-students-veterans-workers-health-economy-state-by-state.pdf)

<sup>viii</sup> [https://www.whitehouse.gov/sites/default/files/omb/budget/fy2016/assets/fact\\_sheets/72415/senate-budget-students-veterans-workers-health-economy-state-by-state.pdf](https://www.whitehouse.gov/sites/default/files/omb/budget/fy2016/assets/fact_sheets/72415/senate-budget-students-veterans-workers-health-economy-state-by-state.pdf)

<sup>ix</sup> <http://www.chn.org/wp-content/uploads/2015/01/Shrinking-Funding-Since-2010-Approps-FY10-FY15-1.30.15.pdf>

<sup>x</sup> <https://www.cbo.gov/publication/50725>

<sup>xi</sup> [https://www.whitehouse.gov/sites/default/files/omb/budget/fy2016/assets/fact\\_sheets/72415/senate-budget-students-veterans-workers-health-economy-state-by-state.pdf](https://www.whitehouse.gov/sites/default/files/omb/budget/fy2016/assets/fact_sheets/72415/senate-budget-students-veterans-workers-health-economy-state-by-state.pdf)

<sup>xii</sup> <http://www.ers.usda.gov/publications/err-economic-research-report/err194.aspx>

<sup>xiii</sup> Children’s HealthWatch, Diluting the Dose, <http://www.childrenshealthwatch.org/wp-content/uploads/FINAL-Diluting-the-Dose-for-web.pdf>

<sup>xiv</sup> <http://democrats.waysandmeans.house.gov/sites/democrats.waysandmeans.house.gov/files/documents/HR%202889%20Score.pdf> and <http://eclkc.ohs.acf.hhs.gov/hslc/hs/news/blog/president-budget.html>

<sup>xv</sup> <http://www.cbpp.org/research/federal-tax/letting-key-provisions-of-working-family-tax-credits-expire-would-push-16>

<sup>xvi</sup> <https://www.census.gov/newsroom/press-releases/2015/cb15-tps16.html>

## How Congress will make Michigan poorer:

**1** out of **6**



Michigan residents is living in poverty



For children, it's

**1** out of **5**

In 2014, tax credits lifted millions of Americans out of poverty.

In Michigan, that's:



230,000 people



incl. 119,000 children

Under Congress's proposed budget, the Earned Income Tax Credit and the Child Tax Credit improvements will be allowed to expire, pushing

**357,000**

Michiganders,  
including

**176,000**

children,

into or deeper into  
**poverty.**



Congress will also cut as many as

**950**

existing Housing  
Choice vouchers.

Even today, **1 in 4** low-income renters in Michigan are paying more than **50%** of their income on rent.

