



**Friends of
South End Community Outreach Ministries (SECOM)
Newsletter
March 28, 2011**

*Celebrating 30
years of serving
1981 - 2011*

Dear Friends,

According to a recent article in the Boston Globe (see article here bit.ly/hWimMZ) a new federal formula for determining poverty has increased the roles of the impoverished to 47.8 million people from the 43.6 million reported by the census bureau last September. The new formula means 15.7% of the US population is living in poverty versus the official rate of 14.3%.

The new formula will not replace the old one, but will be used as supplemental data to help government agencies determine antipoverty initiatives. This will explain why in the future you may see conflicting numbers on poverty rates.

The new formula treats government aid programs such as tax credits and food stamps as income, thereby keeping many people off the poverty roles. Had government programs not been factored in the rate during the recession would have been significantly higher. Still the rate is much higher due to the higher cost of living in the suburbs, the Northeast and West.

Without the earned-income tax credit the poverty rate would have been 17.7% instead of 15.7%. Excluding food stamps from a recipients income would caused the poverty rate to 17.2%. The official poverty rate figure is based on a calculation that goes back to 1955. There is certain to be a debate on whether or not it is outdated or not and whether or not the current formula is skewed too heavily by government handouts.

The biggest impact on the poverty rate was out-of-pocket medical expenses. Those costs alone increased the poverty rate to 15.7% from 12.4%. The people most heavily affected by medical costs, not surprisingly, were seniors. Their poverty rate rose to 16.1% from 8.9% due to medical costs.

The working class aged 18 to 64, experienced poverty at the highest rate (12.9%) since the war on poverty began. Transportation and child-care costs contributed heavily to the demands on their finances.

It will be September before poverty data is released for 2010. By then we will hopefully have long since seen the cyclical peak in poverty rates. The improving employment picture is certainly helping. Unfortunately, the level at which we are starting means we have a long way to go to get back to normal poverty rate levels.

The next year is expected to be a transitional year for SECOM and its neighbors. There will be less demand essential needs and more demand for self-actualization. For that reason we expect it to be challenging. If the former were to decrease in an amount that offsets the amount that the latter increases there would not be a problem. But that is rarely the case.

The other challenge we face is in the great unknown of government policy. How the differences in the official poverty rate and the supplemental rate will influence policy will affect the quality of life for our neighbors. It will also have an impact on our services. Our hope is that the impact will be minimal.

Thank you for supporting our work and having confidence in us

Best Regards,

Robert

Robert Heys
Development Director

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