

POVERTY/LOW INCOME/WORKING POOR/AFFORDABLE HOUSING (with reference annotations)

In an effort to acquaint you with the far reaching effects of poverty in our own backyard, this report focuses on the following:

- The federally established poverty threshold guidelines
- The minimum wage as mandated by federal/state legislation
- The living wage as a realistic indicator of costs in Putnam County

According to the National Center for Children in Poverty (NCCP) a **family** is defined as a group of two or more persons in the same household including at least one dependent child under the age of 18 and at least one parent or other adult living with the child [1]. The same source states that families are generally considered **poor** if their income is below the federal poverty threshold and are deemed **low-income** if their income is less than twice the federal poverty threshold [1]. According to David Shipler in “The Working Poor,” [2] **poverty** is a more difficult term to describe as it may be absolute (an inability to buy basic necessities) or it may be relative (an inability to maintain the lifestyle that prevails at a certain time and in a certain place). In dollars and cents, according to the US Census Bureau, the 2008 poverty threshold for a family of four with two children under age 18 was \$21,834 (\$20,444 in 2006), for one person under age 65 years it was \$11,201 (\$10,488 in 2006), and for one person over age 65 it was \$10,326 (\$9,669 in 2006) [3].

The New York State Community Action Association (NYSCAA) Poverty Report 2008 [4] indicates that in 2006, the US poverty rate was 13.3%, the New York State rate was 14.2%, and the Putnam County rate was 6.1%. In 2006 with a total population of 100,603 individuals in Putnam (US Census Bureau), this statistic means that over 6,000 individuals lived in poverty. According to that same report [4], in Putnam County 2.6% of children,

3.3% of families with children, and 7% of seniors age 65 and older lived in poverty in 2006. Just as poverty spans all ages, it also spans all races. According to NYSCAA [4], based on the 2000 census (latest statistics available), 4.7% of whites, 8.6% of blacks/African Americans, and 10.2% of Hispanics in Putnam lived in poverty. Even those with a Bachelor's Degree are not immune...3.2% of college graduates in Putnam lived in poverty in 2006. In a county where the American Community Survey (US Census Bureau) reported a 2006 median household income of \$81,907 (well above the reported national average of \$48,451) [5] and an unemployment rate of 4% (more than 0.5% below the Bureau of Labor Statistics reported national average of 4.6% [6]), these are astonishing statistics.

According to Wikipedia, the term “**working poor**” refers to individuals and families who maintain regular employment but remain in relative poverty due to low levels of pay and dependent expenses. David Shipler (“The Working Poor”) [2] maintains that this term should be an oxymoron because people who work hard should not be poor. Although the specific definitions of “living wage” vary from source to source, it is generally agreed that a **living wage** allows a family to meet its basic needs and provides it with some ability to deal with emergencies without resorting to public assistance. According to Wikipedia, in developed countries this standard generally means that a person working 40 hours a week, with no additional income, should be able to afford adequate housing, food, utilities, transport, health care, and some recreation. Living wage differs from **minimum wage** in that the latter is set by law and may not – and often does not - meet the requirements of living wage. Based on the 2009 Penn State University Living Wage Calculation for Putnam County [7], taking into account food, child care, medical, housing, transportation, and miscellaneous expenses, the living wage for a family of four with two children should be

\$33.39 an hour (\$69,452 a year). Based on a poverty threshold of \$21,834 [3] per year for a family of four (two adults and two children), the poverty wage is \$10.49 an hour [8].

According to the US Department of Labor, the federal minimum wage is currently \$6.55 per hour and will increase to \$7.25 [9] per hour in July of 2009 while the New York State minimum wage is currently \$7.15 per hour and will increase to \$7.25 per hour in July 2009 (the New York State minimum wage is automatically replaced with the Federal minimum wage rate if it is higher than the State minimum [10]). Therefore, a household of four (two adults and two children) with one person working 40 hours per week for 52 weeks a year at the current NYS minimum wage would earn \$14,872 [11] per year, which is well below the federal poverty threshold for a family of four cited above. This is only slightly above the poverty threshold for a family of two with one adult under age 65 and one child under age 18 which in 2008 was \$14,840 (\$13,896 in 2006) [3]. Even in a household of four where two adults are working full time for minimum wage, the annual household income would be \$29,744 [11] which is below the NCCP “low income” guideline of \$43,668 a year (twice the poverty threshold). According to the American Community Survey (US Census Bureau), in 2006 18.8% [15] of all households in Putnam had an annual income of less than \$35,000 a year (compared to 35.3% on a state level and 36.5% nationally) [5].

According to HUD, the commonly accepted guideline for **affordable housing** is an amount not to exceed 30% of the household’s gross income [12]. Unfortunately, according to HUD, a family with one full-time worker earning the minimum wage cannot afford the local fair-market rent for a two-bedroom apartment ANYWHERE in the United States [12]. In 2006 in Putnam County, according to City-Data.com, the fair market value for renters was \$1,003 per month for a 1-bedroom apartment, \$1,133 for 2 bedrooms, and \$1,406 for 3

Bedrooms [13]. Therefore, if affordable housing is less than or equal to 30% of the household's gross income, a family of four living in a 2-bedroom apartment would need an annual income of at least \$45,320 [14] per year in order to call their housing affordable. Even a single person renting a 1-bedroom apartment in Putnam would need an annual income of approximately \$40,120 [14] to be considered living in affordable housing. With almost 19% of Putnam households earning less than \$35,000 a year [15], affordable housing seems out of reach for many. According to City-Data.com, the estimated median monthly housing costs for homes and condos with a mortgage in Putnam in 2007 (figures not available for 2006) was \$2,460 per month [13], making home ownership even more prohibitive.

**REFERENCES FOR REPORT ON
POVERTY/LOW INCOME/WORKING POOR/AFFORDABLE HOUSING**

- [1] www.nccp.org/tools/demographics/definitions
Click on “Explanation of Terms and Data Sources.”
- [2] Shieler, David K. The Working Poor: Invisible in America. New York: Vintage Books, 2005. Preface and Page 8.
- [3] www.census.gov
Under “People and Households” click on Poverty.
Under “Poverty” Click on “Poverty Thresholds”
- [4] www.nyscaaonline.org
Click on “Poverty.”
Click on “2008 New York State Poverty Report”
Click on “Full Report”
Putnam County Poverty Profile is on Page 43
Education and Poverty stats are on Page 67
Race and Poverty stats are on Page 69
Unemployment rates are on Page 68
- [5] <http://factfinder.census.gov>
Under “Getting Detailed Data” click on “American Community Survey” Get Data
Click on 2006 American Community Survey
Click on “Enter Table Number”
Fill in Table # S1901
The data will be for the US
To get data for Putnam County, click on “Change Geography” and fill in appropriate data on next screen
- [6] www.bls.gov/cps/prev_yrs.htm
- [7] <http://www.livingwage.geog.psu.edu>
Click on New York
Click on Putnam
- [8] I divided \$21,834 by 52 (weeks per year) and then by 40 (hours per week).
- [9] <http://www.dol.gov/esa/whd/flsa>
- [10] <http://www.dol.gov/esa/minwage/america.htm>
Click on NYS on map

- [11] I multiplied \$7.15 times 40 (hours per week) and then times 52 (weeks per year). For a household with 2 adults earning minimum wage, I multiplied the answer above times 2.
- [12] www.hud.gov/offices/cpd/affordablehousing
- [13] <http://www.city-data.com>
Type in Putnam County
- [14] I divided monthly cost of each apartment by .30 (30% affordable housing guideline) and then multiplied by 12 (months).
- [15] From reference source [5] above, I added together the household percentages for incomes of \$34,999 or less.

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