



United Way  
of Kennebec Valley



# Financial Stability White Paper

Prepared for United Way of Kennebec Valley

Presented by Plimpton Research  
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## Executive Summary

Financial stability is one of United Way of Kennebec Valley (UWKV's) three priority areas. UWKV Board and community members collaborated to develop a list of nine broad measures spanning different aspects of financial stability, and we gathered data on them as presented in this paper.

### Strengths

- Income and Wages: Kennebec County is close to the state average and near the middle of the Maine county range for median incomes and wages.
- Augusta is an employment center with many education, health, and public administration jobs.

### Areas of Concern

- Unemployment: The past year has seen a rapid increase in unemployment rates. In the last recession, unemployment increased for two years before improving. Lack of jobs is a big challenge to financial stability.
- Poverty: There are large disparities, and the youngest residents, those living in single-parent families, and racial and ethnic groups other than Asian and white have very high rates of poverty.
- Housing: Many residents, and nearly one-half of renters, are burdened with high housing costs.

## Literature Review

**Kennebec Valley Community Action Program (KVCAP) conducted a comprehensive community needs assessment** in 2018. It used qualitative and quantitative data to analyze the factors that contribute to poverty in the KVCAP region and the needs of low-income residents. For the purposes of the KVCAP report, Kennebec Valley is defined as Kennebec, Lincoln, Sagadahoc, and Somerset Counties. Top health-related findings from its report include:

- As with other parts of Maine and the U.S., poverty is concentrated among the youngest residents of the Kennebec Valley.
  - Children under five are the poorest segment of the population.
  - The region's poorest households are those headed by "single moms" of young children.
  - The Kennebec Valley's small but growing population of racial and ethnic minority residents is more likely to be poor than white residents.

- Community members consider *Lack of jobs with livable wages/benefits*, *Basic needs too expensive*, and *High housing costs* to be three of the top five causes of poverty in the region (see the following table).

**KVCAP Community Needs Assessment Survey Results, 2018**

Reasons for Poverty	Percent of Survey Respondents
Lack of jobs with livable wages/benefits	52%
Basic needs too expensive	36%
Drug/alcohol addiction	32%
High housing costs	30%
Lack of job skills or training	28%

- “The cost of living presents challenges for low-income residents of the Kennebec Valley. ‘You pay one bill, then you don’t have the money for the next bill,’ explained one client. Difficulty paying bills can have long-term implications if people attain bad credit and do not know how to fix it. One person says, ‘We could be so much further ahead if we could get some advice on where to put our money first to help fix our credit, just basic financial advice.’ While 23% of survey respondents said that their income available for living expenses has improved compared with one year ago, 26% said it has gotten worse, and 36% said that their savings have gotten worse.”
- Awareness of programs and resources: “Clients, staff, and community members noted gaps in public awareness about the services and assistance available to low-income residents. Within the two focus groups KVCAP hosted, many seniors and parents offered information on local services of which other participants were unaware. The programs mentioned included General Assistance, SNAP, WIC, parenting classes, financial education, renters’ assistance, and programs for weatherization and first-time homebuyers. One area provider suggested, ‘We need to go to where people are. When the Good Shepherd food truck comes, there are lines—that should be a local resource fair.’ Several clients and providers named Facebook, flyers, and posters as effective methods for getting the word out about programs and services.”

**The Maine Shared Community Health Needs Assessment** of 2019 held several forums with residents and identified six top health priorities among participants. Key informants collaborated to identify Kennebec County’s strengths and gaps/needs in each of the six areas. Five areas are discussed in the Health White Paper, but one area primarily addresses Financial Stability.

Social Determinants of Health

“The social determinants of health are the conditions in which people live, work, learn, and play that affect their health; factors include socioeconomic status (e.g., education, income, poverty), housing, transportation, social norms and attitudes (e.g., racism and discrimination), crime and violence, literacy, and availability of resources (e.g., food, health care). These conditions influence an individual’s health and define the quality of life for many segments of the population, but specifically those that are most vulnerable. According to the Kaiser Family Foundation, social factors like education, racism, and poverty accounted for over a third of total deaths in the

United States.

A dominant theme from key informant interviews and at the community forums was the tremendous impact that the underlying social determinants, particularly **housing and transportation**, have on residents in Kennebec County. Access to affordable and reliable forms of **transportation** was problematic, especially for low-income individuals outside of Augusta and Waterville. Lack of access to the use of a personal vehicle may be due to any number of factors including affording the vehicle itself, or the insurance, repairs, or even perhaps a license suspension or revocation. This can be especially challenging in areas without reliable public transportation. This results in difficulty accessing health services, employment, and basic necessities (e.g., food, clothing, medication). This issue is further complicated for older adults with mobility impairments and individuals with disabilities who require specialized forms of transportation or extra assistance. Participants also identified a need for **affordable housing**, especially for older adults who may no longer be able to stay in their homes (for financial or safety reasons). Food insecurity was a concern for youth and low-income families.”

Some of the gaps/needs identified through the community engagement process include:

- Transportation
- Extended hours of availability for services/publicity of services
- Lack of funding for poverty services
- Decreased access to healthy food
- Universal free school lunch
- Living minimum wage
- Lack of housing

The **Augusta Housing Authority** recently released a *Housing Market Summary, Vision & Best Practices* report. It presents detailed information on demographics in Augusta, as well as housing market data, and recommendations. Several relevant observations include:

- **In-migration:** The Capital Area New Mainers Project estimates that about 100 New Mainer families from other countries have moved to Augusta: 60 families from Iraq, 20 from Syria, and 20 from other countries including Afghanistan, Morocco, Rwanda, and Mexico. Most are living in southern parts of Augusta. Five to seven new immigrant families are expected to move to Augusta each year going forward.
- Key housing issues in the city of Augusta include:
  - Over 3,000 households in the City of Augusta alone have struggled to pay for housing in 2019 [roughly one-third of Augusta’s 9,040 households as of 2015-2019];
  - Insufficient housing inventory exists for small (studio and one-bedroom) and large (four or more bedrooms) sized units to house individuals living alone and larger families migrating to the region and city;
  - The region’s housing stock is sited in a way that requires access to multiple vehicles per household, limiting household ability to pay for housing;
  - Housing stock is older and in need of investment to ensure that units are safe, energy efficient, and up to current code;
  - Some below-market affordable units are at risk of being lost as use restrictions expire in the next ten years;

- The pandemic and structural racism are creating additional obstacles to both New Mainers and longtime residents alike; and
- There is a jobs-housing imbalance in Augusta, limiting the ability for some people who work in the city to live in the city, and limiting the ability of some people who live in the city to work in the city.

## FINANCIAL STABILITY MEASURES

### Income

Income is the money that people get from wages and salaries, Social Security and other government benefits, dividends and interest, business ownership, and other sources. Income is one component of people's financial health.

#### Median Household Income

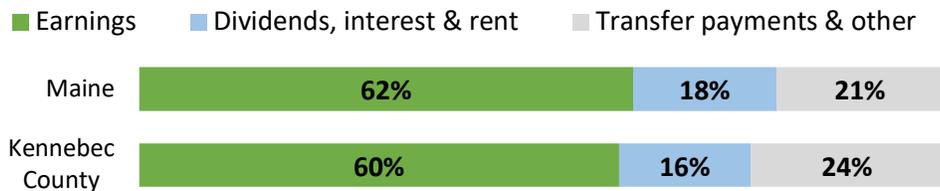
- **Median household income in Kennebec County was \$52,929** in 2018.
- Maine median household income was about 5% higher at \$55,425.
- Median household income in Maine counties ranged widely, from \$39,470 to \$69,708. As with many measures, Kennebec ranks about in the middle of the 16 counties.

#### Income Sources

Data on the sources of personal income come from the U.S. Bureau of Economic Analysis. The latest figures show that in 2019:

- In Kennebec County, 60% of personal income came from earnings, 16% was from dividends, interest, and rent; and 24% of income came in the form of transfer payments (e.g., benefit payments, subsidies) and other sources.
- Compared to Maine overall, Kennebec residents got slightly more income from transfer payments and a bit less from earnings (see the following chart).

#### Personal Income by Source, 2019



Source: U.S. Bureau of Economic Analysis

### Wages

Wages are a more direct measure of the labor market than income, reflecting job quality and worker productivity. 2019 median wage information comes from the Bureau of Economic Analysis, while living wage estimates are calculated by a project at the Massachusetts Institute of Technology. The living wage is the hourly rate that an individual in a household must earn to support his or herself and their family, assuming full-time work of 2,080 hours per year. The living wage covers typical food, child care (if applicable), medical, housing, transportation, and other expenses.

- **In Kennebec County, the 2019 living wage for a single person was \$12.01.** Coincidentally, this is very close to the 2020 state minimum wage of \$12.00, but Maine’s minimum wage was \$11.00 in 2019. **For a family of four with two children and two working adults, the living wage was \$16.24 per worker.**
- Statewide, the corresponding living wages were slightly higher, at \$12.48 and \$16.76.
- **For one adult with one child, the living wage was about \$25 per hour,** as shown below.

### Living Wage and Median Wages Per Worker

Living wage	Kennebec County	Maine
One adult, no children	\$ 12.01	\$ 12.48
One adult, one child	\$ 24.59	\$ 25.63
Two adults (both work), two children	\$ 16.24	\$ 16.76
<hr/>		
Actual hourly median wage	\$ 19.15	\$ 19.19

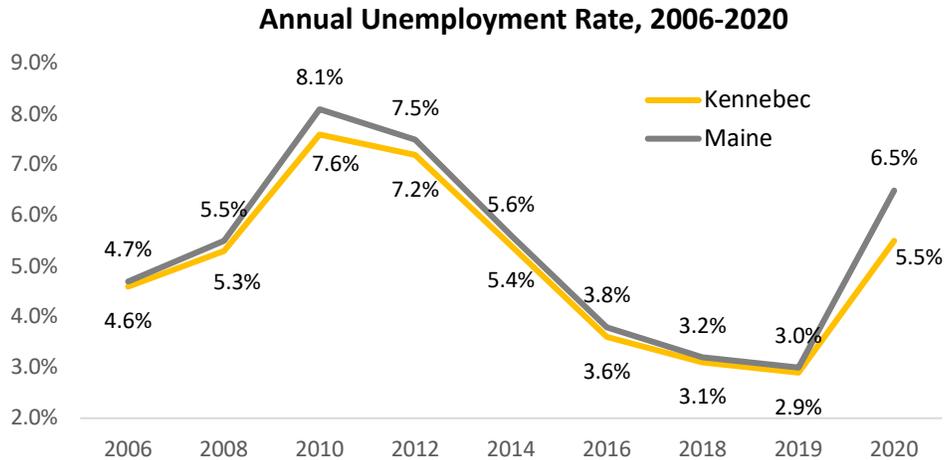
Sources: MIT Living Wage Calculator, U.S. Bureau of Economic Analysis

- The actual median hourly wage in Kennebec County was \$19.15, higher than the living wage for a single person and for a family with two parents working and two children, but too low for a single adult with one child.
- Maine’s median wage was just a few cents higher than Kennebec’s, at \$19.19.

### Unemployment Rates and Trend

The Maine Department of Labor reports 2020 unemployment rates of 5.5% in Kennebec County and 6.5% in Maine. The following chart shows the unemployment trend since 2006:

- Annually adjusted unemployment rates had reached historic lows in 2019.
- Kennebec County experienced a less severe spike in unemployment than the state as a whole from 2019 to 2020—from 2.9% to 5.5%.
- Maine’s unemployment rate more than doubled from 3.0% to 6.5%, presumably due to the disruptions of the COVID pandemic.
- Current unemployment rates are still below the Great Recession peaks of 8.1% for Maine and 7.6% for Kennebec in 2010.



Source: Maine Department of Labor

Unemployment rates vary for different population groups.

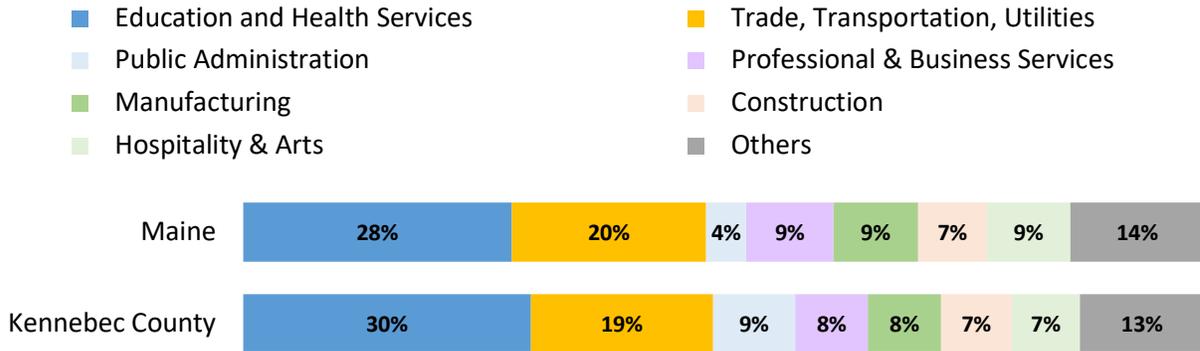
- People of color tend to have higher unemployment rates than white people. The Economic Policy Institute estimates that in the first quarter of 2020, Black Americans faced unemployment 2.1 times higher than whites, on average, and the ratio of Hispanic to white unemployment was 1.6:1.
- The Prison Policy Initiative estimates that formerly incarcerated people face unemployment rates five times higher than the general population. In 2008, the formerly incarcerated unemployment rate was 27.3%, compared with 5.8% in the general population.

### Employment: Top Industries

This measure tracks the industry of employment for all workers, captured by the U.S. Census Bureau.

- Industries of employment for the most Kennebec County residents are Education and Health Services (30%) and Trade, Transportation, Utilities (19%).
- Employment by industry is comparable in Maine and Kennebec County, except that the county has about twice as much Public Administration employment (9% compared with 4% statewide) and a bit less Hospitality & Arts (7% vs. 9% in Maine).

### Top Industries: Share of Total Employment, 2015-2019



Source: U.S. Census Bureau 5-Year Estimates

Other industries include finance/insurance/real estate (4%), other services (4%), agriculture/forestry/fishing (2%), and information (1%).

### Poverty

The official poverty measure was established by the federal government in 1963 and is based on pre-tax cash income. Poverty thresholds were derived from the cost of a minimum food diet multiplied by three to account for other family expenses.

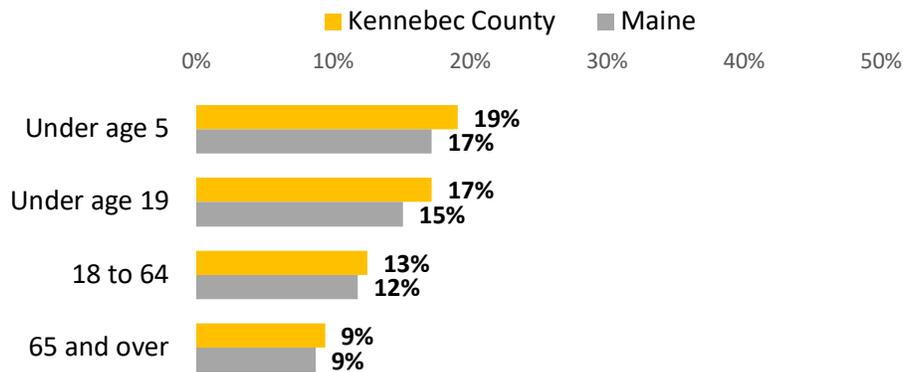
#### 2021 Federal Poverty Guidelines

Persons in Family/Household	Poverty Guideline
1	\$12,880
2	\$17,420
3	\$21,960
4	\$26,500
5	\$31,040
6	\$35,580

Source: U.S. Department of Health and Human Services

- Kennebec County had an official poverty rate of 12.8% in 2019, one point higher than the state rate of 11.8%.
- Augusta’s poverty rate was much higher, at 18.8%.

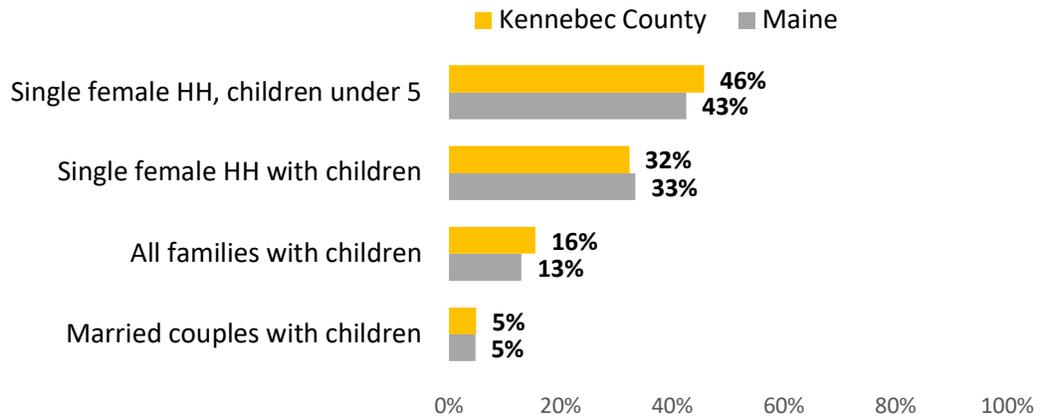
### Poverty Rates by Age, 2019



Poverty rates vary widely by age, household composition, and race/ethnicity. As shown above, younger people tend to have higher poverty rates. Families have higher than average poverty rates, especially single parent headed families.

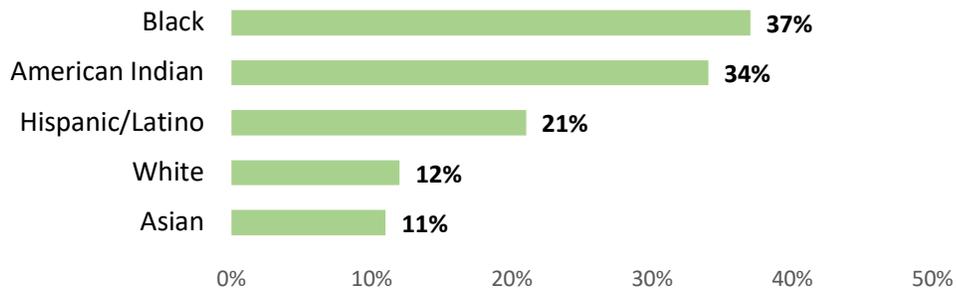
- In Kennebec County, 46% of families with single female household heads and children under five were poor in 2019. The Maine rate was nearly as high at 43%.

### Poverty Rates by Household Composition, 2019



- In Kennebec County, *Prosperity Now* estimates that **9% of white residents and 19% of people of color are living in poverty**.
- At the state level, there are more detailed poverty data by race and ethnicity, as shown in the following chart. Poverty is highest among Black Maine residents (37%) and lowest for Asian Mainers.

### Maine Poverty Rates by Race/Ethnicity, 2019



### Supplemental Poverty Measure

Beginning in 2011, the U.S. Census Bureau began publishing the Supplemental Poverty Measure (SPM), which extends the official poverty measure by taking account of government programs designed to assist low-income families. The SPM provides a signal about how much anti-poverty programs are alleviating poverty. These data are not reported at the county level. Averaged over the three-year period from 2017 to 2019, the supplemental poverty rate for the state of Maine was 9.6%, nearly two percentage points lower than the official Maine poverty rate over that time period, which was 11.4%.

## Housing

### Homeownership Rates

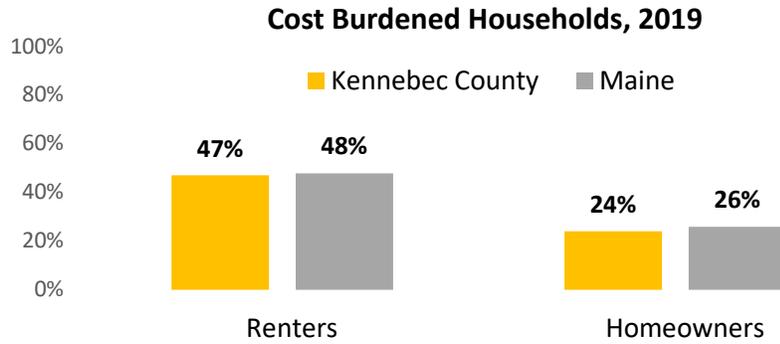
For most people, housing is the single biggest component of the cost of living. One recent estimate put Kennebec County's total housing units at 62,754.

- **70% of Kennebec County residents are homeowners.**
- The statewide homeownership rate is just one point higher, 71%.
- Prosperity Now estimates that 57% of Mainers of color are homeowners, compared with 71% of white Mainers.

### Cost Burdened Households

Households paying more than 30% of their income for housing are considered "cost burdened."

- Renters are more likely to be cost burdened than homeowners.
- **Nearly one-half of renters in Kennebec County (47%)** and Maine (48%) are cost burdened.
- **About one-quarter of homeowners are cost burdened**, 24% in Kennebec and 26% in Maine.



Source: Prosperity Now

Homelessness

The Maine Continuum of Care notes that “the Point in Time Count survey is a snapshot of homelessness on one night each year. This survey is one of several annual reports and data sources that is useful in increasing our understanding of the scope of homelessness in Maine. Given the time of year and the voluntary data collection method, this survey may not accurately represent the number of unsheltered people who experience homelessness in Maine.”

In January 2019, Maine had an estimated 2,106 people experiencing homelessness, based on the Point in Time Count survey. The number for January 2020 was 2,097 people in 1,514 households.

- 283 were family households,
- 116 were veterans of the Armed Forces,
- 125 were unaccompanied young adults (aged 18-24), and
- 248 were individuals experiencing chronic homelessness.

Public school data reported to the U.S. Department of Education during the 2017-2018 school year shows that an estimated 2,443 public school students experienced homelessness over the course of the year. Of that total, 74 students were unsheltered, 596 were in shelters, 295 were in motels, and 1,478 were doubled up, meaning they were sharing others’ housing due to loss of housing or economic hardship (U.S. Intergenerational Council on Homelessness).

In 2020, Maine had 2,848 beds available for households without children and 2,307 beds for households with children (Maine Homeless Planning/Continuum of Care).

Seniors Living Alone

Seniors living alone are at higher risk of injury, loneliness, and malnutrition. The Census Bureau tracks household living arrangements, and the latest county-level data are averaged over 2015 through 2019:

- **8.9% of Kennebec County residents age 65 and older—and 9.1% in Maine—live alone.**
- The national average is lower, with 7.5% of U.S. seniors living alone.

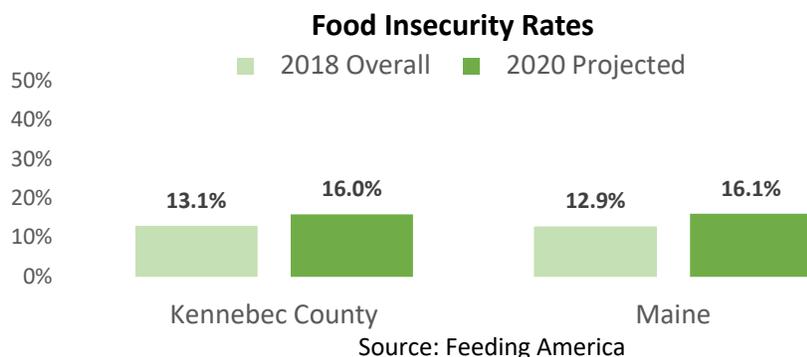
**Food Security**

Households that experience food insecurity lack access to enough food for an active, healthy life for all household members. The latest county-level statistics come from Feeding America’s Map the Meal Gap project, which used 2018 data:

- **13% of Kennebec County residents experienced food insecurity.**
- Maine’s food insecurity rate was also 13%, as was the U.S. average.

Last year, Feeding America projected food insecurity changes based on the economic impacts of COVID-19. Nationally, it estimated that one in every six people would be food insecure in 2020, a substantial increase from the record-low rates in 2018. Every state and county is projected to see an increase in food insecurity in 2020.

- **Food insecurity in Kennebec County is projected to increase from 13% to 16%,** very close to the statewide rates for Maine (see chart below).



Northwestern University’s Institute for Policy Research reported last year that there are large disparities by race and ethnicity in food security. The authors used Current Population Survey data and focused on Black, Hispanic, and white households with children.

- “During the COVID-19 crisis, rates of **food insecurity among Black households with children are nearly twice as high as they are among White households with children...** **Rates for Hispanic respondents are 60% higher** than they are among Whites. These ratios are similar to their historical patterns in the [Current Population Survey], which for over 20 years has collected annual data on food insecurity experienced over the past year.”

### SNAP Benefits

The Supplemental Nutrition Assistance Program (SNAP) is the largest federal nutrition assistance program. SNAP provides benefits to low-income individuals and families to purchase food via electronic benefits transfer. SNAP eligibility is gross income below 130% of poverty and net income below 100% of poverty, as well as meeting an asset test.

In December 2020, Maine DHHS reports that 17,246 individuals in Kennebec County received SNAP benefits of \$3.0 million. Statewide, 166,108 Mainers received a total of \$29.3 million in SNAP benefits.

## Transportation

Access to transportation is critical to people’s ability to work, meet basic needs, and get health care. Maine does not have mass transit or extensive public transportation systems, so Mainers tend to rely on their own motor vehicles for transportation.

Our measure of access to transportation is the proportion of households with no motor vehicle available.

- **8.1% of Kennebec County households have no vehicle available.**
- The Maine average is 7.1% of households with no vehicle.
- **Kennebec is on the higher end of the Maine county range** of 4.9% to 9.1% of households with no vehicle available.
- Nationally, 8.6% of households do not have a vehicle available.

## Child Care

Child care providers, subsidies, and quality are discussed in our Education White Paper. But child care is also an important factor in family financial stability. The pandemic has brought more attention to the challenge of balancing child care with employment—and now overseeing school at home—for working parents. Infant child care is both very expensive and scarce, presenting difficult decisions for parents. Parents opting to stay out of the labor market to care for children full-time can have a negative impact on the economy. Separately, in spite of the high cost to families, the child care workforce is often underpaid.

In February 2021, a search on Child Care Choices website returned six open infant slots and seven toddler slots in Augusta, all at two centers that accept subsidies. Within 20 miles of Augusta, the site listed 37 open infant slots at 14 different providers.

The Maine Department of Health and Human Services collects data on average cost of child care and reports it by county. Costs vary considerably around Maine. In Kennebec County, infant care is a bit more expensive than the state average, the cost of child care for toddlers is below the state average, and preschool is significantly more expensive than average, as shown in the following table.

**Child Care Costs by Age**

<b>Average Weekly Full-time Child Care Costs</b>	<b>Kennebec County</b>	<b>Maine</b>	<b>Maine County Range</b>
Infants	\$220	\$200	\$185 - \$303
Toddlers	\$195	\$210	\$150 - \$279
Preschool	\$267	\$198	\$140 - \$267

Source: Maine Department of Health and Human Services

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