Poverty and Progress: The State of Being Poor in Missouri and New Threats Ahead

Sustained economic gains and strong federal and state programs have led to welcome progress in the fight against poverty over the last several years. Missouri is finally seeing poverty rates edge downwards. This is good news. But poverty in Missouri remains higher than it was before the Great Recession, and actions by Congress and the Trump administration threaten to weaken the very programs that have contributed to progress made so far.

Data released in September by the Census Bureau show that the poverty rate in Missouri declined to 14.0 percent in 2016, down from 14.8 percent in 2015 and from 15.5 percent in 2014. Nationally, the poverty rate declined to 14.0 percent in 2016, down from 14.7 percent in 2015 and from 15.9 percent in 2012.1 Additional data from the Census Bureau and other sources show the ways we are making progress in the fight against poverty. We are seeing relief for some families who are poor or near poor. They have been raised above official poverty by a stronger economy and an increase in incomes and the number of jobs, as well as by federal programs and policies that lift them up. In fact, the new Census Bureau data also show that effective anti-poverty programs like housing assistance, the Supplemental Nutrition Assistance Program, (SNAP, formerly known as food stamps), low-income tax credits, and assistance for people with disabilities move millions out of poverty. But we are not yet back to the poverty rates we saw in 2007 before the Great Recession.

With job growth continuing and with strong federal and state programs for Missourians with low incomes, we ought to be able to take steps to accelerate the pace of poverty reduction even more and finally decrease poverty below pre-recession levels.

However, 827,000 Missourians are still suffering under poverty’s crushing weight, and the progress we have made is threatened by proposals from Congress and the Trump administration that would cut programs that have lifted millions out of poverty. Budgets and spending bills from leadership in the House, Senate, and White House would slash billions from the very programs that have enabled this progress. Such cuts would surely cause millions more Americans to suffer in and near poverty.
Progress to Build On

As noted above, the poverty rate in Missouri dropped 0.8 percentage points from 2015 to 2016, leaving 48,500 fewer people in official poverty in 2016 than in 2015. People aged 65 and older in Missouri saw their poverty rate stay relatively the same from 2015 to 2016, but there was a drop from 2014 when it was 9.0 percent. This is also progress from 2007. The percentage of people with disabilities who live in poverty stayed statistically the same from 2015 to 2016 and when comparing 2016 to 2007.

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*Denotes statistically significant difference from 2016

For a family of four in 2016, the official poverty line was $24,563. According to the Census Bureau, more than 364,000 Missourians (6.2 percent) live in deep poverty, meaning they live below half of the poverty line. That’s roughly the same as the previous year, but the proportion is higher than the 5.7 percent in 2007, before the Great Recession. More than 122,500 children are this deeply poor. The number of near-poor Missourians – living below twice the poverty line – was 1.9 million in 2016, or 32.8 percent. That’s a decrease from 2015, but the proportion of Missourians remaining this economically insecure remains stubbornly close to the 2007 pre-recession level of 32.1 percent.

The poverty rate for African Americans in Missouri also improved, decreasing from 28.0 percent in 2015 to 24.8 percent in 2016 and returning to pre-recession levels. 24.1 percent of Latinos in Missouri were poor in 2016, not statistically different from 2015 or 2007. Communities of color still remain disproportionately affected by poverty; in contrast, the poverty rate among non-Hispanic whites in Missouri in 2016 was 11.5 percent. It is important to note that African Americans, Latinos, and non-Hispanic whites are all poorer in Missouri than in the U.S. overall.

Missouri also made progress in lowering the child poverty rate, which stood at 19.2 percent in 2016. This is flat from 2015, but down from 2014 when it was 21.1 percent and down from 2012 when it was 22.6 percent. Tragically, children remain more likely to be poor in America than any other age group, with nearly one in five in poverty nationwide (19.5 percent). As with adults, children of color experience poverty at much higher rates than their white peers. In fact, African American and Latino children are more than twice as likely to be poor as white children. In 2016, 14.4 percent of non-Hispanic white children in Missouri lived in poverty, while 36.7 percent of African American and 31.1 percent of Latino children were poor. Children in Missouri remain in poverty in higher percentages than before the Great Recession (17.7 percent in 2007).

We have also made progress in increasing the number of Americans with health insurance, thanks to the Affordable Care Act and the states’ option under the law to use federal dollars available to them to expand Medicaid coverage to adults with low incomes. In
2016, the nationwide uninsured rate stood at 8.8 percent, down from 9.1 percent in 2015. In Missouri, which did not expand Medicaid coverage, 8.9 percent of people are uninsured, down 4.1 percentage points from 2013.\(^2\)

The number of American households that are food insecure has continued a downward trend. While 12.3 percent of American households weren’t always able to provide enough food for all family members in 2016, that number is down from 14.0 percent in 2014 and down from a high of 14.9 percent in 2011. However, the proportion of Americans struggling with food insecurity is still higher than the pre-recession level of 11.1 percent.\(^3\) Families with incomes below 185 percent of the poverty line were far more likely to be food insecure (31.6 percent). In Missouri, 14.2 percent of households were food insecure between 2014 and 2016, on average. This is down from 2011-2013 and roughly the same as 2004-2006 averages.

**Effective Programs Reduce Poverty and Speed Up Progress**

The Census Bureau’s Supplemental Poverty Measure (SPM) is a more accurate measure of poverty and its changes over time than the official poverty rate noted above. This is because, unlike the official poverty rate, the SPM counts income sources such as federal tax credits and food and housing assistance as well as expenses like out-of-pocket medical costs. The SPM shows that federal programs increase incomes for millions of Americans, lifting them out of poverty and reducing the burdens of poverty for millions more. After accounting for underreporting of benefits, safety net programs were shown to have lifted 46 million Americans, including 12 million children, out of poverty each year between 2009 and 2012, on average.\(^4\) In Missouri, 1.1 million people, including 250,000 children, were lifted out of poverty by basic living standard programs each year between 2009 and 2012, on average. Supplemental Security Income (SSI), federal support for people with very limited resources who are elderly or with disabilities, or families caring for children with severe disabilities, lifted 92,000 Missourians out of poverty; 76,000 fewer were poor because of housing subsidies; 220,000 fewer were poor because of SNAP. Low-income tax credits moved 150,000 Missourians out of poverty each year between 2011-2013, on average. Nationally, more than 8.1 million people were lifted out of poverty by low-income refundable tax credits in 2016; 3.1 million fewer were poor because of housing subsidies and 3.6 million fewer were poor because of the Supplemental Nutrition Assistance Program. SSI lifted 3.4 million people out of poverty, and the school lunch program did the same for 1.3 million people. The Census data show that 10.5 million more people would be in poverty if out-of-pocket medical costs were taken into account, showing the importance of quality, affordable health insurance.\(^5\)

In fact, programs that help provide basic living standards play a major – an increasingly important – role in the reduction of poverty that has occurred since the 1960s. Researchers using the Supplemental Poverty Measure and other data, including adjusting poverty thresholds for costs of living and different housing situations, found that poverty has actually decreased by more than one-third since 1967.
According to this analysis, the national poverty rate would have been 12.0 percentage points higher in 2014 without government programs, and these programs lifted more than 50 million people above the SPM poverty line that year. In Missouri, the poverty rate would have been 14.0 percentage points higher in 2014 without government programs, child poverty would have been 9.1 percentage points higher, and poverty among the elderly would have been 41.0 percentage points higher in 2014 without government programs.

Programs that help our neighbors achieve basic living standards do more than lift people out of poverty. Medicaid allows low-income individuals to address health issues and live healthier lives, even improving health outcomes across generations. A recent study found that the grown children of women who had received Medicaid during their pregnancies were more likely to have healthier babies. Housing vouchers sharply reduce housing instability and homelessness, as well as other hardships like food insecurity, domestic violence and child separation, for recipients, 68 percent of whom are seniors, children, or people with disabilities. SNAP is our nation’s largest child nutrition program with one in four children in the U.S. living in families that receive SNAP benefits. SNAP improves the health and educational outcomes of children in the near- and long-term and improves the health of their parents. Families participating in SNAP are also 28 percent more likely to be able to pay for medical expenses without forgoing basic necessities like food, rent and utilities. In addition, SNAP is an economy booster: economists estimate that in a weak economy, $1 in SNAP benefits expands the economy by about $1.70.

Federal assistance programs also help people get and keep good jobs. Child care subsidies, for example, allow parents to go to work or school and provide children with quality educational experiences in the critical early years. Single mothers were more likely to be employed, more likely to be employed full time, and more likely to have stable employment when receiving child care subsidies.

But many of these effective anti-poverty programs do not reach enough of the people they are designed to help, and others, like SNAP, could do more good if their benefits were higher. Nearly 16 million American households are food insecure, and the average SNAP benefit in Missouri is only $1.35 per person per meal. Only one in four qualifying renters receives rental assistance because Congress has not provided enough funding. Between 2004 and 2015, the number of families with children receiving rental vouchers dropped by 250,000—a 13 percent decline. This is despite the fact that the Census data show that 54 percent of Missouri households with income less than $20,000 a year spend more than half of their income on housing.

More than 28 million Americans, including 532,000 Missourians, remain uninsured. Low-income adults in the 20 states—including Missouri—that refused to expand access to Medicaid to their low-income residents are uninsured at nearly twice the rates of those in states that have taken this step to expand coverage, leaving them at even greater risk for overwhelming medical costs and, too often, forcing them to forgo necessary medical treatments. The lack of child care holds back working parents. Only one out of seven children eligible to receive federal child care assistance is getting any help, and more than 373,000 children in need have lost access to child care since 2006, including 2,400 children in Missouri, leaving families to struggle to pay for care or forgo jobs to stay home and provide care.

The Earned Income Tax Credit (EITC), an extremely effective anti-poverty and pro-work tax credit, provides far less help to low-income workers who aren’t raising children. This group has an unenviable distinction as the only group of Americans who are taxed into poverty, especially in Missouri where the top tax bracket begins at $9,000 of taxable income, unchanged since 1931. Expanding the EITC to these
workers would benefit up to 16.2 million people. Similarly, families with children earning less than $3,000 a year are excluded from claiming the Child Tax Credit (CTC), denying help to children because their parents, despite working, are too poor. Expanding the CTC to these poorest children and families would benefit millions every year.

**The Trump Administration and Congress Would Make Missouri Poorer**

Proposals from President Trump and leadership in Congress to cut successful anti-poverty programs like Medicaid, SNAP, housing assistance, and others would harm individuals and families and would turn back the progress we’ve made in reducing poverty.

For example, the House and Senate passed a joint FY 2018 Budget Resolution that calls for about $5 trillion dollars in cuts through 2027 to the full range of services the federal government provides, except for allowing increases in military spending. It would cut Medicaid, the Affordable Care Act (ACA), and other health programs by $1.3 trillion over that ten-year period. Medicare would be cut by $473 billion. Programs in the “income security” category (which includes SNAP/food stamps, Supplemental Security Income for poor seniors and people with disabilities, Temporary Assistance for Needy Families, unemployment insurance and low-income tax credits) would drop by $653 billion. The plan calls for $800 billion in cuts to domestic appropriations, threatening further cuts to housing, education, and substance abuse treatment, to name just a few. By 2027, the budget would slash these programs to 29 percent below their levels in FY 2010, taking inflation into account. If these cuts are made proportionally, by 2027, 900,000 low-income households would lose their rent subsidies, despite their success in lifting millions of families out of poverty.

While not all of the cuts in these budgets are expected to become law, this shows the vision of the House and Senate leadership – to gut critical programs for families with low incomes. Cuts in President Trump’s budget are also extremely harsh, including $4.3 trillion in cuts to Social Security, Medicare, Medicaid, education, and other programs and services that help working families get by and get ahead. If just three of President Trump’s proposed budget cuts had been in effect in 2015, an additional 2.3 million Americans would have been in poverty that year.

In addition to these threats, passage of the budget resolution will allow Congress to use special rules known as reconciliation to fast-track huge tax cuts for the wealthy and corporations, and perhaps to expedite cuts to safety net programs as well, and to do so with only a simple majority in the Senate. The budget will allow Congress to increase the deficit by $1.5 trillion over 10 years to give tax cuts to those with the highest incomes. The loss of this revenue will inevitably hurt low- and middle-income Americans, both because services they need are slated for cuts at the outset, and because a ballooning debt will eventually increase pressure to additionally cut more programs people rely on.

Even with the ACA remaining in place, the Trump administration has announced it will allow inadequate insurance plans that do not assure protections for people with pre-existing conditions or expensive medical needs. The administration will stop making payments to insurance companies for policy-holders with low incomes, all aimed at further weakening the law. In addition, the Trump administration has been undermining the ACA by refusing to advertise open enrollment or to approve requests by states to improve their programs. These actions plus unspecified Medicaid and ACA cuts in the budget can significantly undo the progress made in reducing the number of uninsured Missourians by 241,000 since 2013.
Spending bills passed by the House in July and September for Fiscal Year 2018 would also continue and worsen years of cuts, totaling more than $8 billion to non-defense programs. This includes slashing or eliminating multiple education programs, apprenticeship and employment services, low-income housing, community development programs, mental health and substance abuse treatment, programs to remove lead and other harmful toxins from homes, and other programs vital to communities with low incomes. The House spending package fails to renew nearly 140,000 housing vouchers in use this year, including 2,518 vouchers in Missouri, increasing homelessness and housing instability. In total, the House spending package cuts critical non-defense programs to $5 billion below the already austere sequestration-level spending caps for FY18.

As the House and Senate have not yet actually agreed upon detailed spending bills for FY2018, which began October 1, most government programs are operating with funding levels that are flat from 2017. While this avoids disastrous cuts to critical low-income programs in the short term, inflation continues to erode them, and it also denies them the additional investments they need to be able to expand to help more people. Before the current stop-gap spending bill expires in December, Congress needs to agree on a bipartisan deal to lift the harmful sequester spending limits on domestic discretionary (annually-appropriated) programs for FY18 and future years that will allow for these necessary investments.

As mentioned above, Congressional leadership and President Trump are proposing devastating cuts to human needs programs while also trying to fast-track massive tax cuts for the rich and for corporations. A tax cut bill released by House leaders on November 2 would largely benefit those at the top by, for example, repealing or reducing taxes that only affect taxpayers with the highest incomes and slashing the corporate tax rate. The bill would hurt millions of low- and middle-income families by making it harder for them to receive benefits from the EITC and CTC. The bill would not only reduce federal coffers by trillions of dollars over a decade, taking away money that could instead be invested in improving the lives of low- and middle-income Americans, it would starve local and state governments, too, affecting education, public safety, and other services they provide. Estimates of a similar tax cut framework devised by House and Senate leaders and the Trump administration and released in September suggest that taxpayers in the top 1 percent would receive 80 percent of the plan’s net tax cuts, with those in the top .01 percent getting 40 percent of the total benefits. Numerous studies have shown that tax cuts for the wealthy and corporations create few jobs and little economic growth, despite the fact that these claims are often used as excuses for such cuts.

President Trump’s decision to end the Deferred Action for Childhood Arrivals (DACA) program threatens to strip from 800,000 young adults — including roughly 3,300 in Missouri — the ability to work legally and, in some states, the ability to drive legally and attend college to better their lives. Forcing these individuals, more than 90 percent of whom have jobs, and who are more likely than the general population to start their own businesses, to again live in the shadows or be deported will surely not decrease poverty in our nation. In fact, a prominent economist has estimated that five years after a
repeal of DACA, the nation’s gross domestic product would be $105 billion less than it would be if the program stays in place.\textsuperscript{27}

Additional proposals in Congress that would add work requirements to SNAP or Medicaid would hurt individuals and our nation, not help them. Studies have shown that work requirements don’t cut poverty, and in some cases actually increase it.\textsuperscript{28} Work requirements tied to Medicaid would likely increase the number of uninsured and leave individuals without coverage if they can’t work because they are caring for a family member, have a mental health issue, are without access to child care or transportation, or are working but do not have enough hours.\textsuperscript{29} Adding work requirements to SNAP is also misguided, as the vast majority of SNAP recipients are either already working, are looking for work, are unable to work, or are not expected to work (children or the elderly). More than 50 percent of households with at least one working-age, non-disabled adult worked while receiving SNAP, with more than 80 percent working in the year prior to or after receiving SNAP. In families with children, more than 60 percent of recipients work while receiving SNAP, with almost 90 percent working in the year prior to or after receiving benefits.\textsuperscript{30} The Census Bureau data also show that in more than two-thirds of families who are poor in Missouri, at least one person worked at least part-time or part of the year.

In addition to the human toll poverty takes, it is also expensive for our nation. Child poverty alone has been estimated to cost the U.S. economy 3.8 percent of our gross domestic product (GDP), or $672 billion in 2015.\textsuperscript{31} Child poverty results in a less-educated workforce, which reduces productivity and economic output years later, and higher physical and mental health costs. Unstable housing among families with children will cost the nation as estimated $111 billion in health and education expenditures over the next ten years.\textsuperscript{32}

If our elected leaders really want to boost our economy and create jobs and a highly-skilled labor force, they would invest in programs that lift millions of children out of poverty, not cut them. They would invest in programs that allow parents to find and keep good paying jobs, like training programs, scheduling and paid leave protections, and child care. And they would require the wealthy and big corporations to pay their fair share, so we can increase these investments.

\textit{We Can – and Must – Continue to Make Progress for the Millions Still Struggling}

We can – and should – do more to further reduce poverty for the millions of Americans still struggling. To achieve this goal, Empower Missouri and the Coalition on Human Needs recommend the following actions for Congress and President Trump:

- \textbf{Reject cuts to proven anti-poverty programs; instead, protect and expand funding for programs including SNAP, Medicaid, housing subsidies and others.}

- \textbf{Reject tax cuts for the wealthy and corporations that will lead to further cuts in domestic programs.} Paying for tax cuts for the rich while cutting programs for the poor, infrastructure investments, and public health protections is simply wrong. Corporations and the wealthy need to pay their fair share.

- \textbf{Lift sequester caps for domestic discretionary programs to boost investments in education and many other programs.} A bipartisan deal, similar to those reached in past years, is needed to lift the austere sequester-level spending caps for FY18 and beyond.
Increase federal funding for housing subsidies and child care subsidies. As Congress continues its FY18 appropriations process, it should increase funding to provide millions more Americans in need with access to safe, stable housing and quality, affordable child care.

Expand the Earned Income Tax Credit to workers not raising children and expand the Child Tax Credit to families making less than $3,000 a year. A bipartisan group of members of Congress have previously shown support for expanding the EITC, so helping workers without dependent children should be a top priority for Congress. Congress should also act to ensure all low-income children benefit from the CTC.

Reject harsh time limits and work requirements for SNAP, Medicaid, and subsidized housing recipients. Congress should end the harsh time limits on SNAP benefits for certain jobless adults willing to work.

Congress should once and for all abandon efforts to repeal the Affordable Care Act and instead stabilize the law’s insurance markets. And Missouri and other states that haven’t yet expanded health coverage to workers with low incomes by drawing down federal Medicaid dollars should do so. Governors of states that have continued to deny health coverage to residents with low incomes should end this costly failure to take advantage of federal dollars on the table and provide necessary health care to those who can least afford it.

Congress should enact the Dream Act, providing legal status and a path to citizenship for the young people brought to this country as children. Their freedom to work, learn, and serve in the armed services contributes to economic growth.

Reducing poverty clearly should be a top priority for our nation. The evidence shows that proven anti-poverty programs like SNAP, housing assistance, and low-income tax credits are effective at lifting millions of people out of poverty and building family economic security. We have made progress in reducing poverty, and we are getting closer to the poverty rates of 2007 before the Great Recession. Now is not the time to turn back this progress, and it is never the time to cut programs for those who need help the most in order to give giant tax cuts to those who most certainly do not need them. Instead, Congress and the Trump administration must build on and accelerate the progress we’ve made by investing more in proven anti-poverty programs to speed up this progress and extend it to more of our neighbors.

This report was prepared by Empower Missouri and the Coalition on Human Needs.
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