

Understanding Trends in Poverty in the Pittsburgh Metropolitan Area

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The Facts

- **One in 8 residents in the Pittsburgh region is poor – that is, 12.1% of the population or 280,000 people.**
- **The number of people in poverty rose by 8.5% since the start of the Great Recession (2007).**
- **A family of four is considered poor if its income is less than \$22,113 annually.**



Research Questions

- **How is poverty defined and measured?**
- **What have been the trends in poverty over the past decade?**
- **Who's most at risk of being poor?**
- **How have Pittsburgh-area nonprofits responded to the economic downturn?**
- **What can be done to address poverty?**



Defining Poverty

- **The origins of today’s poverty definition go back to Adam Smith.**
- **FDR called on the nation to address the needs of the poor in his Second Inaugural Address.**
- **LBJ declared a “War on Poverty”.**
- **Many policy experts regard the official definition of poverty as inadequate.**



Measuring Poverty

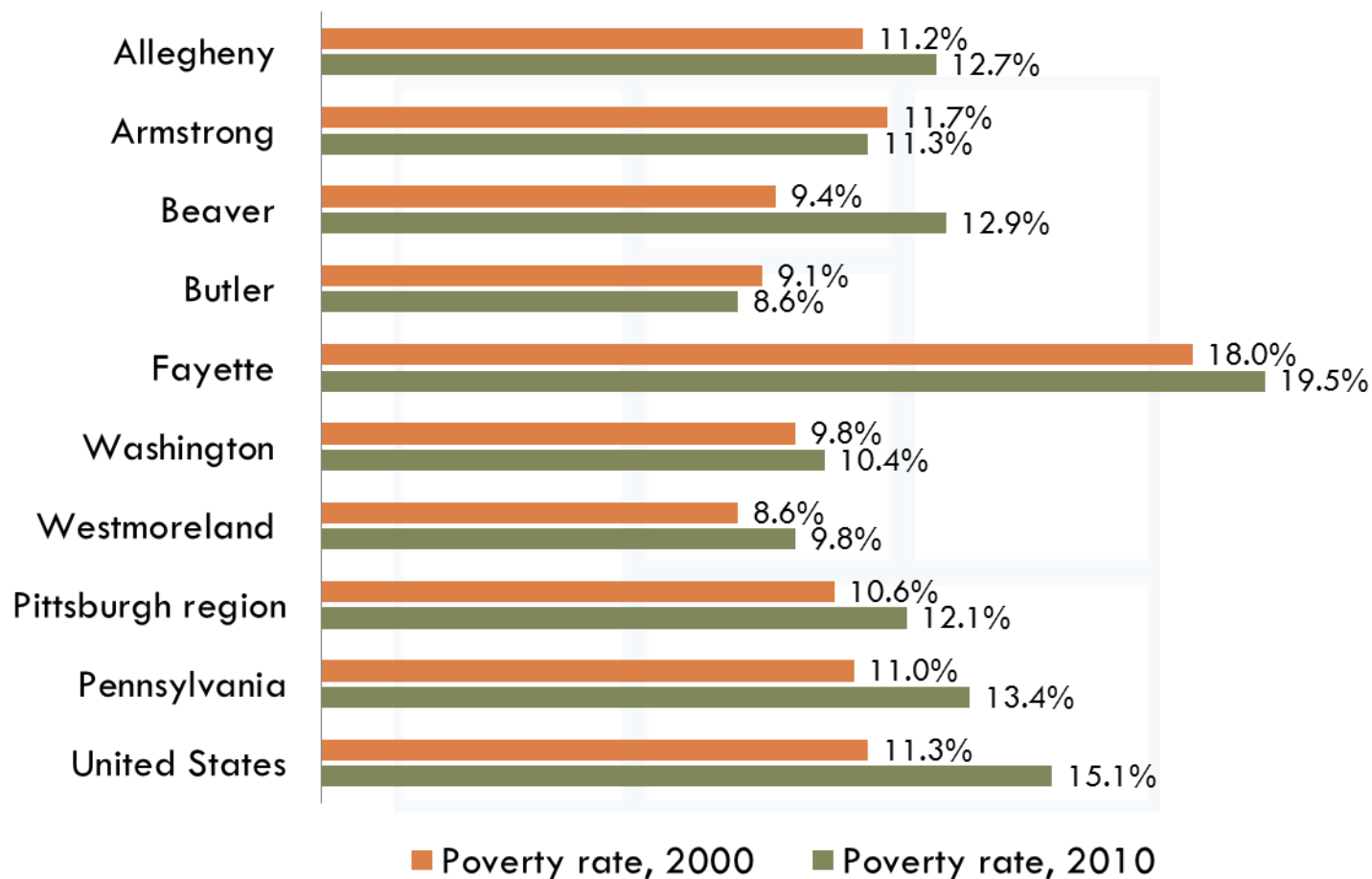
- **Today's poverty measure was developed at the U.S. Department of Agriculture in the 1960s.**
- **It is based on a “food basket” approach – what is the cost of a minimum adequate diet, multiplied by 3 to allow for other expenses.**
- **The thresholds are adjusted for family size and composition but do not account for employment expenses (child care and transportation) and health care costs.**



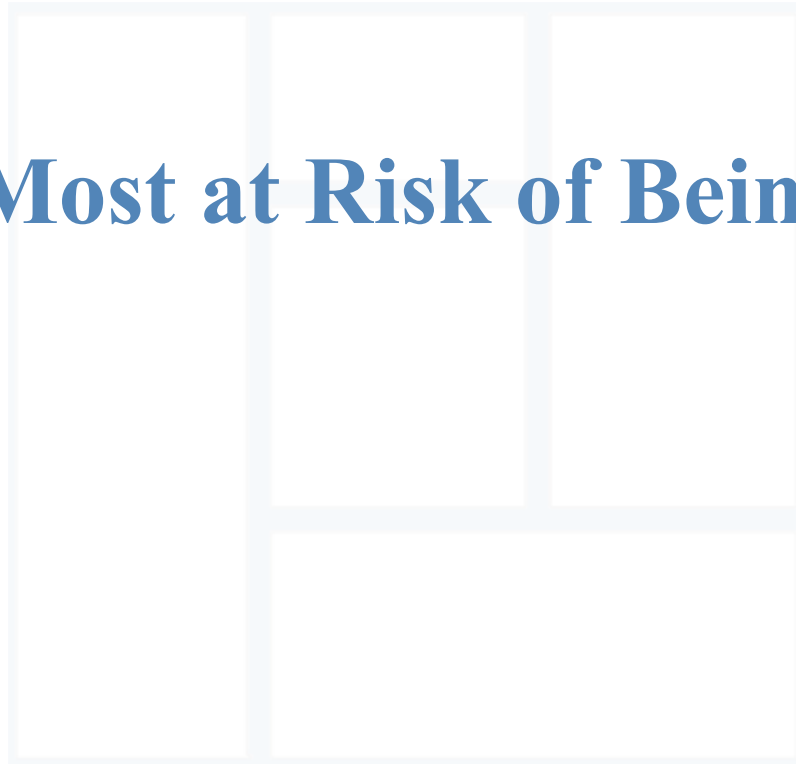
What Are the Trends in Poverty?



Tracking Poverty Rates in the Pittsburgh Region



Who's Most at Risk of Being Poor?



Children



One in six children in the Pittsburgh region is poor.

Beaver County had the biggest increase in child poverty in the past decade.



Female-Headed Households



32,000 female-headed households were poor in 2010 – a 15% increase in the past decade.

Allegheny County has more than half of these households.

But the biggest increases were in Beaver, Butler, Fayette, Washington, and Westmoreland.



Elderly



8.4% of elders (33,000 people) in the Pittsburgh region are poor.

Allegheny, Armstrong, Butler, Washington, and Westmoreland had large increases after 2007.

The official rate may underestimate poverty for this group because it doesn't include health care costs.



The Near Poor



The numbers rose by 2.6% after the recession hit.

Local service providers report previously middle-income people seeking services.

Vulnerable because they often don't qualify for assistance.



How Have Pittsburgh Area Nonprofits Responded to the Recession?

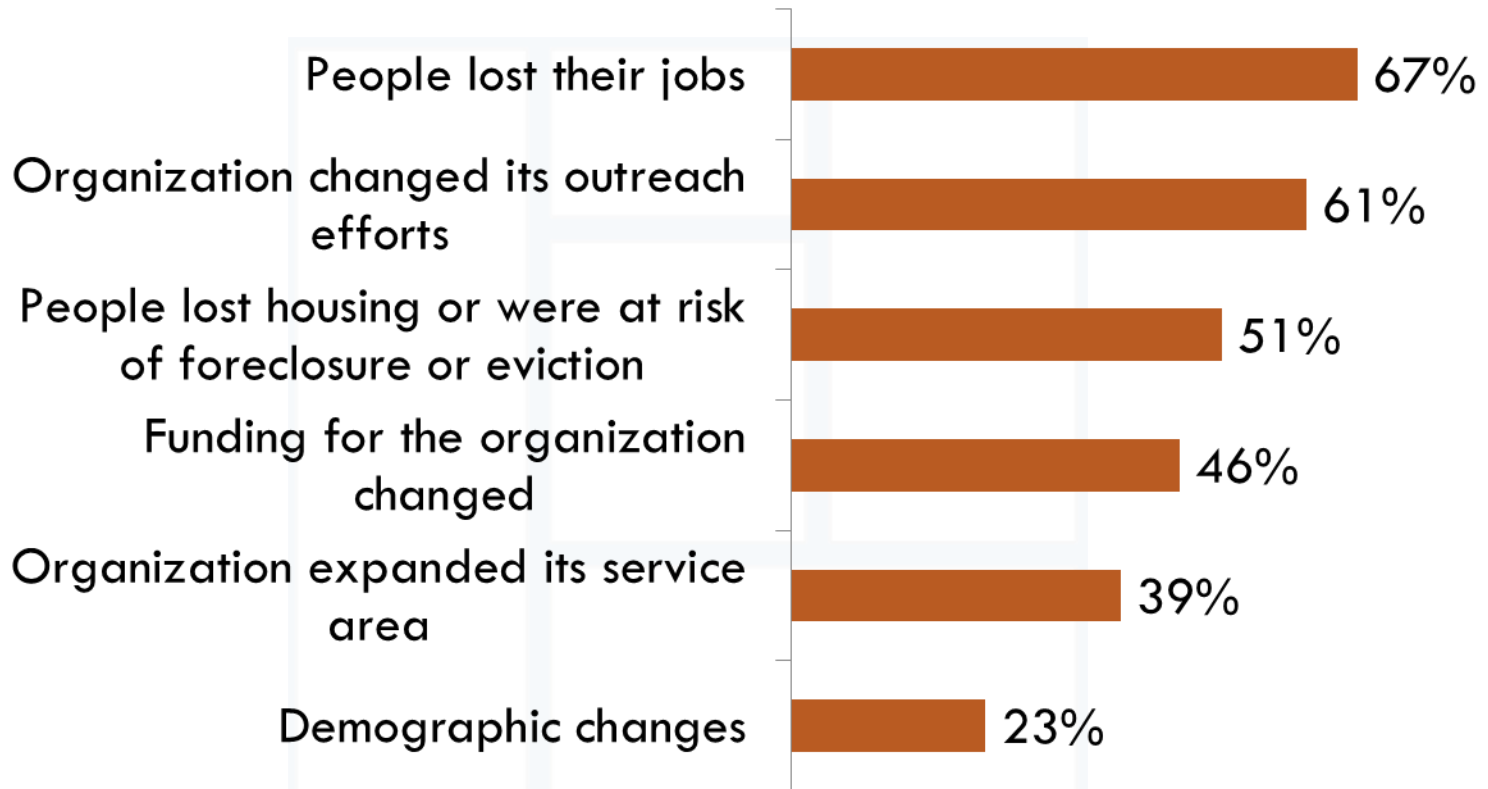


Demand for Assistance Increased

- **Two-thirds of Pittsburgh area nonprofits reported serving more people.**
 - **Nearly 90% of nonprofits in Washington and Armstrong Counties experienced greater demand.**
 - **Three-quarters of organizations in Butler and Beaver saw an increase in demand.**
- **Collectively, the area's nonprofits served about 85,800 clients in a typical month – about a third of the region's poor.**



Reasons for the Increase in Demand



What Happens When a Nonprofit Lacks the Capacity to Assist?

- **Many nonprofits try to make referrals, but about one in five doesn't know who to refer to or is unsuccessful in making a referral.**
- **Small nonprofits are twice as likely as large ones to lack information to make referrals.**
- **Remedy: Increase opportunities for smaller nonprofits to network with other providers.**



Nonprofit Finances in Flux

- **Nonprofit expenses during the recession grew slightly faster than revenues between 2007 and 2010.**
- **In 2010, revenues began to drop, perhaps signaling the start of financial difficulties for nonprofits.**
- **Smaller nonprofits had more trouble raising revenue than larger nonprofits.**
- **Again, variation by county: Beaver had big declines; Fayette and Washington increased revenues.**



Government Funding Underpins the Service Delivery System

- **Like nonprofits nationwide, Pittsburgh area nonprofits rely heavily on government funding.**
- **Three-quarters of all area health and human service nonprofits get government funding.**
- **On average, it represents 62 percent of providers' revenues.**
- **Most nonprofits in the region work closely with state and local government.**

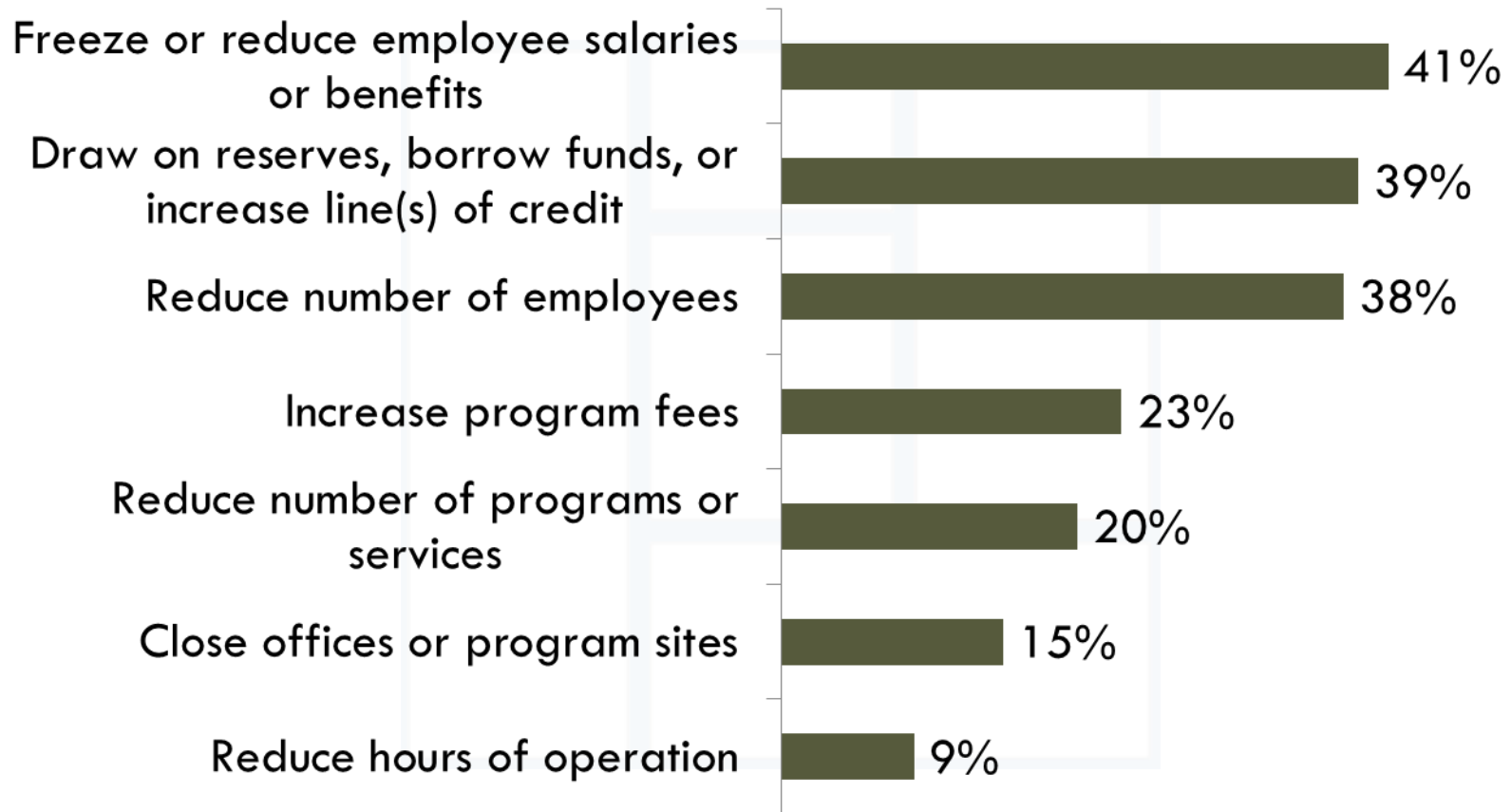


Future of Funding Streams Is Uncertain

- **Nearly three in five nonprofits in the region anticipate their government funding will decline next year.**
- **A quarter believe individual gifts will increase.**
- **Half expect business donations to stay the same or increase.**
- **About half project fee-for-service revenue will stay the same or increase.**



Nonprofits Are Scaling Back



What is Needed to Reduce Poverty?



Jobs

Education

Transportation

Housing



Recommendations

- **Hold a summit for nonprofits and county leaders to discuss successful strategies that produce favorable outcomes.**
- **Think creatively and holistically; all sectors need to work together.**
- **Build partnerships, collaborations, and alliances.**
- **Share knowledge; build/enhance referral systems.**
- **Educate the public and decisionmakers about the issues.**



Working Together Can Bring Results

- Create public dialogue.
- Build a strong and efficient service delivery system.
- Measure outcomes to demonstrate the effectiveness of what you do.
- Realistically appraise your challenges and opportunities; then think boldly.

