



THE WORKFORCE SOLUTIONS GROUP and The Center For Labor Market Studies

Income Inadequacy Redefined: A Look at Massachusetts Families Struggling to Get By

For many Massachusetts families, just making ends meet is a distant goal. Over the course of the 1990s, the Commonwealth failed to make any progress in reducing the poverty rate from 6.7 percent. Moreover, as of 1999, more than 417,000 Massachusetts families, almost 27 percent of all Massachusetts families, are unable to “get by” as defined by the Family Economic Self-Sufficiency (FESS) Standard of The Women’s Union. The Center for Labor Market Studies has issued twin reports detailing the gravity of the poverty, low income and economic self-sufficiency challenges in the Commonwealth. These reports build on a previous study entitled Labor Market Problems in Massachusetts From the End of the Labor Market Boom in 2000 to 2003.

A Commonwealth Growing Apart: Family Income in Massachusetts

The first report looks at changes in the economic well-being of families in various regions of Massachusetts, examining differences in the levels and growth rates of real median family incomes in a wide array of substate areas over the 1990s and, in some cases, the 1980s.

Key Findings

- During the 1990s, the median family income in the Commonwealth increased by 3.4 percent, compared to 26 percent during the 1980s.
- Growth rates of median family income in the state varied sharply across metropolitan areas, counties and central cities and between the most affluent and least affluent cities and towns. The net effect of these changes was to widen income disparities.

The benefits of increased prosperity were unevenly shared, and Massachusetts became far less of a “Common Wealth” in the past decade, with personal and geographic income disparities widening. These growing geographic family income disparities and the limited growth in median family incomes during the 1990s are closely associated with the limited progress in reducing family poverty and low income challenges and increasing economic self-sufficiency of families – subjects explored in *Report II, Treading Water in Quicksand*.

Treading Water in Quicksand: A Look at Poverty, Income Inadequacy and Economic Self-sufficiency in Massachusetts

This report analyzes the extent of income inadequacy challenges among Massachusetts families at the end of the 1990s with some updates through 2003. Three alternative measures of family income inadequacy were used in this study: 1) the poverty income thresholds of the federal government, 2) a measure of the low income status of families as represented by 200 percent of the existing poverty income thresholds, and 3) the Family Economic Self-Sufficiency (FESS) standard of The Women's Union and Wider Opportunities for Women.¹

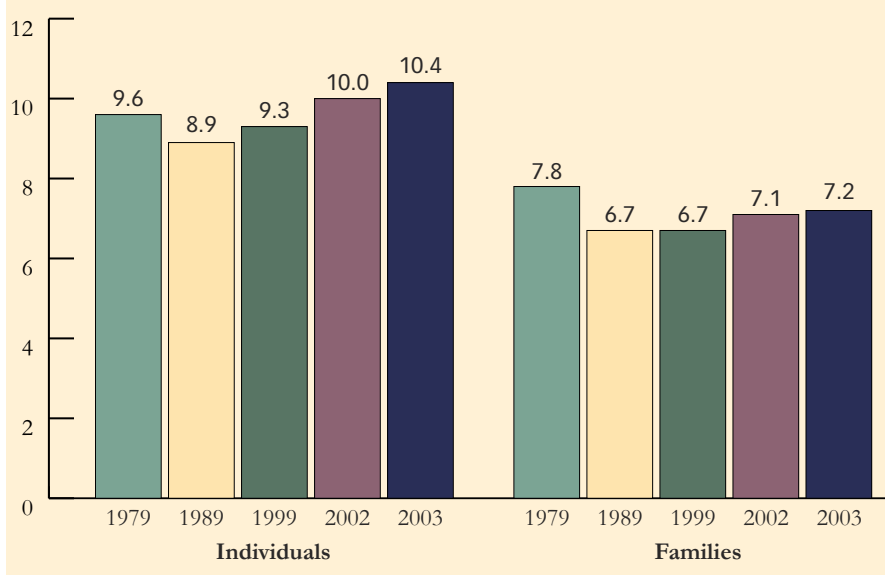
Key Findings

Trends in Massachusetts' Poverty

- During the 1980s, family and individual poverty rates in the state declined. The individual poverty rate in Massachusetts declined from 9.6 percent in 1979 to 8.9 percent in 1989. The poverty rate among the state's families declined even more sharply—from 7.8 percent in 1979 to 6.7 percent in 1989.
- During the 1990s, the state's poverty rate rose sharply in the early years during the recession and declined after the mid-1990s. Over the entire decade, the individual poverty rate increased from 8.9 percent in 1989 to 9.3 percent in 1999 while family poverty remained unchanged at 6.7 percent.
- The deterioration of the Massachusetts labor markets from early 2001 to 2003 led to further increases in the incidence of poverty. In 2003, 10.3 percent of the state's resident population and 7.2 percent of its resident families were poor.

Chart 1:

Trends in Poverty Rates Among Persons and Families in Massachusetts, 1979, 1989, 1999, 2002, and 2003 (in percent)



The less education a family has, the greater the likelihood it will be poor.

- 17 percent of families headed by an individual lacking a high school diploma or a GED certificate were poor.
- 8 percent of those with a regular high school diploma were poor.
- Less than 5 percent of families with a householder who had an Associate's degree were poor.
- Less than 2 percent of families headed by a person with a Bachelor's or higher degree were poor.
- These strong associations between family poverty rates and the educational attainment of the householder prevailed among families in each family type category.

Families headed by a single parent are more likely to live in poverty.

- 22 percent of female-headed families were poor.
- Only 3 percent of married couple families were poor in 1999.

¹ For a review of the design of the FESS budgets and estimates of the share of state families experiencing such problems in 1989, See: Jean Bacon, Laura Henze Russell, and Diana Pearce, *The Self-Sufficiency Standard: Where Massachusetts Families Stand*, Women's Educational and Industrial Union, United Way of Massachusetts Bay, Boston, 2000.

We have made no progress in reducing the percentage of families that are low income.

- At the time of the 2000 Census, 17 percent of all Massachusetts families would have been classified as low income (families with an annual income below 200 percent of the poverty threshold). This incidence of low income challenges among the state's families is the same as the incidence measured in the 1990 Census.
- By 2003, the percent of the state's families with money incomes below the low income threshold had risen to just over 20 percent.

Families headed by an unmarried adult and families with children at home are at greater risk of being low income.

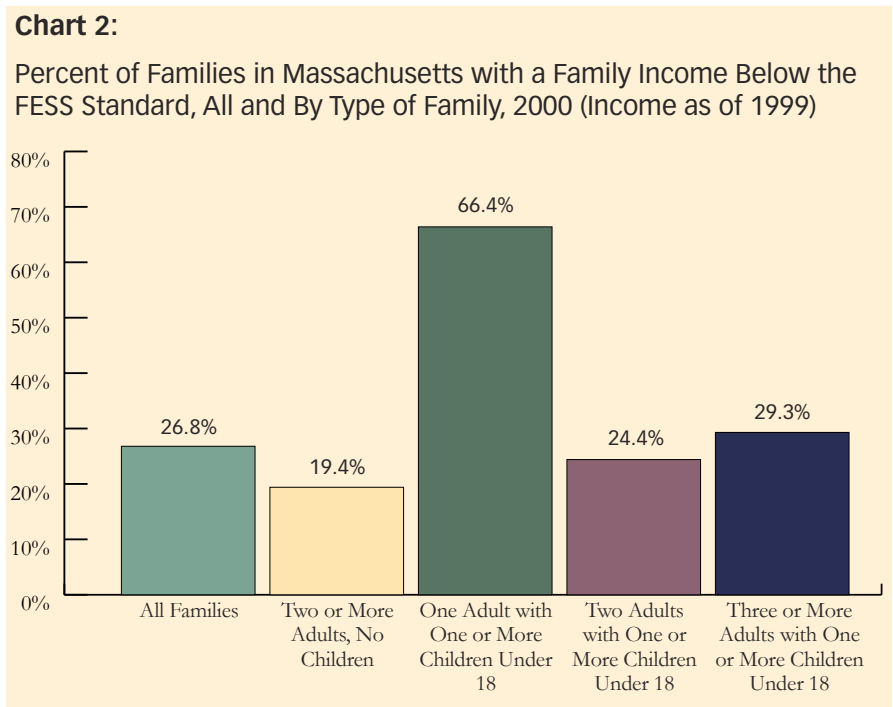
- 43 percent of families headed by unmarried women were low income.
- Nearly one-quarter of families headed by unmarried men were low income.
- Only 10 percent of married couple families were low income.
- Families with children were 2.2 times more likely to be low income than families with no children.

The risk of being low income is closely associated with educational attainment.

- Nearly 38 percent of the families whose householder failed to complete high school were low income in 1999.
- 22 percent of families headed by high school graduates were low income.
- 13 percent of families headed by Associate's degree holders were low income.
- Only 5 percent of families headed by a householder with a Master's or higher degree were low income.

A large percentage of Massachusetts families cannot reach economic self-sufficiency.

- In 1999, 417,323 families or 27 percent of all Massachusetts families had income below the FESS Standard (Chart 2).
- The proportion of families with incomes below the FESS Standard was lowest among those families in which no children under 18 were present in the home and was highest among single parent families with one or more children under 18.
- Among families only containing adults, slightly over 19 percent had an income below the FESS Standard.²
- Among families with two adults and one or more related children under age 18, 24 percent had incomes below the FESS Standard compared to 30 percent among families with three or more adults present in the home.
- The incidence of families living below the FESS Standard was most severe among single parent families, a group including both single mothers and single fathers.



² For those families with no children under 18, separate FESS budgets were calculated for families with 2 adults through 7 adults. Families with 8 or more adults (less than 1 per cent of all families in this category) were assigned the same FESS budget as a family with 7 adults.

Immigrant families, families with low educational attainment and single parent families have the greatest difficulty reaching economic self-sufficiency.

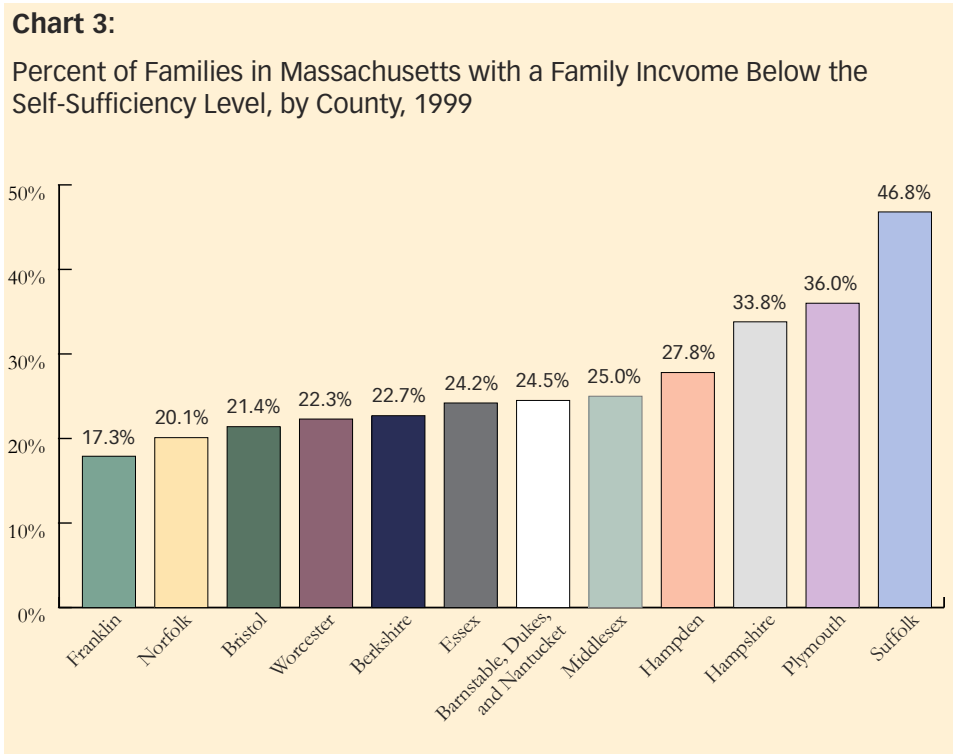
- 54 percent of families headed by an individual lacking a high school diploma had an annual income below the FESS Standard versus one-third of the families headed by high school graduates. In contrast, the proportion of families with incomes below FESS Standard was 11 percent among families headed by an individual with a Bachelor’s degree and only 8 percent among those headed by an individual with a Master’s degree or higher.
- Immigrant families were twice as likely as families with a native born head of household to have incomes below the FESS Standard.

Many families earned far less than they would need to reach economic self-sufficiency.

- Massachusetts families with incomes below the FESS would need an average of \$16,967 to reach self-sufficiency.
- For single parent families, the average gap between income and the FESS Standard was \$21,433. 109,767 single parent families lived below the FESS Standard.
- The mean FESS gap for two-adult families with one or more children was \$17,831. The aggregate value of the FESS deficit among 121,455 such families was \$2.166 billion.

Income adequacy challenges vary widely across the state

- During the 1990s, the poverty rates in high poverty counties (Bristol, Hampden, Suffolk) increased, while the poverty rates in low poverty counties (Barnstable, Franklin, Hampshire) decreased.
- The percent of families with low income challenges ranged from lows of 8.5 percent in Norfolk County and 11.6 in Middlesex County to highs of 32 percent in Suffolk County and 24 percent in Hampden County.
- The percent of families facing economic self-sufficiency challenges ranged from lows of 17.9 percent in Franklin County and 20.1 percent in Norfolk County to highs of 36 percent in Plymouth County and 46.8 percent in Suffolk County. (Chart 3)



Conclusions

- During the 1990s, Massachusetts saw a slowdown in the growth of median family income and a widening of income and earnings disparities across individuals, families, and regions. Together, these trends led to a worsening of the state’s income inadequacy challenges.
- The incidence of income inadequacy in the state varied widely by family type, presence of children and education and nativity of the family householder.
- Families with children, single parent families, those headed by a person lacking any post secondary schooling and immigrant families experienced severe income inadequacy challenges.
- More than one-third of all Massachusetts children live in a family that failed to attain economic self-sufficiency.