

## Step Inside Poverty

## Feel It Live It Understand It

*All we want is to get back on our feet and to build up our self-esteem. We need to believe in one another.*

— Person living in poverty

The Erie Community Foundation and GECAC would like to thank the many volunteers and participants, who participated in today's simulation.

### Poverty by the Numbers:

- \* **In the US:** 37 Million people live below the poverty line  
39% of our nation's children live in low-income families unable to meet basic needs  
19% of children live in poverty without health insurance
- \* **Locally:** 37,695 People in Erie County live below the poverty line  
19,201 Children in Erie County live below the poverty line (18 years and younger)

### The Erie Community Foundation

[www.eriecommunityfoundation.org](http://www.eriecommunityfoundation.org)

814-454-0843

**What is ECF?** The Erie Community Foundation is a collection of charitable endowments operating under the administrative umbrella of a single public charity.

**Our Mission** The Erie Community Foundation works to improve the quality of life in our region by evaluating and addressing community issues, by promoting responsible philanthropy and by connecting donors to the critical needs of the community.

Last year in 2007, your community foundation—

- \* distributed \$500,000 in scholarship grants
- \* dispersed 1,321 grants totaling \$7.6 million
- \* received 2,344 gifts totaling \$10.7 million
- \* reported a year-end market value of \$153 million, up 9.1% from 2006 even without soon-to-be-received anonymous friend gift of \$100 million

Today, your community foundation is home to 520 endowments, all making a difference. When considering your personal philanthropic and estate planning objectives, consider giving through The Erie Community Foundation to your favorite charities.

### Greater Erie Community Action Committee

[www.gecac.org](http://www.gecac.org)

814-459-4581

**What is GECAC?** In response to the Economic Opportunity Act of 1964, the Greater Erie Anti-Poverty Action Committee (GEPAC) was established in March of 1965, as a Community Action Agency mandated to sponsor economic opportunity programs in Erie City and County. Officially, recognized by the City, County and State, the Agency soon changed its name to the Greater Erie Community Action Committee (GECAC), and quickly developed a wide range of programs in pre-school education, employment, training, youth activities and services to the elderly. GECAC has steadily grown into a multi-faceted human and social service provider for educational, economic and self-improvement assistance to residents in Erie, Pennsylvania.

**Our Mission** The Greater Erie Community Action Committee is Erie County's designated community action agency formed for the purpose of providing a local organization for the establishment and operation of facilities and services directed toward elimination of poverty or causes of poverty in the Greater Erie Area, dedicated to the advancement of opportunity for education and training, the opportunity to work and the opportunity to live in decency and dignity.



Helping today... Shaping tomorrow

## POVERTY SIMULATION 2008



### WELCOME

On behalf of The Erie Community Foundation and our co-sponsor, the Greater Erie Community Action Committee, we want to welcome you to our poverty simulation. We are dedicated to creating long term social change, and we hope this will be the first of many opportunities for you to expand awareness and understanding of poverty in the Erie region.

This unique interactive program gives you a chance to experience a month of poverty first-hand, as you "walk in the shoes" of someone in a poor family.



We hope you will take the time to read the articles that follow. They will supplement your experience of poverty in the simulation with facts and figures about real people. These people are working poor. Many have full time jobs. What they don't have is a living wage. Many factors contribute to their poverty. Language barriers, job skills, education, and childcare

are just a few. It is our hope today that you will walk away from this experience with a clearer understanding of poverty... and a deeper commitment to do something about it, by becoming active in our community.

— Michael L. Batchelor  
— Ronald A. Steele

### What is Poverty?

For one adult & one child:

Federal Poverty Level:  
\$14,000/year

Minimum Wage:  
\$14,872/year

Needed for Self-sufficiency in Erie County:  
\$25,600

Gap in necessary funds:  
\$10,728

The U.S. measures poverty by a standard developed more than 40 years ago. The poverty standard has not been adjusted for the rising costs of housing, childcare, health care and transportation.

[www.eriecommunityfoundation.org](http://www.eriecommunityfoundation.org)  
814-454-0843

### WHAT IS A POVERTY SIMULATION?

Developed by the Missouri Association for Community Action, the simulation has been used around the country to help participants begin to understand what it might be like to live in a typical low-income family trying to survive from month to month. It is a simulation, not a game. By participating, you will experience directly the

frustrations and difficulties a family faces when living in poverty.

In the simulation, 50 to 85 participants assume the roles of up to 26 different families facing poverty. Some are newly unemployed, some are recently deserted by the "breadwinner," and others receive various forms of government

assistance. Still others are senior citizens receiving Social Security or grandparents raising their grandchildren. The task of the "families" is to provide for basic necessities and shelter during the course of four 15-minute "weeks."

During the week, families will seek or participate in employment, cash checks, pay bills, buy food, care for children, investigate avenues of assistance – all using public transportation – and confront unexpected challenges.

Simulation will include individuals who are or have lived near or below the poverty line. Some will share their experiences and answer questions after the simulation.

Past participants have been amazed by the impact of this event. It has given them a level of appreciation that is much deeper than any amount of reading, discussion or observation.

#### More Information

Watch a video of the Poverty Simulation by Pittsburgh Social Venture Partners:  
<http://www.psvp.org/povertysimulationvideo.mp4>

Read an article by someone who participated in the simulation in Oklahoma:  
<http://www.betterbudgeting.com/articles/creditwise/livinginpoverty.htm>

Source: <http://communityaction.org/Poverty%20Simulation.htm>



Facilitators of the Poverty

## RECOMMENDED READING

- \* [One Nation Underprivileged: Why American Poverty Affects Us All](#) by Mark Robert Rank
- \* [American Dream: Three Women, Ten Kids, and a Nation's Drive to End Welfare](#) by Jason DeParle
- \* [Nickel and Dimed: On \(Not\) Getting By in America](#) by Barbara Ehrenreich
- \* [No Shame in My Game: The Working Poor in the Inner City](#) by Katherine Newman
- \* [Tapping the Power of City Hall to Build Equitable Communities: 10 City Profiles](#) by Kiran Cunningham, Phyllis Furdell, & Hannah McKinney

## ECONOMIC AND SOCIAL COSTS OF POVERTY

Poverty is costly to all of us. Poverty interferes with the accumulation of human capital, which subsequently has a negative impact on the economic growth of our community. Living in poverty results in increased risk of poor health and criminal activity that has significant social and economic implications.

This past year, four nationally respected academic researchers, Holzer, Schanzenbach, Duncan, and Ludwig, utilized the findings from many studies to estimate "the average statistical relationships between children growing up in poverty and their earnings, propensity to crime, and quality of health later in life." They also reviewed "the costs that crime and poor health per person impose on the

economy." They estimate that the costs associated with child poverty totals approximately \$500 billion per year. This equates to about 3.8% of the GDP.

The Erie County Department of Health estimated the economic costs of Erie County poverty by using the 2005 population estimate for Erie County of 280,446 and applying the GDP economic cost model figures provided by Holzer and colleagues. The estimate equals \$463,577,238 per year. The \$463 million in annual economic costs is distributed across the three domains of (1) foregone earnings, (2) crime, and (3) health.

In accordance with Holzer on the national cost estimate, the health department notes the uncertainty of the local cost estimate. Holzer, et. al.

believe that their methodology very likely underestimates the overall economic costs of all poverty.

Clearly, from an economic standpoint, expenditures to address poverty "can be viewed as public or social investments, which generate returns to society over time in the form of higher real gross domestic product, greater productivity, reduced expenditures on crime and health care problems, reduced costs borne by crime victims or those in poor health, and improvements in everyone's quality of life in a wide variety of other ways as well."

Source: "The High Cost of Poverty: It Affects Us All Erie County, Pennsylvania", The Erie Community Foundation, April 2007.

## WHY ARE SO MANY IN ERIE POOR?

There are multiple factors associated with why people in Erie County experience poverty. Glimpsing at a few of the factors clearly indicates stereotypes often do not apply. Policy reform ending cash entitlements and an improved economy resulted in a significant reduction in the welfare rolls, and many who left cash assistance are working. But many former welfare recipients are working in low-wage jobs, mostly without benefits, and are still poor. (A local study conducted with single mothers who left cash assistance in Erie County indicated welfare leavers want to work and are working.) And, it is not only those who once used welfare working in low-wage jobs. Plant closings in our community have contributed to the financial hardships being experienced by some who lost their jobs. Many elderly living solely on Social Security are officially poor. They

sometimes choose between medicine and paying for food or rent. There are those who are poor and dealing with serious mental health issues such as depression, post-traumatic stress syndrome, and schizophrenia. Many working families with children do not have access to affordable childcare or reliable transportation and end up struggling to make ends meet.

Many of the factors associated with poverty can be alleviated. Stakeholders interviewed indicated that equal access to quality education starting in early childhood and the development of, and access to, job training and good paying jobs as well as affordable health care are needed most to

break the cycle of poverty in Erie County. Alleviating poverty through systemic change, however, will require a concerted, multifaceted, and community-wide approach.

Source: "The High Cost of Poverty: It Affects Us All Erie County, Pennsylvania", The Erie Community Foundation, April 2007.



## EDUCATION AND POVERTY

The past decade has seen a dramatic shift in manufacturing and other high value-added jobs moving offshore. Those that remain are often low paying, low skill, service sector jobs. This is not only due to lower costs of labor in countries like China and India, but also because of the declining skills and education of US workers.

Once among the most educated societies, US students now rank 24th out of 29 developed countries in math and problem-solving abilities. The poverty level of public schools can be measured as a percentage of students eligible for free or reduced-priced lunch. Erie County's school districts range quite widely from 65.6% of students with Free or Reduced-Priced Lunch in the School District of the City of Erie to a low of 9.5% in Fairview SD.

Erie City also has the largest percentage of students below PSSA Proficiency in Reading at 38.1%. Fairview has the lowest with approximately 14.1%. We know that there is a strong

correlation between education and poverty. Those who do not succeed beyond high school are significantly more likely to experience poverty than those who do. A person without a high school diploma earns, on average, less than half of what a college degree will bring.

**Education levels in Erie County are low. Here are some of the statistics:**

6,196 adults in Erie County have less than a ninth grade education. 3,017 of these adults live in the City of Erie.

22,849 Erie County adults do not have a high school diploma. 11,646 of these adults live in the City of Erie.

Only 22.5% of adults in Erie County have a bachelors degree or higher.

The Northwest PA Workforce Investment Board issued a State of the Region report in 2003. This report examined several factors, including: economy, education,

infrastructure, technology and workforce. The workforce section of this report included an occupational forecast, which found:

*When the top percentage growth by occupation projected for 2010 data is examined, the story of education is very different from top employment – and cannot be ignored. Of the selected ten occupations that are included in this chart, all require some degree of post-secondary specialized technical training, with a majority requiring a minimum of a bachelors degree... To adequately meet the projected demand needs for this decade, curricula must be prepared to focus the workforce on occupations that not only provide the required short term on-the-job training, but also those that still require the technical education at a 4 year level or higher." (NWPA WIB State of the Region 2003, page 103)*

## WHAT CAN YOU DO?

- \* **Reflect** on your experience today. Have you gained new insights or understanding? Think of the situations that you experienced during the simulation and the feelings that they brought out in you. Make a commitment to seek out opportunities to act.
- \* **Become Informed.** Educate yourself about poverty in your community. Identify an issue (such as health care, housing, economic security, education, or moral budget priorities) that you are passionate about and can take action on. Familiarize yourself with legislation and policy proposals that impact low-income families and individuals.
- \* **Get Organized.** Tell your family and friends about your experience with the Poverty Simulation. Identify existing resources or advocacy groups working on poverty in your community. Develop a

- working group within your church or community to discuss issues and solutions. Reach out to those living in poverty by participating in community, religious or service organizations.
- \* **Get Involved.** Let your voice be heard by involving yourself at the local, state and national levels. Identify key power brokers who can help you with your advocacy efforts. Seek organizations where you can contribute your time, your money and your wisdom. Once you have an understanding of your issues, have organized or joined a community group, and know what changes you would like to see, engage your local media to call attention to what is happening.
- \* **Spread the Word.** ECF and GECAC are planning

to collaborate with other organizations to conduct Poverty Simulations throughout the year and throughout the Erie area. If you or your organization would like to collaborate on one of these simulations, please contact us.



*A Healthy Community is necessary for a healthy business environment. We all have a stake in working together to address poverty. In fact, it is essential that we do.*

– Bill Hilbert, Sr.  
PHB Industries

*When we become serious about poverty we undertake a journey that begins with awareness, moves on to charity, and then leads to challenging questions of justice.*

– The Very Reverend  
John P. Downey  
Dean, Cathedral of  
Saint Paul (Episcopal)