

## Report to the Dexter Inquiry

# The impact of poverty on utility shutoffs

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*The following report on poverty and welfare in Michigan was submitted to the Citizens Inquiry into the Dexter Avenue Fire, which held a hearing on March 20.*

For several years, Detroit has had the highest poverty rate in the country. Many of the victims of deadly house fires are struggling to get by, balancing utility payments with other necessities. With real unemployment of 50 percent, many households rely on the completely inadequate social safety net.

Even the term “poor” is no longer adequate to describe the desperate conditions in Detroit. Judy Putnam, spokesperson for the non-profit Michigan League for Human Services (MLHS), told the *World Socialist Web Site* that a new term, “deep poverty,” has entered the agency’s lexicon. It describes a vast and growing population of US families whose income has fallen to a fraction of the official poverty level.

Putnam decried the failing of the safety net in Michigan. MLHS reports that since 1979 the value of the maximum public assistance grant has dropped from 23 percent below the poverty threshold to 66 percent below the poverty threshold. Thus a Michigan welfare or Family Independence Program (FIP) recipient today often lives at just 34 percent of the poverty level, a situation dictated by the very design of the program.

The current FIP grant is about \$492 a month for a family of three. This leaves even the small percentage of families that do qualify for some form of state cash assistance without an adequate safety net to counter the effects of double-digit unemployment. As the recession drags on, more and more people are simply unable to live.

One tragic form this situation has taken in Detroit is the death of three children, Trávia, Fantasia, and Selena Young, ages five, four, and three respectively, in the March 5 house fire on Bangor Street. Their mother, Sylvia

Young, received FIP payments and was using a faulty space heater after utilities were shut off.

The current maximum FIP grant in Michigan for a family with seven children, the size of Young’s family, is only \$11,820 annually. This is about one third of the 2009 poverty level for a family of this size (\$37,010). Even with the full food stamp benefit for a large family, currently equal to a little over \$1,000 per month, the family would have been far below the already inadequate monthly income the federal government has designated as the official poverty level.

Sylvia Young told the WSWS that her monthly grant was even lower than this. Sanctions or episodic outside income can lower a household grant. Sanctions linked to paperwork like required job search documentation or other restrictions are more likely to lower a grant rather than an actual income from a job or from child support.

MLHS statistics show that Sylvia Young’s untenable situation is the rule and not the exception. Furthermore, because of onerous qualification requirements imposed after the Clinton administration’s welfare reform in the mid-1990s, and because of changes made in Michigan welfare rules in the past decade, only one-third of families below the poverty level who live in the state are now receiving any cash benefits.

When unemployment was last over 12 percent in Michigan, in the early 1980s, there were over 240,000 welfare caseloads in the state. Today, there are just 83,000. The yawning gap in the safety net becomes clear when one considers the difference between the number of cash welfare recipients and the number of federally funded Food Stamp or Food Assistance Program (FAP) cases officially recorded in the county where Detroit is located. Wayne County, Michigan recorded 237,000 FAP (food assistance) cases in February of this year, but only 31,500 FIP (cash assistance) cases.

Earlier this year, an analysis of state data by the *New*

*York Times* found some six million Americans—one in 50 people in the US—living on no income outside the \$100 or \$200 a month in food stamps. In Michigan, this situation was made possible by the elimination in 1991 of General Assistance, a paltry monthly amount once provided to individuals without children. But even for families with children, many receive only food stamps, especially after the Personal Responsibility and Work Opportunities Reconciliation Act (PRWORA) was passed at the federal level in 1996.

Judy Putnam of the MLHS pointed out that one factor in excluding families from receiving cash assistance was the failure of the state legislature to raise the income cutoff for cash assistance. “You have to be poorer and poorer to receive any cash assistance,” she said.

The failure to index income qualification levels to inflation, much less increase assistance to a livable income, went hand-in-hand with the failure to raise the minimum wage in the US. This had the effect of also driving down the annual income of workers in low-paying occupations. In 2007, there were 1.7 million workers in the US either at or below the legal minimum wage. A recent rise in the minimum wage still leaves a person working a 40-hour workweek year round earning far below the official poverty level.

Referring to the growth of deep poverty, Putnam said of those who were able to find work that “people have done everything they can, working longer hours and taking on two or three jobs. But nothing is working anymore.”

She said the decision of Democratic Governor Jennifer Granholm to sign legislation imposing a four-year lifetime limit on receipt of welfare benefits could produce a further major disaster in the coming years.

“Part of the 1996 TANF [Temporary Assistance for Needy Families] was that federal funding to the state became a block grant of \$775 million. We get the same block grant no matter what, so signing that legislation was a choice—the government did not have to do it. Michigan was actually late in coming to this. Other states have already imposed these time limits.

“This decision was made at a time of lower unemployment. The effect under conditions of unemployment like we have now would be devastating. The clock started ticking on 48-month lifetime limits on October 1, 2007, so the first wave will hit October 2011. The law allows a one-year extension beyond the 48 months based on a series of factors including high unemployment.”

MLHS reports that countless state budget cuts will

adversely affect children and families under the Governor’s 2010 budget. Programs ranging from child abuse prevention to teen pregnancy prevention, childcare and Medicaid provider reimbursement, and school aid are cut.

The deadly consequences of the failure of the social safety net in America can be extended to the situation facing the disabled. Tyrone and Marvin Allen, two of the victims of the January 5 fire on Dexter Avenue earlier this winter, were disabled and receiving SSI (Social Security disability payments for low-income individuals). They were part of a broad layer of disabled, including many who have become homeless due to inadequate assistance.

In 2008, the Technical Assistance Collaborative, Inc. and the Consortium for Citizens with Disabilities Housing Task Force produced their semi-annual report *Priced Out*. They noted, “When the disabled organization’s Housing Task Force produced their first *Priced Out* report, there were 44 housing market areas, across 13 different states, where a person with a disability needed to pay more than their entire monthly income for housing costs. Ten years later, 219 housing market areas, across 41 states, had modest one-bedroom rents higher than monthly SSI.

“By comparing HUD Fair Market Rents (FMRs) with the purchasing power of monthly SSI payments—including certain state SSI supplements—one can easily determine whether a single adult receiving SSI can obtain affordable housing in the current rental housing market. Unfortunately, the answer to this question is a resounding ‘no’ in every one of the nation’s 2,575 metropolitan and non-metropolitan housing market areas.”

In 2009 the National Low Income Housing Coalition reported that the fall in housing prices did not reverse the trials of low-income renters. They said that in fact forty percent of those displaced by foreclosures were actually renters and that 672,000 individuals in the US were completely homeless at the time the report was issued.



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