

Massachusetts Poverty Rate and Median Income Improved in 2018, but Not by Enough

By Marcus Giang

The United States is in the midst of the longest economic expansion in its history, following the Great Recession with sustained recovery¹. Massachusetts’ economy today exemplifies this, highlighted by continued job growth and a very low unemployment rate that is consistently below the national level². In addition, the poverty rate has decreased over the course of the past decade, and median household income trended upwards, ranking 4th highest in the country last year³. By these accounts, the strength of our economy should be reflected for everyone in the Commonwealth. If a rising tide lifts all boats, we should see *all* Massachusetts residents benefiting.

But according to 2018 data from the U.S. Census Bureau’s American Community Survey (ACS)⁴, one in ten people in Massachusetts remain in poverty, struggling to make ends meet. The challenge is especially pronounced for people of color, who face systemic barriers that prevent equitable access to resources and opportunities. As a result, communities of color experience disproportionately high rates of poverty and lower household incomes.

While the poverty rate has decreased with economic expansion, it did so at a rate of about one percent over eight years. If the 10 percent poverty rate continued to decline at that pace, it would take another 40 years without an economic recession to reduce the rate by half. If that is not acceptable, then we as a Commonwealth must take additional action to ensure everyone can thrive together.

What exactly does living in poverty mean? For those one in ten individuals, their family’s income was below a threshold set by the U.S. Department of Health and Human Services, based on their family size⁵ (see table for details). Since the threshold is determined at the federal level, it is not necessarily indicative of the high cost of living in a state like Massachusetts. The number of people struggling economically in our state may be even higher than what we see with the official measure.

2019 Federal poverty level	
Family size	Poverty threshold
1	\$12,490
2	\$16,910
3	\$21,330
4	\$25,750
5	\$30,170
6	\$34,590

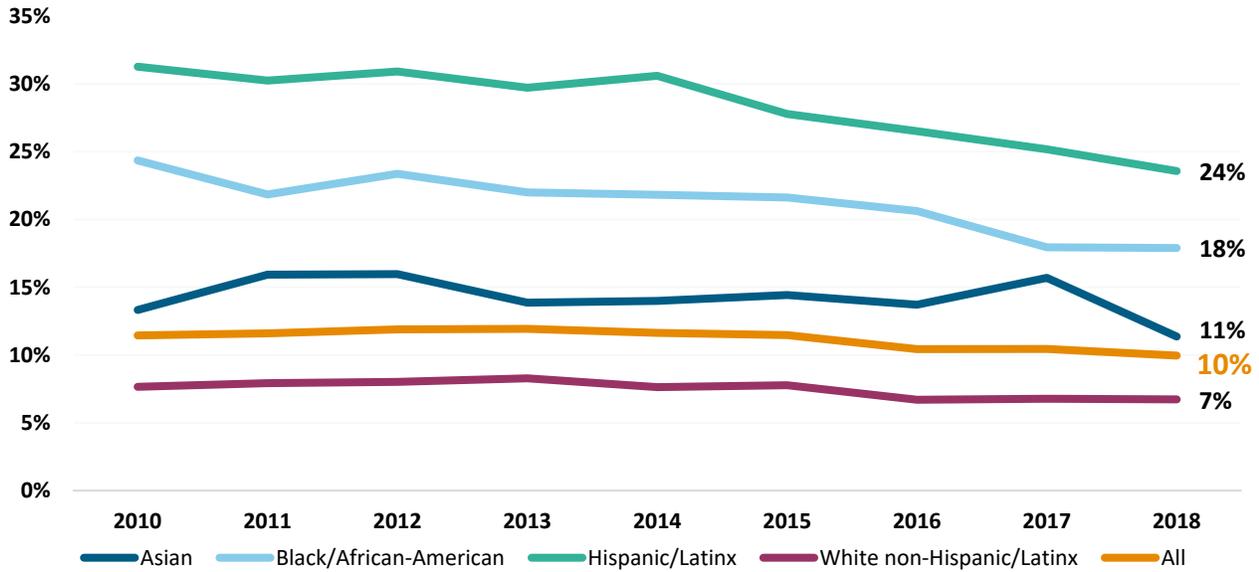
As an example, a family of four in poverty earns less than \$25,750 in a year, which is less than \$2,150 per month. Fair market rent in 2019 for just a single-bedroom unit in the Boston area was over \$1,400 per month – about two thirds of the family’s income. Even in a relatively less expensive region of the state such as Springfield, fair market rent for a one-bedroom unit was over \$800 per month, which is still outside of what would be considered affordable (about 30 percent of monthly income)⁶. With what is left, the family must also find a way to afford necessities like child care, food, and transportation.

Compared to the previous year, the official poverty rate fell by half a percentage point, one of the larger annual changes since 2010. For people of color, reductions were more significant, especially when

looking back multiple years. However, large disparities still exist compared to the White non-Hispanic/Latinx population, signaling continued obstacles to opportunity that result in inequitable outcomes. For example, Black/African-American residents and Hispanic/Latinx residents faced more than double or triple the poverty rate of White non-Hispanic/Latinx residents, respectively.

Poverty trends down in MA, but people of color still face disparities

Percent of people with incomes below the federal poverty line, 2010-2018



Source: U.S. Census Bureau, American Community Survey. These broad race categories do not illustrate differences within racial/ethnic groups. Due to sample size issues, more specific statistics can be unreliable.

One proven way to lift working families out of poverty

Amid stubbornly high poverty rates, Massachusetts can invest in proven programs to help families get by. The Earned Income Tax Credit (EITC) is one of the most effective programs at lifting workers and their children out of poverty.

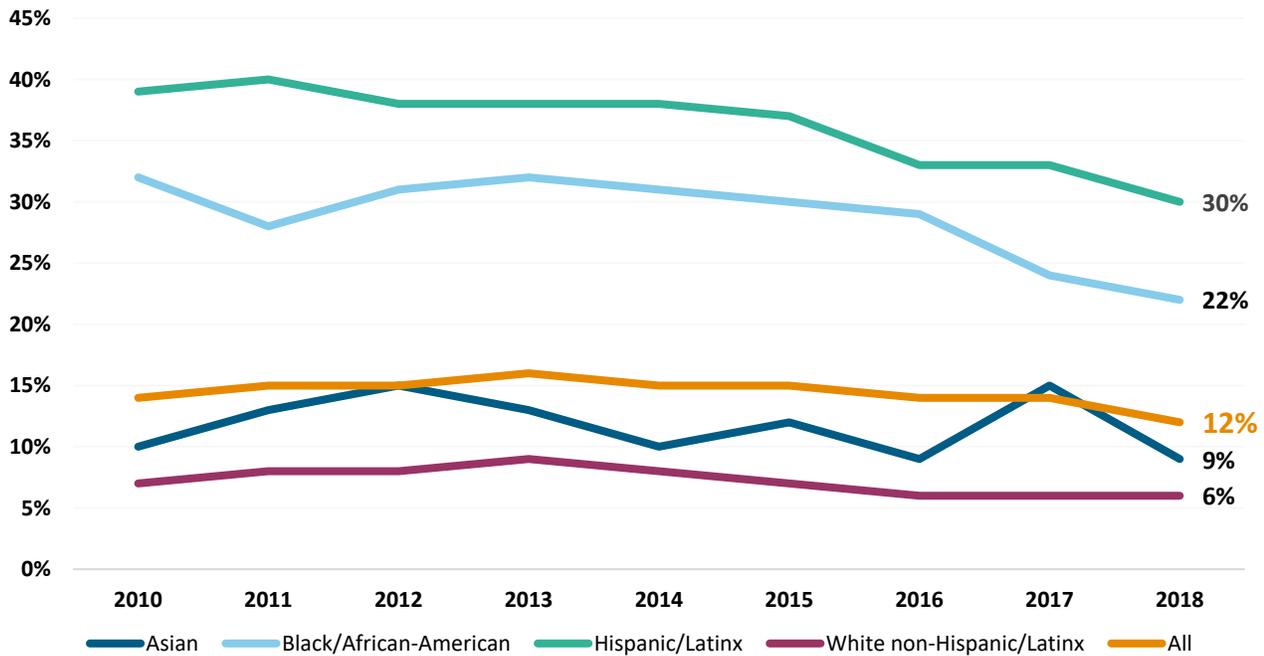
The EITC is a refundable tax credit for lower-income workers, especially those with children. When eligible workers file their annual income taxes, they can subtract their credit amount from total taxes they owe the government and get a refund if the credit is larger than the amount they owe. Massachusetts offers a 30 percent match to the federal EITC program.

By helping keep people out of poverty, the EITC also can help improve children’s school performance, encourage people to work, and boost health by improving access to nutritious foods and alleviating financial stress.⁷

These trends are even more pronounced when it comes to families with children. The child poverty rate in 2018 fell more than the overall rate, ticking down 1.4 percentage points from 2017, meaning there were about 19,000 fewer children whose family incomes fell below the poverty line. Following the trend of the overall rate, the poverty rate for children of color saw a fairly large decrease. However, they also still face a rate much higher than their White non-Hispanic/Latinx counterparts.

Child poverty improves but is still persistent, especially for children of color

Percent of children (under 18) in families with incomes below the federal poverty line, 2010-2018



Source: U.S. Census Bureau, American Community Survey. These broad race categories do not illustrate differences within racial/ethnic groups. Due to sample size issues, more specific statistics can be unreliable.

These reductions in poverty are in part due to public policies specifically targeted towards helping low-income people make ends meet. Minimum wage increases are an example of this, as their primary goal is to bolster the incomes of those making the least. Further investment into existing targeted programs, such as affordable housing or food assistance, could also make significant strides in reducing poverty.

Poverty can be hazardous to health

The lowest-income people tend to have life expectancies 10 to 15 years shorter than those with the highest incomes. This gap has widened over time.⁸

Researchers are increasingly recognizing that how much money a family has — which can dictate where they live, where they attend school, and what food options they have — plays a big role in shaping long-term health and well-being.

Policymakers can give all workers and children, regardless of their wealth, the best shot at a healthy life by supporting programs that help them meet basic needs. These can include the Earned Income Tax Credit, the federal Child Tax Credit, SNAP (food assistance), and Temporary Assistance for Needy Families.⁹

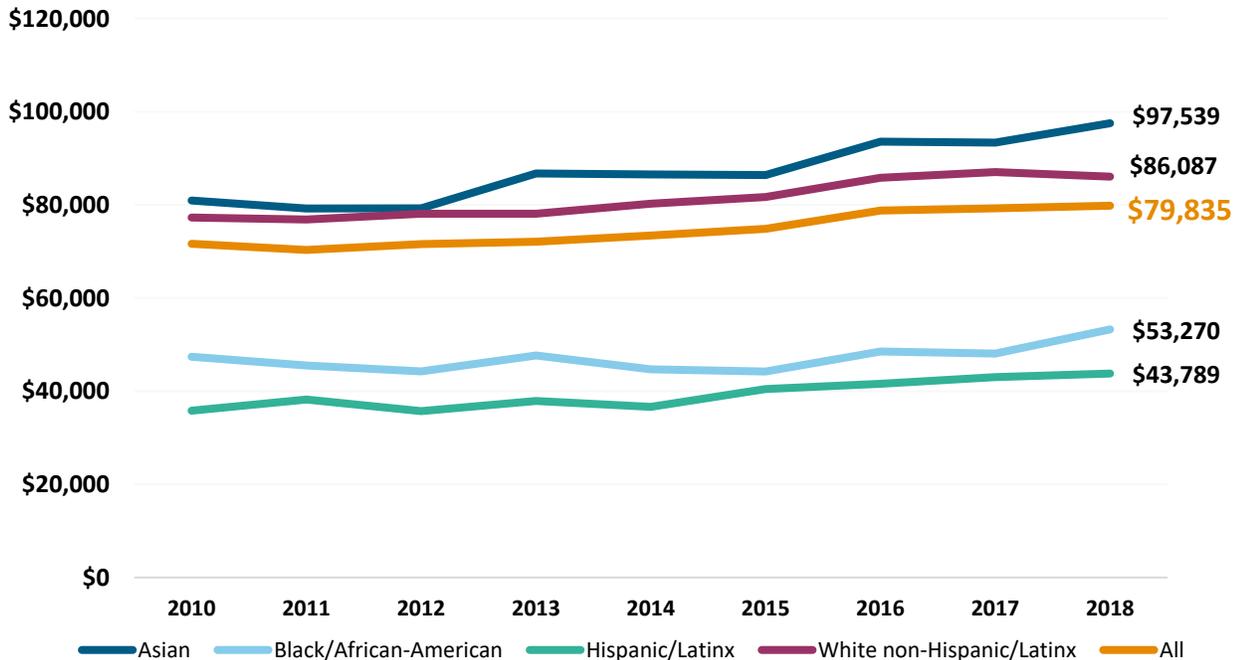
Another way to look at the economic situation of the state is how those in the “middle” are faring. In 2018, Massachusetts’ median household income was estimated at almost exactly \$80,000. This is essentially flat from the year prior (after adjusting for inflation) but is an 11 percent increase from 2010.

Over this eight-year period, people of color at the median have experienced higher rates of income growth than their White non-Hispanic/Latinx peers. While encouraging, major gaps persist between White non-Hispanic/Latinx household incomes and those of Black/African-American and Hispanic/Latinx households. In 2018, a typical White non-Hispanic/Latinx household made nearly

twice as much annual income as a Hispanic/Latinx counterpart.

Median household income growth trends upwards, major gaps still present

Median household income in MA, 2010-2018 (inflation adjusted 2018\$\$s)



Source: U.S. Census Bureau, American Community Survey. These broad race categories do not illustrate differences within racial/ethnic groups. Due to sample size issues, more specific statistics can be unreliable.

Given that the strength of our economy’s unprecedented expansion has bolstered growth for people of color, we might expect that conditions would be optimal for some groups to “catch up” to others and income levels to converge. This is not the case. For instance, even if the current expansion and low unemployment were to continue indefinitely, with growth trends following those of the past eight years, it would still take over 420 years for the income of a typical Black/ African-American household to become equal with a White non-Hispanic/Latinx one.

This highlights that the booms of our state’s growing economy are not widely shared, and that we cannot simply wait for growth to naturally address inequality. It also emphasizes the need for focused solutions that address racial/ethnic inequities. This includes improving policies and programs that already exist to support those with lower incomes (such as the EITC, food assistance, home energy support, and others), as they disproportionately benefit people of color, and introducing new ones to support workers and families. These also have the benefit of improving the lives of communities across the Commonwealth as a whole. As a state, we must take advantage of our strong economy to create systems that ensure everyone can prosper.

Phineas Baxandall and Monique Ching contributed to this report.

¹ [The National Bureau of Economic Research](#) dates the beginning of the current expansion as June of 2009. Previously, the longest expansion lasted from March 1991 to March 2001.

² [U.S. Bureau of Labor Statistics](#)

³ U.S. Census Bureau, American Community Survey

⁴ The ACS is an annual survey that provides national statistics on many different topics. Data used in this report can be found through data.census.gov, the U.S. Census Bureau's online portal for accessing many of its surveys' statistics.

⁵ For information, see the Department's page on poverty guidelines: <https://aspe.hhs.gov/poverty-guidelines>

⁶ U.S. Department of Housing and Urban Development; Fair market rent portal can be found [here](#)

⁷ Robert Greenstein et al., "Improving the Child Tax Credit for Very Low-Income Families," Center on Budget and Policy Priorities (April 2018), https://www.cbpp.org/sites/default/files/atoms/files/urban_ctc_paper.pdf; Phineas Baxandall and Monique Ching, "A Credit to Health: The Health Effects of the Earned Income Tax Credit," MassBudget (May 3, 2018), http://massbudget.org/report_window.php?loc=A-Credit-to-Health.html; Jeffrey Grogger, "Welfare Transitions in the 1990s: The Economy, Welfare Policy, and the EITC," <https://www.nber.org/papers/w9472.pdf>

⁸ Raj Chetty et al., "The Association Between Income and Life Expectancy in the United States, 2001-2014," (2016) Journal of the American Medical Association (JAMA), doi:10.1001/jama.2016.4226 ;

⁹ Anita Chandra et al., "Building a National Culture of Health: Background, Action Framework, Measures, and Next Steps," (2016).