

2014

State of the State Poverty in Missouri

CGLPH EX 7



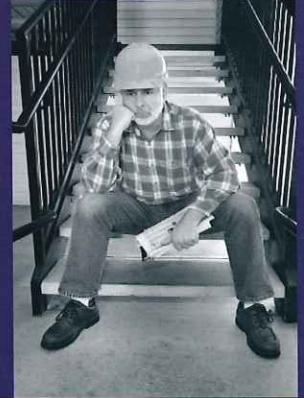
FILED
February 6, 2015
Data Center
Missouri Public
Service Commission

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Exhibit No. 7
Date 1-25-15 Reporter MAM
File No. E.A. 2014-00088



Missourians to End Poverty Coalition

Data Sources

U.S. Census Bureau - 2012 American Community Survey table
s1701- Poverty Status in the last 12 months, table s1002
- Grandparents, s2701 Health Insurance Coverage Status,
table DP04- Selected Housing Characteristics

U.S. Census Bureau, Small Area Income and Poverty Estimates
(SAIPE) Program, December 2013

Bureau of Labor Statistics, Current Population Survey

Issue Brief: PolicyOptions.org "The Development of Chronic
Disease due to Poor Nutrition"

National Low Income Housing Coalition 2013 State Housing
Profile

USDA Economic Research Service Report Number 155
September 2013 Household Food Security in the United
States in 2012

Missouri Hunger Atlas 2013

Institute on Taxation & Economic Policy, January 2013 - Who
Pays? A Distributional Analysis of the Tax Systems in all 50
States- 4th edition

[http://www.irs.gov/Individuals/States-and-Local-
Governments-with-Earned-Income-Tax-Credit](http://www.irs.gov/Individuals/States-and-Local-Governments-with-Earned-Income-Tax-Credit)

CFED Assets and Opportunity Scorecard State Profile
Missouri 2013

Food Insecurity and Risk for Obesity Among Children and
Families: A Research Synthesis April 2010

The State of Missouri Consolidated Plan FY 2013 – 2017
24 CFR Part 91 Consolidated Submissions for Community
Planning and Development Programs

<http://www.dss.mo.gov/cd/fostercare/fpstats.htm>

[http://kff.org/other/state-indicator/teen-birth-rate-
per-1000/](http://kff.org/other/state-indicator/teen-birth-rate-per-1000/)

[http://www.spotlightonpoverty.org/map-detail.
aspx?state=Missouri](http://www.spotlightonpoverty.org/map-detail.aspx?state=Missouri)

Missouri Department of Social Services Child Care Family
Eligibility Guidelines

The State of Homelessness in America: National Alliance to
End Homelessness

*Data sources may vary based upon date of source
document's publication. Sources update at different times
during the year which may result in slight variations in data.

Missouri Report on Poverty

2014

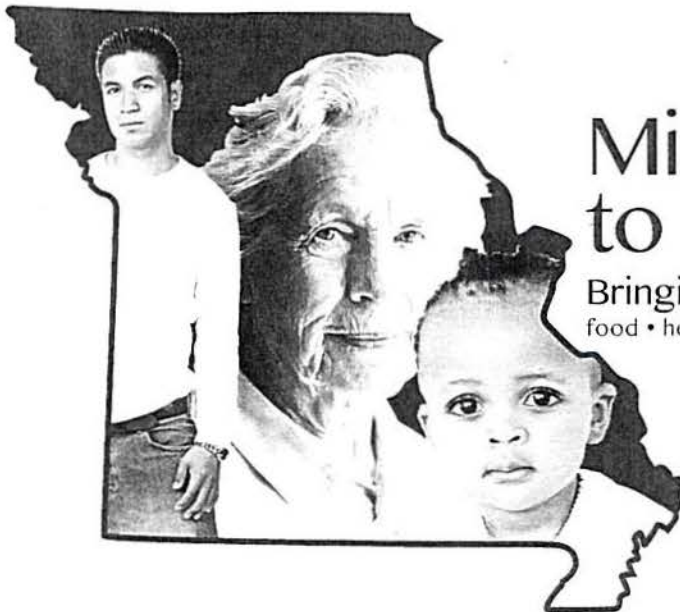
Who are the Missourians to End Poverty?

Missourians to End Poverty is the coalition of various individuals, businesses, organizations and government agencies who have come together around the following vision:

As Missourians, we envision a just society of shared responsibility by individuals, communities, business, and government in which all individuals are respected, have opportunities to reach their full potential and to participate in thriving, diverse, sustainable communities.

Missouri is a state rich in beauty and prosperity, in education and opportunity, in security and health, in values and vision. Yet, within our richness lies poverty and fear, hunger and the homeless, unmet potential and despair.

The scope of poverty is vast. For each individual struggling with poverty there exists a unique set of circumstances and issues that make a single solution to poverty, as an issue, impossible. Think of poverty as a net with strands trapping individuals and holding them down. Each individual has different strands that must be cut in order to help them move forward. This report exists to identify some of the key issues surrounding poverty in our state and identifies some potential solutions to those problems - solutions that could cut poverty significantly in Missouri.



Missourians to End Poverty

Bringing the Community Together to End Poverty
food • health • education • housing & energy • economic & family security

Issues of Poverty

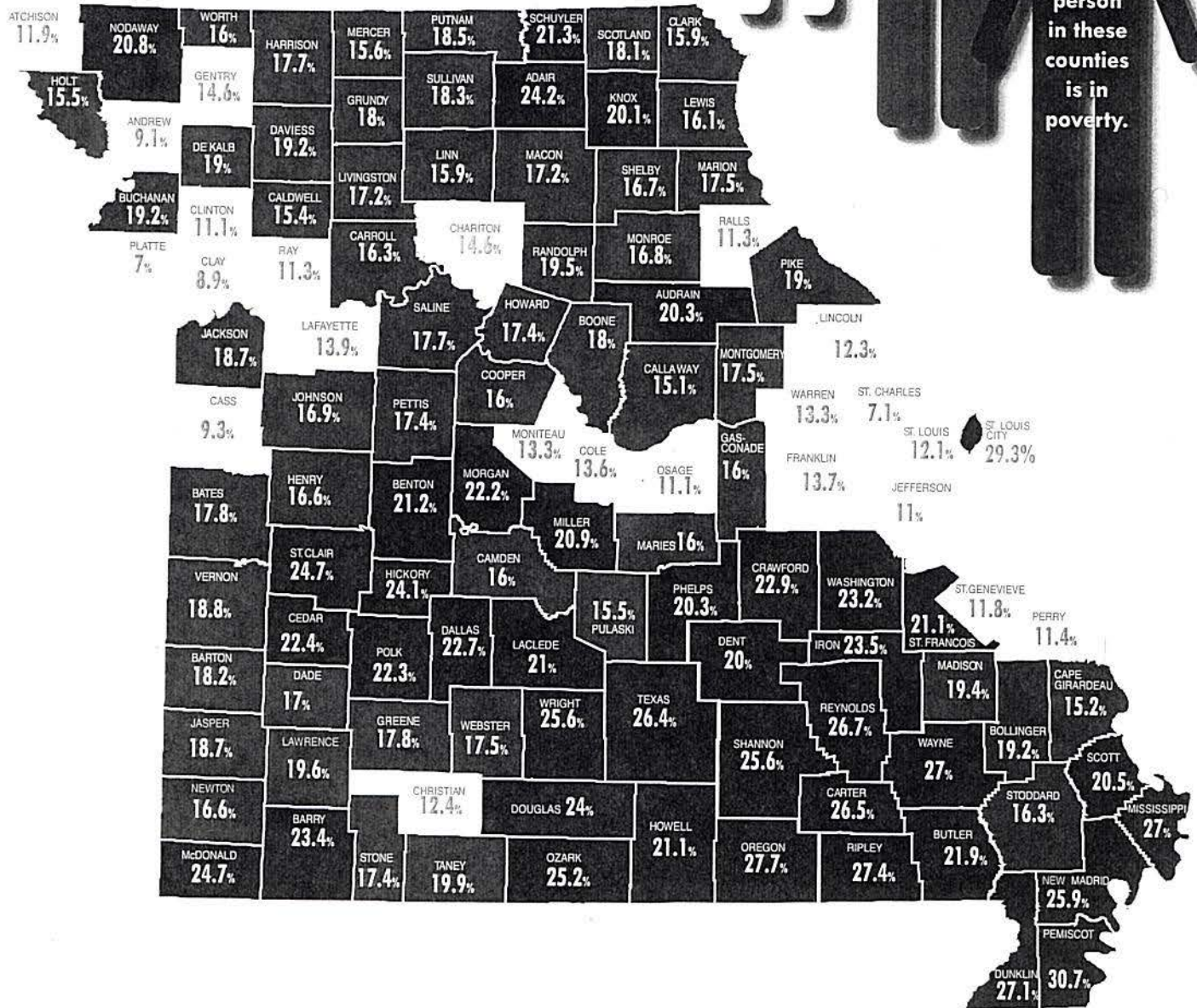
- Poverty Rate Over 20%
- Poverty Rate Between 15-20%
- Poverty Rate Under 15%

Under
15%

Less than
15% of
people
live in
poverty

Up to 1
in every
5 people
are in
poverty

Over
20%
More than
every 5th
person
in these
counties
is in
poverty.



Source: December 2013 Poverty and Median Household Income Estimates- Small Area Income and Poverty Estimates U.S. Census Bureau



2013 POVERTY GUIDELINES	
Family Size	Annual Income
1	\$11,490
2	\$15,510
3	\$19,530
4	\$23,550
5	\$27,570
6	\$31,590

For families/households with more than 6 persons, add \$4,020 for each additional person.

5 Key Elements of Poverty

- Food
- Health
- Education
- Energy & Housing
- Family & Economic Security

Poverty is a blight on the development of our state. Unfortunately, it is also one of the most difficult issues to address because the causes of poverty are made up of a vast interconnected web of issues.

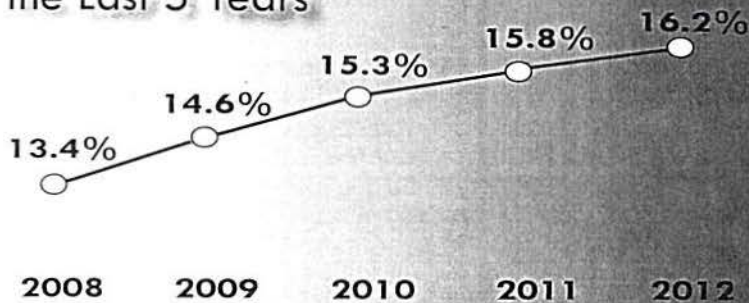
Problems range from large economic forces such as wage inequality and unemployment to localized problems such as inadequate public transportation and child care.

The Missourians to End Poverty coalition has identified five key elements that can be addressed to impact the conditions of poverty in our state.

Participation in Federal Programs

Adults and children receiving welfare (TANF):	89,033
Children receiving food stamps (SNAP):	416,000
Earned Income Tax Credit recipients:	530,000
Households receiving federal rental assistance:	94,193
Families receiving child care subsidies:	21,800
Participants in all Head Start programs:	22,732
Number of children enrolled in Medicaid and CHIP:	662,307
Number of women and children receiving WIC:	145,900
Households receiving Low Income Home Energy Assistance Program:	178,245

Poverty Rate Increases in Missouri over the Last 5 Years



What is Food Security?

The concept of food security, as the United States Department of Agriculture defines it, refers to "access by all people at all times to enough food for an active, healthy life." The USDA outlines food security as a continuum divided into four ranges, characterized as follows:

- **High food security**—Households had no problems consistently accessing adequate food.
- **Marginal food security**—Households had problems at times accessing adequate food, but the quality, variety, and quantity of their food intake were not substantially reduced.
- **Low food security**—Households reduced the quality, variety, and desirability of their diets, but the quantity of food intake and normal eating patterns were not substantially disrupted.
- **Very low food security**—At times during the year, eating patterns of one or more household members were disrupted and food intake reduced because the household lacked money and other resources for food.

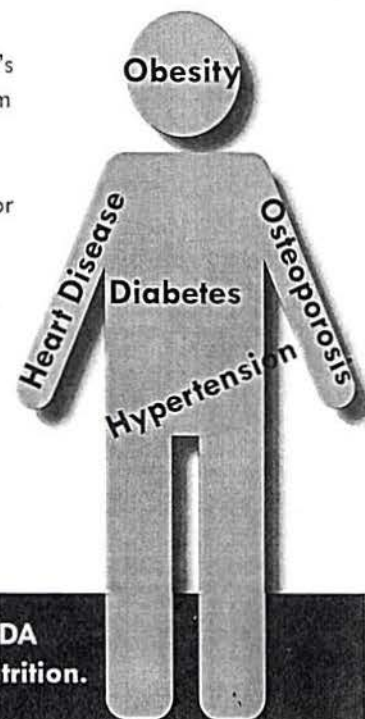
Missouri's Rate of Low Food Security is 16.7%

We are one of only 10 states in the nation with food insecurity significantly higher than the national average of 14.7%

Rising Hunger in Missouri:

- Current estimates of low food security and very low food security rates among Missouri households in 2010 were 16.7% and 7.6% respectively.
- 380,097 households experience low food security and roughly 159,165 households experience very low food security in Missouri; with an average household size of 2.45, these figures suggest approximately 1.3 million Missourians experienced low or very low food insecurity.
- This translates into roughly 400,000 Missourians experiencing hunger. Regretfully, trends in food insecurity and hunger are not positive ones for our state, as current averages for both reflect a trend that has continuously increased over the last 10 years.

Health problems are directly connected to economic hardship since they affect an individual's ability to work or to function in school. There are a variety of poor outcomes that result from inadequate nutrition. Chronic diseases can be brought on by calorie dense/low nutrition foods. Beyond that, poor nutrition increases healthcare costs by increasing the amount of time needed to recover from illness and by exacerbating the effects of chronic disease. Poor nutrition also reduces productivity at work through lowered energy/illness and negatively impacts the ability of children to focus and learn in school.



Inadequate Nutrition Results in Poor Health and Higher Health Care Costs for All Missourians...

The average SNAP benefit in Missouri is \$1.30 per person per meal. But USDA Food Plans project that it costs \$1.80-2.48 per meal to provide adequate nutrition.

The State of Missouri could greatly improve the lives of its distressed families by finding ways to provide quality, affordable, health care to all Missouri families.

Lack of insurance coverage is one of the most significant impediments for Missouri families to access a quality, affordable health care system. In our state, most Missourians access health care with employer provided insurance. But in our system of employer provided insurance, those at the lowest levels of income are rarely provided coverage by their employer.

This creates a system that forces those with the lowest incomes to pay out of pocket for their health care, while those at higher incomes receive employer subsidies.

In 2012, 13.6% of Missourians were uninsured. Of those uninsured individuals, over 420,000 are **working** poor. This lack of coverage causes Missouri families to access the health care system in inconsistent and inefficient ways and impedes primary and preventive care, all of which imperils their well being and raises the health care cost for all Missourians.

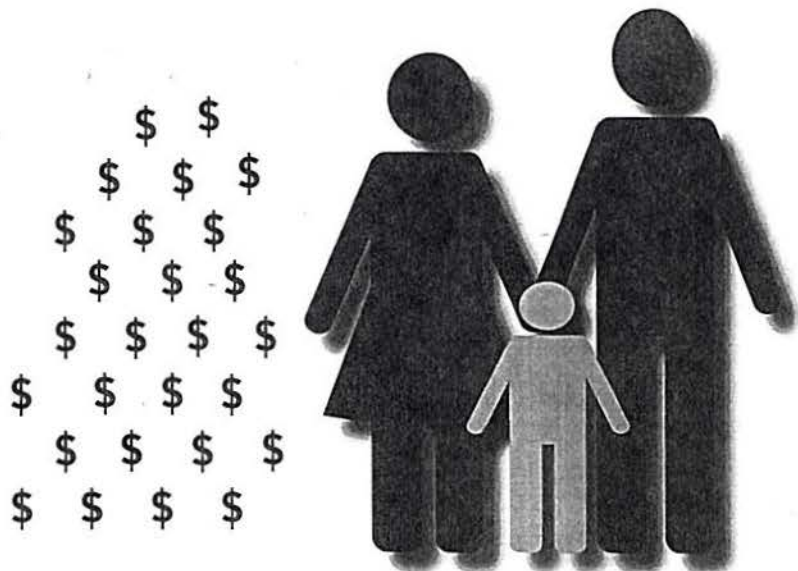
801,380
Missourians
Have No
Health Insurance

Currently, in order for an adult to access Medicaid in Missouri, they must earn less than \$292 per month!

Increasing Medicaid eligibility to 138% of the federal poverty guideline = an income of \$7.62 per hour for an individual working full time.



Over
420,000
of Missouri's Uninsured
are **Working**
Adults



Education

In 2012, Missouri's graduation rate increased by 2.4% - representing an additional 1,750 high school diplomas!

Individuals with a high school degree:	86.9%
Individuals with a four year college degree:	26.1%
Teens ages 16-19 not attending school and not working:	9%
Percent of college students with debt:	65%
High school graduation rate:	83.1%

Ensuring quality education from early childhood, through grades K-12 and college is an essential component to eradicating poverty in the State of Missouri. Numerous studies find a positive correlation between higher levels of education and increased job earnings later in life. Without adequate education, young people are relegated to low-paying unskilled service jobs that fail to provide economic security and trap them in a lifetime of poverty.

Yet, it is precisely in areas of concentrated poverty where educational success is most lacking. Graduation rates tend to be lower in high poverty districts.

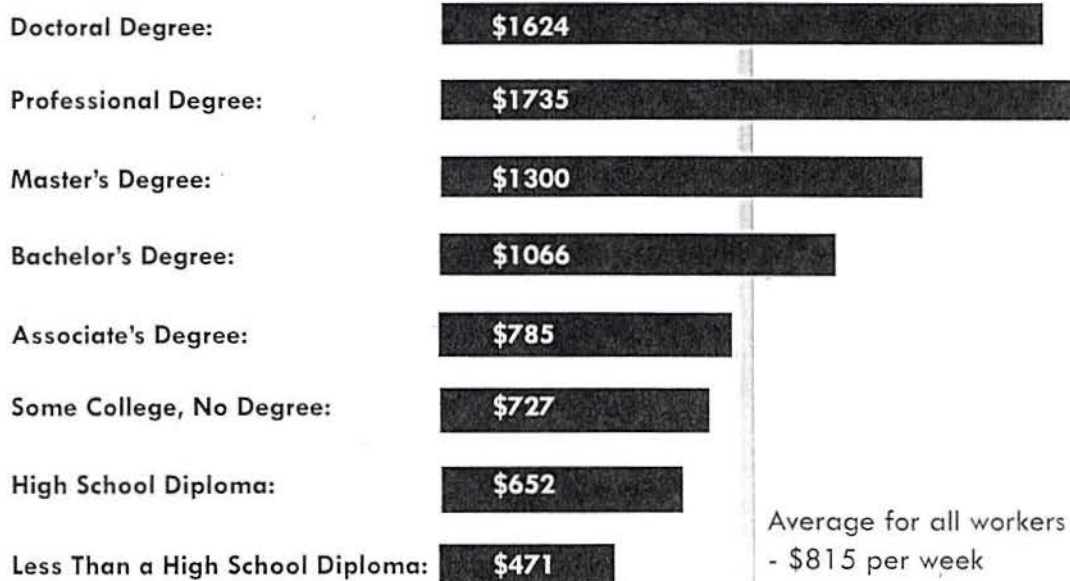
Poverty has a profound impact on student educational success. Missouri has not adequately invested in programs to reduce poverty and has placed increasing pressure on public schools to remediate the challenges created by poverty. A new strategy must involve rejecting a "silo" mentality that ignores the impact of poverty on educational success. In order to ensure quality education for children in areas of concentrated poverty, all aspects of family and community life must be engaged in the process of educating children.

All schools must be staffed by highly qualified teachers. According to information released by the National Education Association about 40% of all core subject area classes in high poverty - high minority middle schools are staffed by out-of-field teachers. Difficult working conditions, low pay and narrow, bureaucratic accountability systems make it harder for districts to staff the most challenging schools with the most experienced and capable teachers.

When children of different socioeconomic levels and ethnic backgrounds are in shared learning environments, all benefit. Currently, districts vary widely in concentration of students living in poverty.

Education to Income Chart

Weekly median earnings in 2012 (\$) by education level (nationally)



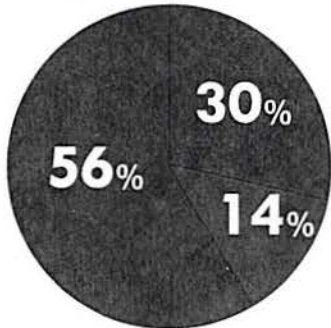
A household is considered "cost burdened" if more than 30% of their income goes towards housing.

Housing & Energy

Housing in Missouri

Total households:	2,359,135
Renters:	32.5%
Households paying over 30% of income on housing:	283,012

\$14.07 is the wage a renter household needs to earn to afford a two bedroom unit at the HUD determined Fair Market Rent.



14% on Energy Costs
 30% on Housing
 56% for **EVERYTHING** Else
 Transportation, Healthcare, Food,
 Clothing, Education, Etc.

Homeless In Missouri

Homeless	8,989
Unsheltered	2,271
Chronically Homeless	1,156
Homeless Veterans	852

In Missouri, low-income households pay an average of 46% of their gross pay towards two expenses, housing and energy costs. However, households at 50% of the Federal Poverty Guideline may pay up 54% of their income just on energy. To prevent this crisis for families with limited resources, it is necessary to address the shortage of safe, affordable, and decent housing in Missouri.

Energy

On average, low-income households spend 14% of their annual income just on energy costs, whereas middle and higher income families usually pay only 3-6%. This means low-income families often cut back on other necessities, such as prescription medication and food, in order to pay their energy bills. The higher consumption often results from housing stock that lacks insulation or other efficiency measures, and older appliances in the home.

Housing

Substandard housing is yet another barrier that low income families face and one that drastically affects a family's quality of life. (Substandard housing refers to any housing that does not meet the local minimum health and safety requirements.) One out of every three people living in severely substandard housing is a child.

Recently, the National Low Income Housing Coalition released a report called "Healthy Homes", which found that substandard housing contributes significantly to the health issues faced by many low income children. Studies show that children who have secure, affordable housing are far more likely to stay in school and succeed socially, and their parents are far more likely to keep their jobs and maintain a family income.



Family & Economic Security

25.9% of Missouri Jobs are Considered Low-Wage

Employment

Missouri needs jobs that will sustain local economies, provide a living wage for families to support themselves, and make communities attractive places to live. The current unemployment rate in Missouri as of November 2013 is 6.1% - which is good news. However, Missouri's employment outlook is problematic since many new positions are lower wage service jobs- not long term sustainable wage employment.

Asset Poverty Rate:
22.2%

Unbanked Households:
9.5%

Quality Child Care

Child care is a critical need for working individuals and families with children. Low income parents often struggle with child care issues due to work hours that do not coincide with child care availability, transportation problems (routes or schedules), and the prohibitive cost of quality care. The eligibility level for child care assistance in Missouri is 127% of the federal poverty guideline with some transitional benefits ranging slightly higher. However, for a single parent trying to work and raise a child, **all childcare benefits would be lost** with an annual income of \$20,952 which equals a weekly gross pay of \$403.

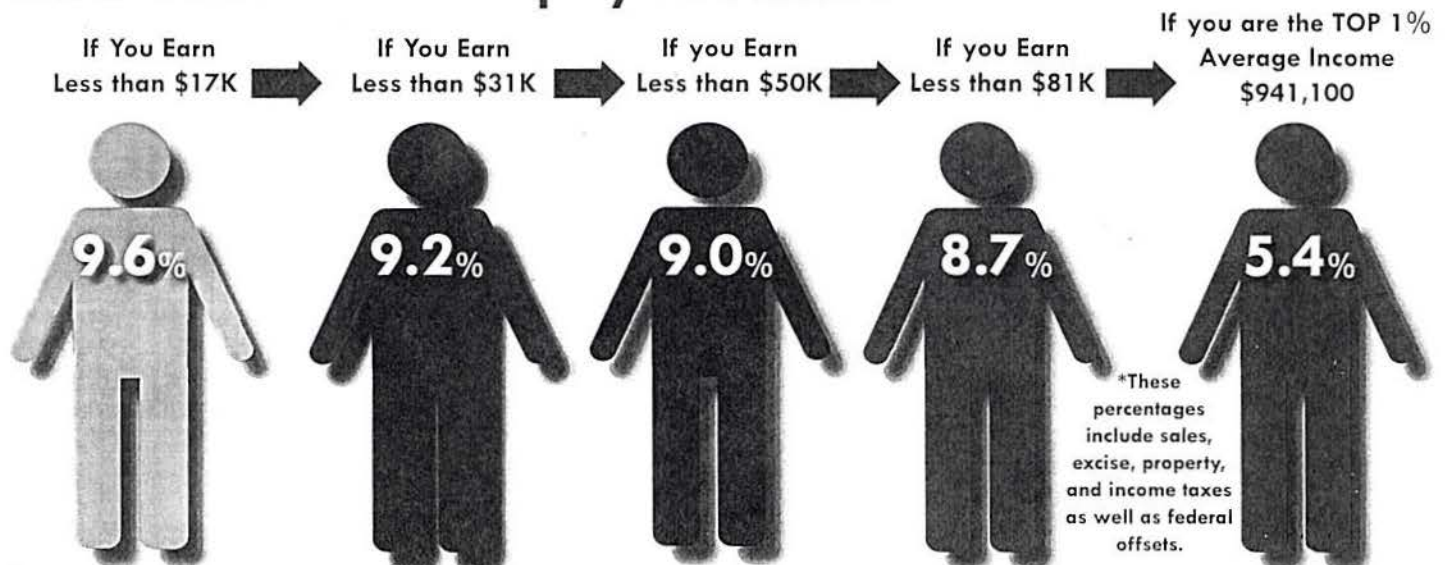
Asset Development & Protection

Low income families are more likely to experience crisis due to lack of savings and assets than middle income families. Asset Development is a proven way to help low income people build wealth and stability through home ownership, development of small businesses, and higher education. In addition, participation in asset development programs increases participation in the banking system (moving people away from predatory solutions such as payday lenders) and increases financial education among participants.

Tax Relief for Working Families

Another problem low income families experience is the high burden of taxes low income families pay compared to middle and higher income families. One way to address this would be a state earned income tax credit (EITC). Twenty five other states and the District of Columbia have already instituted a state EITC ranging from 3.5% to up to 50% of the federal credit.

How much do YOU pay in taxes?



Numbers YOU Should Know

Missouri's Overall Poverty Rate	16.2%
Child poverty rate:	22.6%
Senior poverty rate:	9%
Women in poverty:	17.4%
2012 average unemployment rate:	7.1%
Low income working families:	32.7%
Percent of individuals who are uninsured:	13.6%
Teen birth rate per 1000:	37.1
Children in foster care:	10,620
Grandparents raising grandchildren:	92,333

Join the Missourians to End Poverty Coalition!

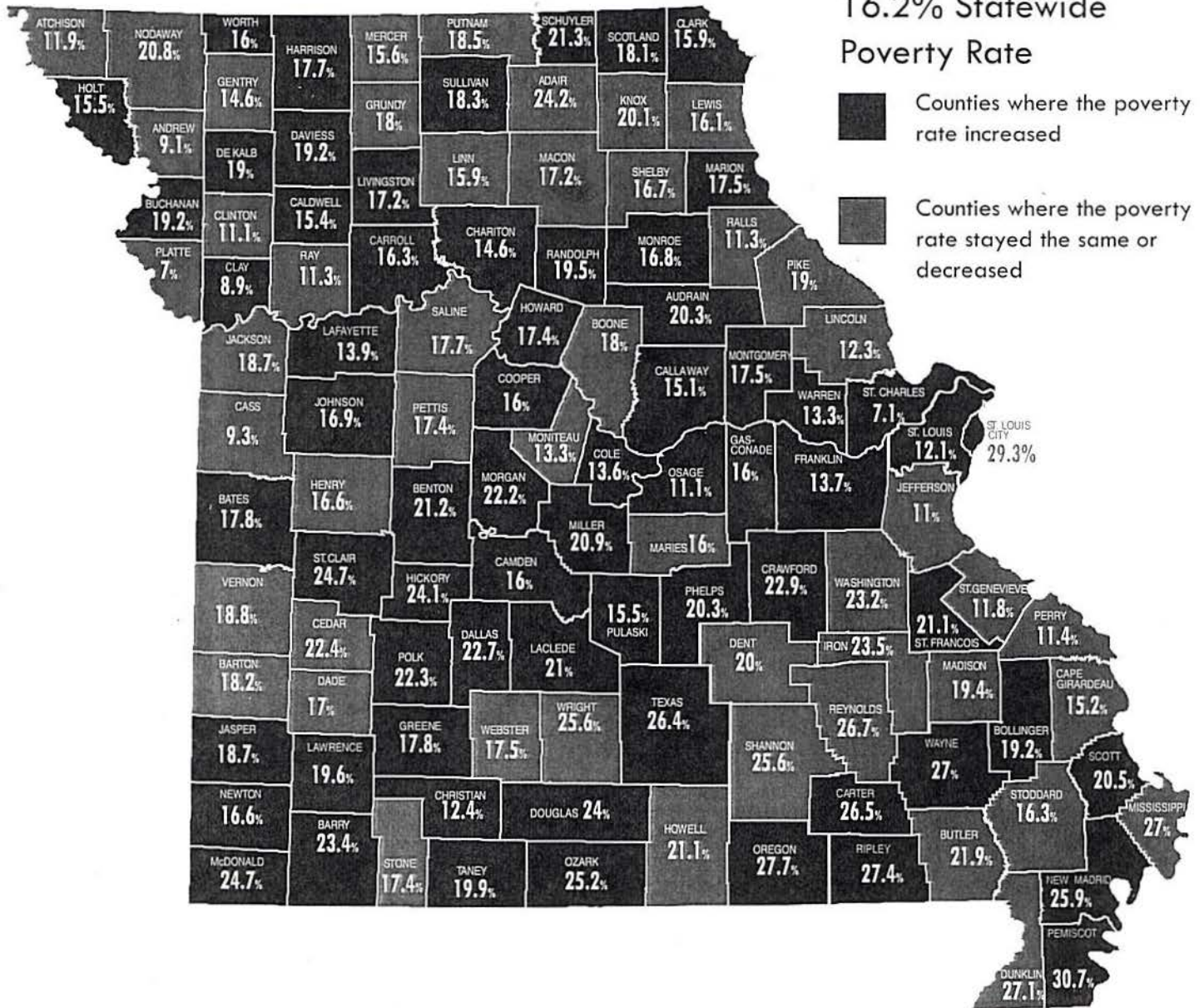
Find us at:

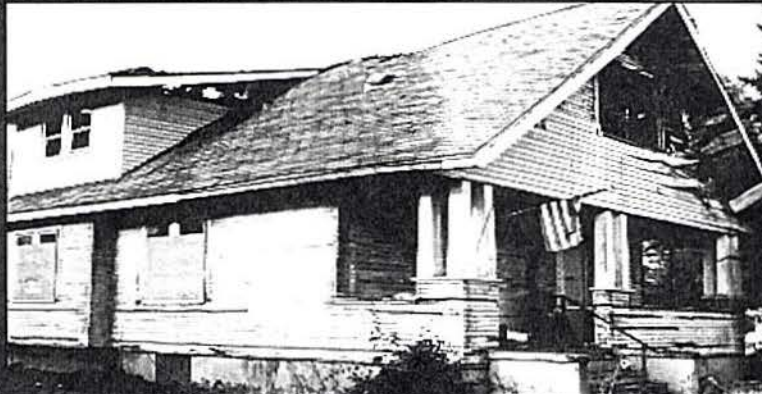
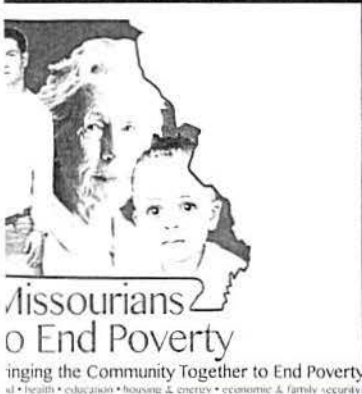
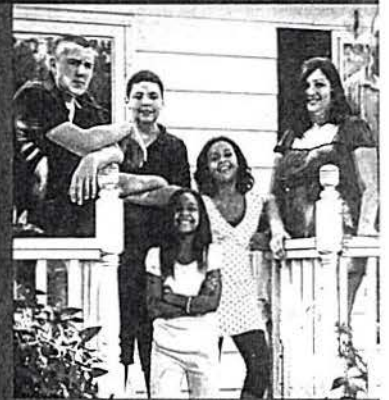
www.communityaction.org

or call

573-634-2969

for meeting dates
and locations







January 26, 2015

To: The Missouri Public Service Commission
From: Walter Wildman, Empower Missouri (formerly MASW)
Re: File No. ER-2014-0258

On behalf of the 40% of Missouri families living with incomes that are inadequate to consistently provide for basic human needs and to plan for future security, Empower Missouri asks that the Public Service Commission reject Ameren Missouri's latest request for an exorbitant rate hike, as contained in File No. ER-2014-0258.

Empower Missouri was founded in 1901 as the Missouri Conference on Charities and Corrections. Since that time we have advocated to improve the living conditions of all Missourians under a variety of names. From 1933-2014, we were known as Missouri Association for Social Welfare (MASW), and we rebranded late last year as Empower Missouri. We have chapters in St. Louis, Kansas City, Springfield, Central Missouri, and Cape Girardeau, with two additional southeast Missouri communities slated to add chapters this year. Our mission is to secure basic human needs and basic fairness for all Missourians.

Here are the facts about Ameren's request:

- Ameren has asked regulators to raise Missouri electric bills by an additional 9.7%, a \$264 million rate hike.
- This is the sixth time since 2007 the state's largest monopoly, Ameren, has asked for a rate hike.
- If approved, Ameren will have raised rates by 57% over the last seven years, costing Missouri families and businesses \$1.1 billion.
- Ameren has raised surcharges alone on electric bills by \$600 million during the last six years.
- Missourians can't afford to be paying 57% more for the same electricity they were receiving seven years ago, especially with income and small business growth largely stagnant.

Elders, people with disabilities, and low-wage workers and their families will all be harmed if Ameren is allowed to raise its rates so steeply. Indeed Empower Missouri contends that the rate of return that Ameren is authorized to pursue is too high already, given how high unemployment has been in Missouri during the past decade and how stagnant wages have been.

You may wonder about the numbers I cite – that 40% of Missourians sometimes cannot afford necessities. You may be saying “I thought the poverty rate in Missouri is a little over 15%.” It is true that 16.2% of Missourians *officially* live in poverty. However, policy experts working on poverty issues are well-acquainted with the outdated nature of the Federal Poverty Level (FPL). It is based on a formula from the 1950's and 1960's that is no longer accurate. I have attached a full description of how the FPL undercounts those without resources to secure basic human needs as well as a map of the state with county by county percentages of those living *officially* in poverty.

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Wildman to Public Service Commission
01/26/2015, page two

Good public policy is based on reality. The truth is that the cost of living, even without frills, is far higher than the official poverty line. The Massachusetts Institute of Technology uses data from various sources to compile a county by county “living wage calculator” for Missouri and the other states. The link for this report is at: <http://livingwage.mit.edu/states/29/locations>.

The 5th Edition of the **Who Pays** report from the Institute for Taxation and Economic Policy (ITEP) was released today, and I have attached an analysis of income groups in our state. One-fifth of Missouri non-elderly households have annual incomes of less than \$18,000 annually, and the next 20% have incomes of \$18,001-\$33,000. (See attachment from ITEP.) According to the Food Research and Action Center, one out of four families with children in Missouri have at least one episode of food insecurity annually. With income levels as they are, this is understandable, and so is inability to pay a utility bill – even in winter (and Missouri does not have an effective winter moratorium on shut-offs, just a Cold Weather Rule that offers grace for 24 hours in some cases).

When utility rates are raised, much human suffering results. Some of our neighbors have to choose between heating and eating. Some choose between filling a prescription and having cooling in the summer – even though their medical condition requires both. Children dress for school in the dark while lights are disconnected and fall asleep in the classroom because they are fatigued from shivering in the night due to lack of electricity to power the fan on the family’s furnace. Please remember these very vulnerable families as you consider this latest Ameren rate hike request.



What's Wrong with the Way We Measure Poverty?

By Jeanette Mott Oxford, Executive Director, Empower Missouri

The Federal Poverty Level (FPL) does not accurately measure poverty. It is outdated and seriously underestimates the count of the number of people living in poverty.

The FPL formula was created in the early 1960's by Molly Orshansky of the Social Security Administration. At that time it was assumed that families in poverty spent about a third of their income on food, so the poverty line was set by computing the cost of a "thrifty food plan" for a family of various sizes and multiplying by three.

The costs of basic human needs have not gone up equally since the early 1960's. Families no longer spend one-third of their income on food and two-thirds on other basic needs. Food now accounts for about one-sixth of the monthly budget for families in poverty.

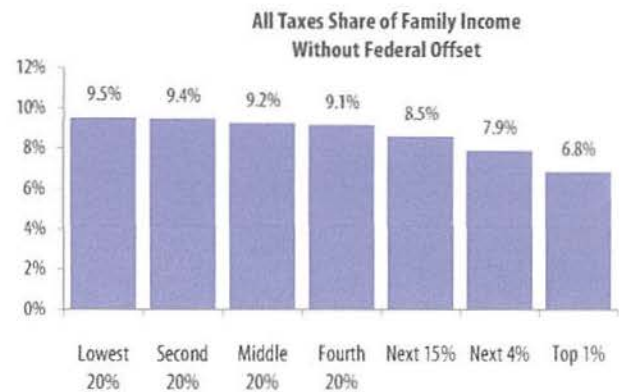
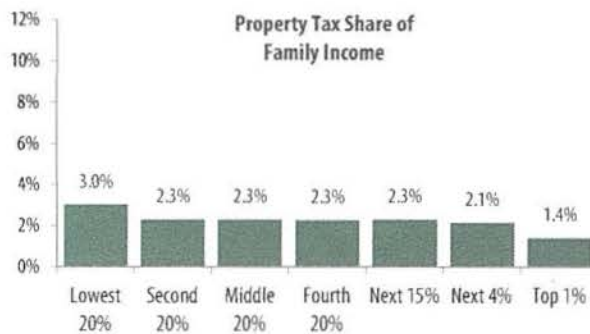
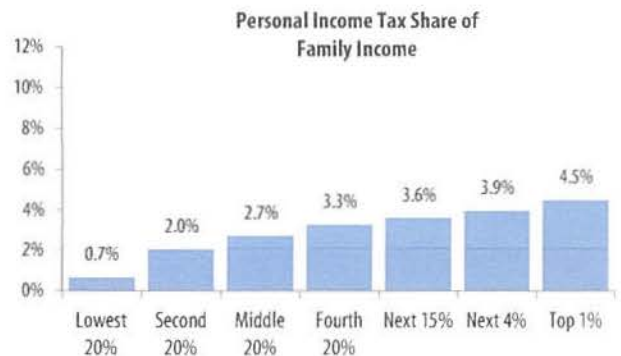
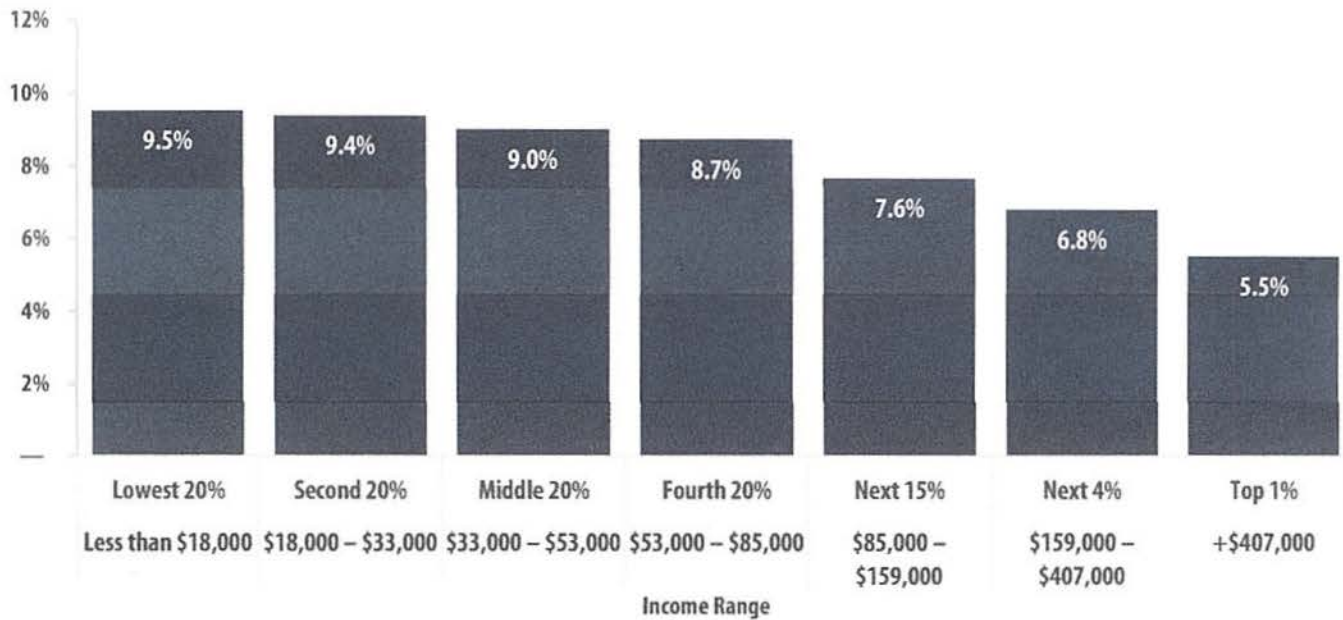
Orshansky used a 1955 USDA survey as the basis for her formula. It assumed that families have one wage earner and a stay-at-home parent. Commuting and other travel and work-related expenses that are a part of modern life have a huge impact on family budgets.

The flaws in the FPL are acknowledged by the income guidelines that are set for various federal programs. The income limits for Food Stamps have generally been set between 100% FPL and 130% FPL. The Low Income Home Energy Assistance Program serves families to 150% of the FPL. Free and reduced school meals may be obtained up to 225% of the FPL. Popularity of the program ("how it pulls our heartstrings") and caution about spending tax dollars compete with need in how we set these standards.

Since proposed measures to update the FPL would lead to an increase in the number of people reported to officially live in poverty (and might also increase the costs of helping them), efforts to update the FPL at the federal level have repeatedly failed. Some communities are beginning to deal with this problem by passing "living wage" ordinances based on the true cost of living.

Missouri State & Local Taxes in 2015

Shares of family income for non-elderly taxpayers



Note: Figures show permanent law in Missouri enacted through December 31, 2014 at 2012 income levels. Top figure represents total state and local taxes as a share of income, post-federal offset. Figures in Appendix D show the fully phased in impact of 2014 Legislation (SB 509) which includes two personal income tax cuts dependent on meeting revenue growth targets: a reduction in the top income rate from 6 to 5.5 percent and a 25 percent exclusion for business income.

Missouri State & Local Taxes in 2015

Details, Tax Code Features, & Tax Code Changes Enacted in 2013 & 2014

Income Group	Lowest	Second	Middle	Fourth	Top 20%		
	20%	20%	20%	20%	Next 15%	Next 4%	TOP 1%
Income	Less than \$18,000	\$18,000 – \$33,000	\$33,000 – \$53,000	\$53,000 – \$85,000	\$85,000 – \$159,000	\$159,000 – \$407,000	\$407,000 or more
Average Income in Group	\$10,800	\$25,600	\$42,300	\$67,400	\$110,600	\$229,200	\$1,088,200
Sales & Excise Taxes	5.8%	5.1%	4.2%	3.6%	2.6%	1.7%	0.8%
General Sales—Individuals	3.6%	3.2%	2.8%	2.4%	1.8%	1.2%	0.6%
Other Sales & Excise—Ind.	0.6%	0.5%	0.3%	0.3%	0.2%	0.1%	0.0%
Sales & Excise on Business	1.6%	1.4%	1.1%	0.9%	0.7%	0.4%	0.2%
Property Taxes	3.0%	2.3%	2.3%	2.3%	2.3%	2.1%	1.4%
Property Taxes on Families	3.0%	2.2%	2.2%	2.2%	2.2%	1.8%	0.7%
Other Property Taxes	0.1%	0.1%	0.1%	0.1%	0.1%	0.3%	0.7%
Income Taxes	0.7%	2.1%	2.7%	3.3%	3.6%	4.0%	4.6%
Personal Income Tax (State and Local)	0.7%	2.0%	2.7%	3.3%	3.6%	3.9%	4.5%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Total Taxes	9.5%	9.4%	9.2%	9.1%	8.5%	7.9%	6.8%
Federal Deduction Offset	-0.0%	-0.1%	-0.2%	-0.4%	-0.9%	-1.1%	-1.3%
OVERALL TOTAL	9.5%	9.4%	9.0%	8.7%	7.6%	6.8%	5.5%

Note: Table shows detailed breakout of data on previous page.

Missouri Tax Code Features

Progressive Features

- Graduated personal income tax structure

Regressive Features

- Provides an income tax deduction for federal income taxes paid
- State sales tax base includes groceries, though taxed at a lower rate
- Local sales tax bases include groceries
- Fails to provide non-elderly taxpayers with refundable income tax credits to offset sales, excise, and property taxes
- Fails to use combined reporting as part of its corporate income tax

Tax Changes Enacted in 2013 & 2014

- Reduced top personal income tax rate from 6 to 5.5 percent and created new 25 percent exemption for pass-through business income starting in 2017 dependent on revenue growth (these changes are modeled in an alternative MO analysis found in App. D)
- Personal exemption increased for low-income taxpayers

ITEP Tax Inequality Index

According to ITEP's Tax Inequality Index, Missouri has the **30th** most unfair state and local tax system in the country. States with regressive tax structures have negative tax inequality indexes, meaning that incomes are less equal in those states after state and local taxes than before (See Appendix B for state-by-state rankings and more details).