5-2015

The Financial Lives of Low-Income Rhode Islanders: Challenges and Opportunities

Keegan Glennon
University of Rhode Island, keegan_glennon@my.uri.edu

The Financial Lives of Low-Income Rhode Islanders:

Challenges and Opportunities

Keegan Glennon

University Of Rhode Island

Abstract

This paper explores the structures that affect the efforts of low-income Rhode Islanders to take control of their financial lives. It looks at some of the challenges of poverty in Rhode Island by examining the difficulties of covering basic expenses, dealing with risk, and building assets. It then goes on to look at some of the current policy issues surrounding low-income Rhode Islanders, such as the debate surrounding payday lending. This paper discusses how asset erosion and lack of access to financial services adequate to the needs of the poor hinder their exit from poverty.

The research in this paper was compiled through qualitative data from different sources. It is based on literature searches, first-person observation, and interviews with expert witnesses from around Rhode Island. Through these findings, we hope to explore some ideas that might help low-income Rhode Islanders better face the financial challenges they encounter.

Keywords: poverty, asset building, payday loans

The Financial Lives of Low-Income Rhode Islanders:

Challenges and Opportunities

The idea of upward mobility has always been one of the major pillars of American culture. Americans like to think of themselves as living in the land of opportunity, a place where anyone can get ahead with a little hard work. Less fortunate Americans have historically been urged to "pull themselves up by their bootstraps," implying that prosperity was essentially just a matter of willpower. Over time, however, it has become clear that there are more than a few problems with this conception of American society.

If hard work and willpower aren't all that lower class Americans need to reach prosperity, then what *do* they need? This has been an issue of much debate ever since the question was first posed. The truth is that that poor Americans face many challenges in managing their financial lives, and many of these challenges concern things that are not within the realm of individual control. It is increasingly accepted that the poor in America face structural, rather than personal, obstacles to escaping poverty. The road to prosperity, and how difficult it is to traverse, is influenced by many different structural factors in any given society.

Some of these structural factors apply to America as a whole, while others are more localized. This research looks specifically at some of the structures that affect the efforts of low-income earners in Rhode Islander to take control of their financial lives. It explores the challenges and focuses on the options available to low-income Rhode Islanders for managing their financial lives.

This research was compiled through qualitative data from many different sources. It is based on literature searches, interviews with expert witnesses from around Rhode

Island, and first-person observation. It looks at the challenges of managing day-to-day expenditures and the potential positive effects of asset building. It will also examine exploitative practices such as high cost payday loans, which are a current issue of legislative debate in Rhode Island. Through these findings, we hope to explore some ideas that might help low-income Rhode Islanders better face financial challenges, as well as current things that are being done to help the low-income population in Rhode Island.

A Picture of Poverty in Rhode Island

Poverty is a challenge that affects a significant number of Rhode Islanders. The US Census estimates that in 2013 there were about 137,479 people who were living on an income that was less than the official federal poverty level. Before we examine at the challenges posed by poverty In Rhode Island, we should first take a closer look at this population. We will ask where the poor are concentrated in Rhode Island, who is living in poverty, and how poverty in Rhode Island has changed over time.

According to the most recent census data (2013), 13.6% of people (137,479 people) in Rhode Island are living below the federal poverty level. This number is similar, though slightly lower, than the national average of 15.4%. 17.7% (178,924 people) were living on less than 125% of the poverty level (Census.gov). As we are interested in sustainability, we will include this extra 4.1% of the population living on the edge of poverty where data is available.

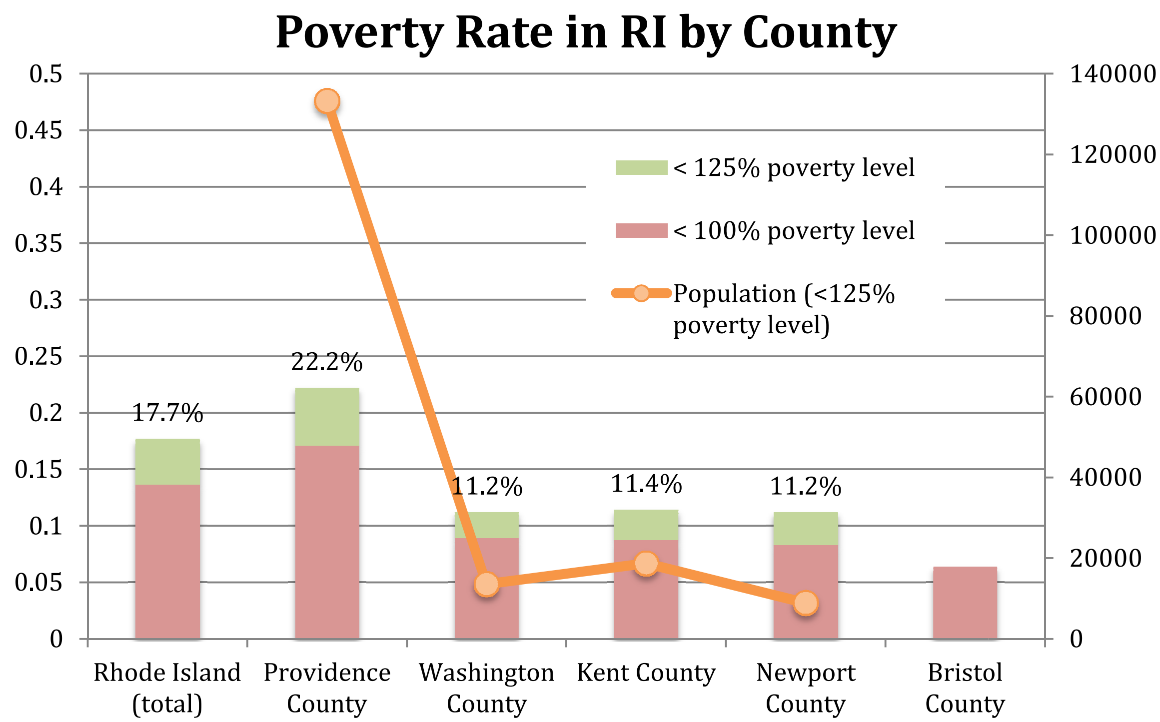

Figure 1. Poverty rate in Rhode Island by county, 2013. This figure compares the counties in Rhode Island by poverty rate and population under 125% of the federal poverty threshold.

Source: Census.gov. (n.d.). Retrieved February 23, 2015, from http://www.census.gov/

The largest population and rate of those living below the federal poverty level is found in Providence County, which consists of the cities of Central Falls, Cranston, East Providence, Pawtucket, Providence, and Woonsocket, as well as surrounding towns. Figure 1 shows that 22.2% (133,239) of Providence County residents live on incomes below 125% of the poverty level, compared to 11.2% (13,543) in Washington County, 11.4% (18,688) in Kent County, and 11.2% (8,884) in Newport County. Data for Bristol County was incomplete, but it does have a poverty rate of 6.4%. Providence County is the most urban of the counties in Rhode Island, which suggests that the poor in Rhode Island are largely concentrated in urban areas. Figure 2 supports this idea, as evidenced by the high rates of poverty in urban areas like Central Falls, Providence (city), Woonsocket, and Pawtucket. Even though East Providence and Cranston have poverty rates below the state average, the average rate of people living at less than 125% of the federal poverty rate in all the cities of Providence County is 27.4%, which is higher than the total average for the county. This means that the poverty rate in the towns of Providence County must be lower than that of the cities. Central Falls the highest rate of people living under 125% of the federal poverty level, but also has a much lower total population than Providence (city) (Census.gov). Of all the cities in Providence County, Providence (city) has the highest population of low-income earners.

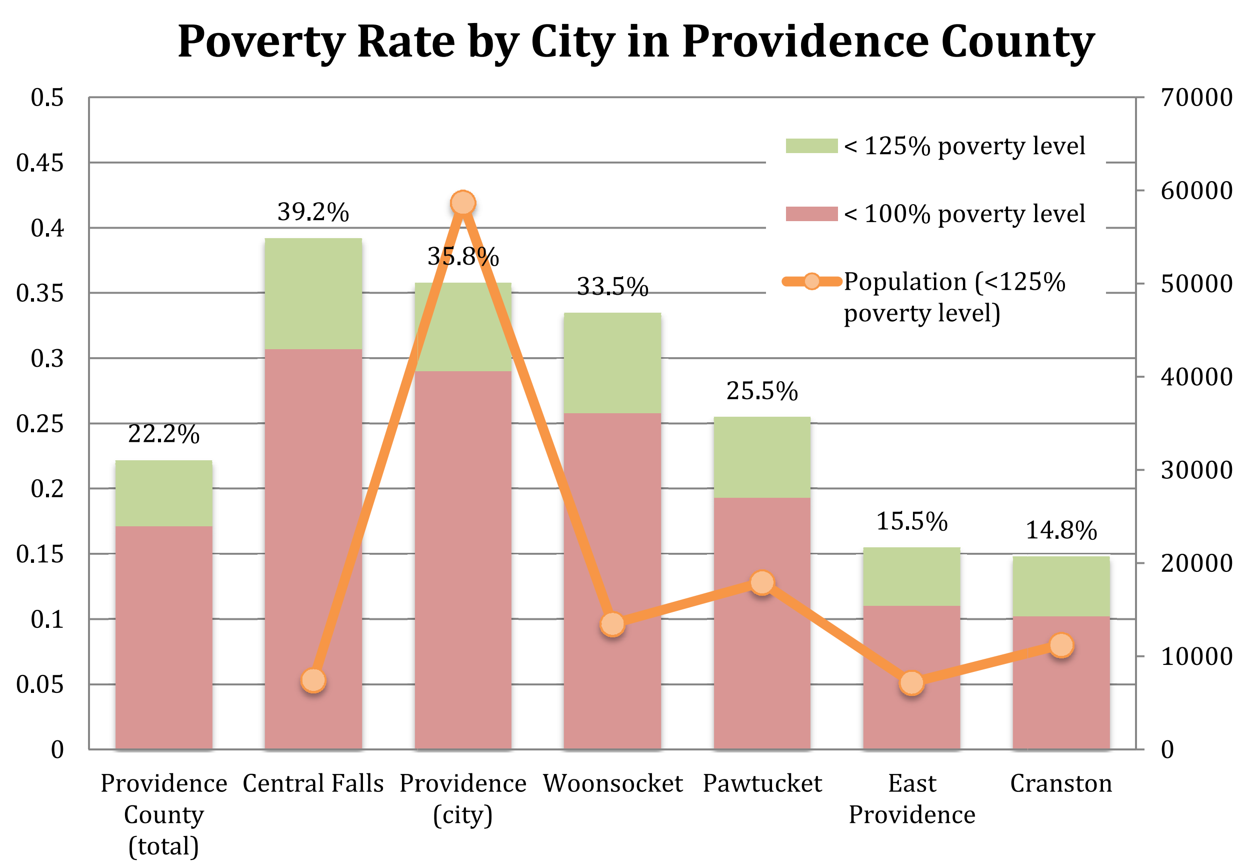

Figure 2. Poverty rate by city in Providence County, 2013. This figure compares the cities in Providence County, Rhode Island by poverty rate and population under 125% of the federal poverty threshold.

Source: Census.gov. (n.d.). Retrieved February 23, 2015, from http://www.census.gov/

Having determined where the poor are concentrated in Rhode Island, we will now look some characteristics that describe who these low-income earners are. One characteristic that displays major variations in poverty rate is race. Figure 3 displays the rates and populations of members of different races living below 100% and 125% of the federal poverty level. As is often the case in America, people identifying as White have both the highest population and the lowest poverty rate. The White population is high enough in relation to other races that Whites still make up the highest population of those living below 125% of the federal poverty rate in Rhode Island. However, the poverty rates of all minority races are above the state average. For Native Hawaiians and other Pacific Islanders, a full 44.8% on less than 125% of the federal poverty level. This extremely high rate is concerning, even taken with the fact that this 44.8% consists of only 137 people. Minority groups with higher populations include those identifying as Black/African American and Other, both of whom also have an alarmingly high poverty rate. 37.0% of Blacks/African Americans and 41.1% of those identifying as Other were earning less than 125% of the federal poverty rate in 2013 – 23,169 and 25,934 people, respectively (Census.gov). Overall, Figure 3 shows a strong correlation between poverty and racial minority status.

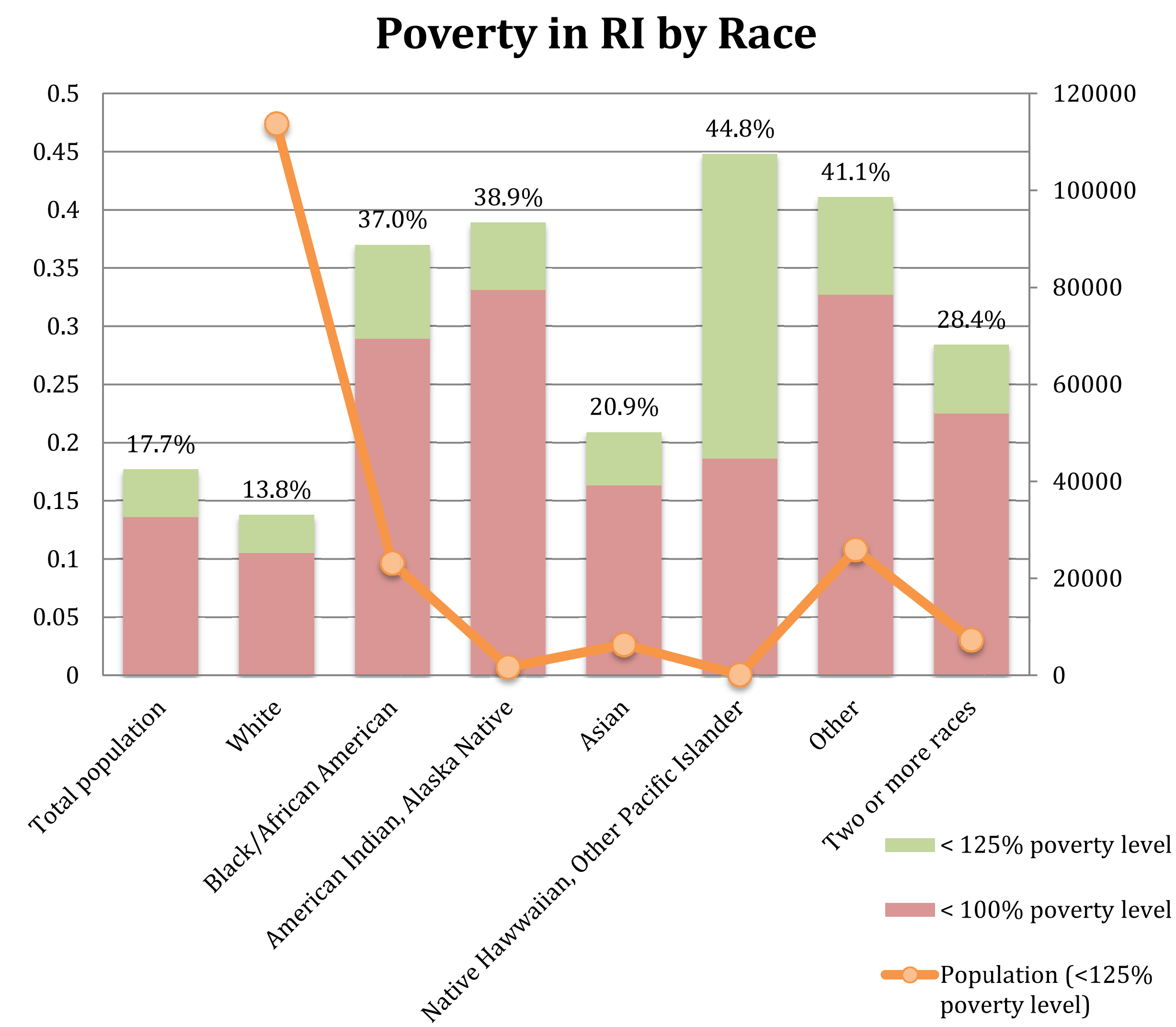

Figure 3. Poverty in Rhode Island by race, 2013. This figure compares ethnicities in Rhode Island by poverty rate and population under 125% of the federal poverty threshold. Source: Census.gov. (n.d.). Retrieved February 23, 2015, from http://www.census.gov/

There are other common characteristics of people living in poverty. Figure D shows that those living under the federal poverty threshold tend to family households, and that the poverty rate is higher among single-parent households, especially those that are headed by a female. Of all age groups, the poverty rate is highest for those under the age of

18 (19.5% in 2013), meaning that many households in poverty are families with children (Census.gov). In addition, higher rates of poverty are found among those with a lower level of educational attainment, those born in another country, and the disabled.

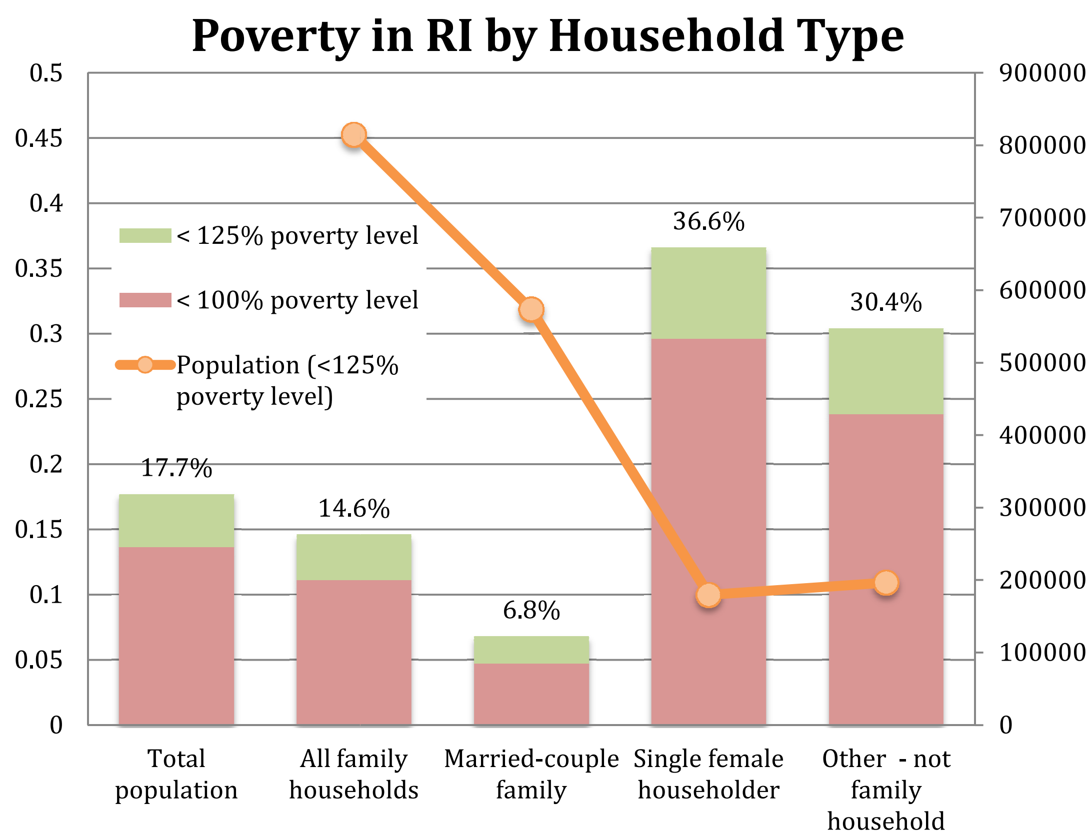

Figure 4. Poverty in Rhode Island by household type, 2013. This figure compares household types in Rhode Island by poverty rate and population under 125% of the federal poverty threshold.

Figure 5 illustrates how the poverty rate in Rhode Island has changed over time. Overall, the Rhode Island poverty rate has increased 6.5% from 1990 to the most recent measurement in 2013. It has steadily increased every decade since 1990, and also shown a steady increase in the past five years of census data. As the population of Rhode Island has stayed fairly constant (< 1% decrease) over the past five years, this means that the total population of those in poverty has also increased (Census.gov.). Additionally, the Center on Budget and Policy Priorities in Washington, DC reports that average income for the poorest 20% of Rhode Islanders has dropped 3.2% from the late 1990's to the mid 2000's (Mcnichol, Hall, Cooper, and Palacios, 2012). These trends suggest that it is becoming more difficult to maintain an adequate standard of living in Rhode Island.

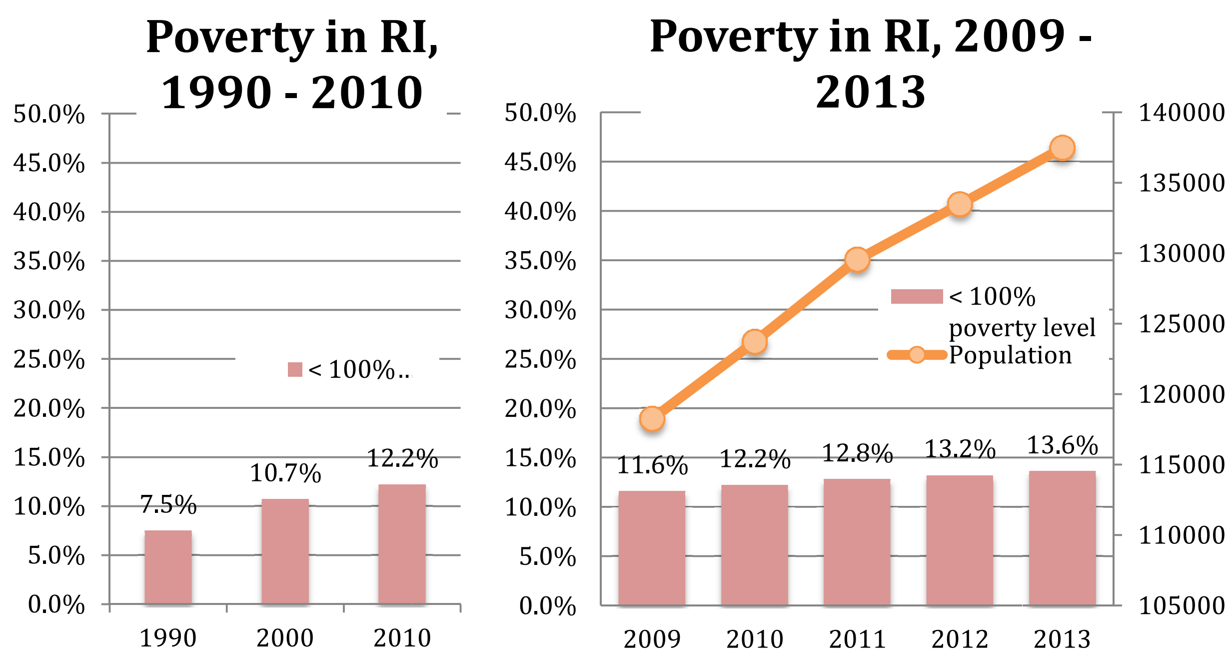

Figure 5. Poverty in Rhode Island, 1990 – 2010 and 2009 – 2013. This figure shows trends in Rhode Island poverty rates from 1990 to 2010 and in poverty rates and population below 125% of the federal poverty threshold from 2009 to 2013.

Source: Census.gov. (n.d.). Retrieved February 23, 2015, from http://www.census.gov/

Challenges of Poverty in Rhode Island

The poor face many structural obstacles over the courses of their lives. Living in poverty, or on the brink of poverty, is a constant balancing act. It can be very difficult to stretch a small income far enough to adequately meet the needs of a household. Even more difficult is the process of attempting to gain greater control over one's financial life in the face of a low and often unreliable income. Here, we will examine some of the challenges that are faced by the low-income population in Rhode Island.

Our focus is particularly on the financial challenges faced by the poor in Rode Island. In their book *Portfolios of the Poor* (2009, p. 18), Collins et al. grouped the needs that drive much personal financial activity into three main categories. The first category involves managing basic day-to-day expenditures. This includes general expenses such as food, transportation, bills, and other miscellaneous daily needs. The second category involves coping with risk. This category involves dealing with unexpected expenses in emergency situations. The third category involves raising lump sums. Lump sums are necessary for life events, such as retirement; expensive opportunities, such as furthering one's education; or major purchases, such as buying a home. We will use these three categories as a basic framework to help us look more closely at the financial lives of Rhode Island's low-income populations.

Making Ends Meet

The most immediately pressing challenge for most low-income households is simply covering basic expenses on a day-to-day basis. This is, of course, fairly self-explanatory, but also important to examine more closely in order to understand the obstacles of poverty. Basic needs are generally understood to be things like food, housing, healthcare, and transportation, and other necessary expenses. For families with children, this list would include childcare as well. For low-income earners, covering this list of basic necessities can seem daunting.

The current "official" answer as to what constitutes an adequate household income is the federal poverty threshold level. The federal poverty level is supposed to represent estimated base-level living expenses for a given household. The federal poverty level is the same throughout the country, and is based on categorizing households by size and age of members. It is updated annually for inflation, but the formula was initially developed in 1963 and 1964. The formula for the federal poverty level is based on data regarding what portion of income families spent on food at the time that it was developed, along with US Department of Agriculture food budgets designed for "families under economic stress" (US Census Bureau). If someone is classified as living below the poverty threshold level, then they are considered to be poor by the US government. The phrase "federal poverty level" here, and in Figures A – K above, is referring to the federal poverty threshold level, but it is often also used to refer to the federal poverty level guidelines. The federal poverty level guidelines are a simplified version of the federal poverty thresholds, and are used for administrative rather than statistical purposes, for example, determining eligibility for certain assistance programs.

The adequacy of the federal poverty threshold level figures in measuring poverty has been a subject of debate. Many researchers question how accurately they describe adequate income levels in any given area of the United States. The main argument against the federal poverty thresholds are that they are out of date and fail to address the actual economic needs of households today. One major indicator of the shortcomings of current federal poverty measures is the fact that many government assistance programs set eligibility at much higher levels than the official poverty guidelines. For example, as of April 2015, the WIC eligibility income guideline for a family of one is $21,775 – 185% of the federal poverty level guideline for that family size.

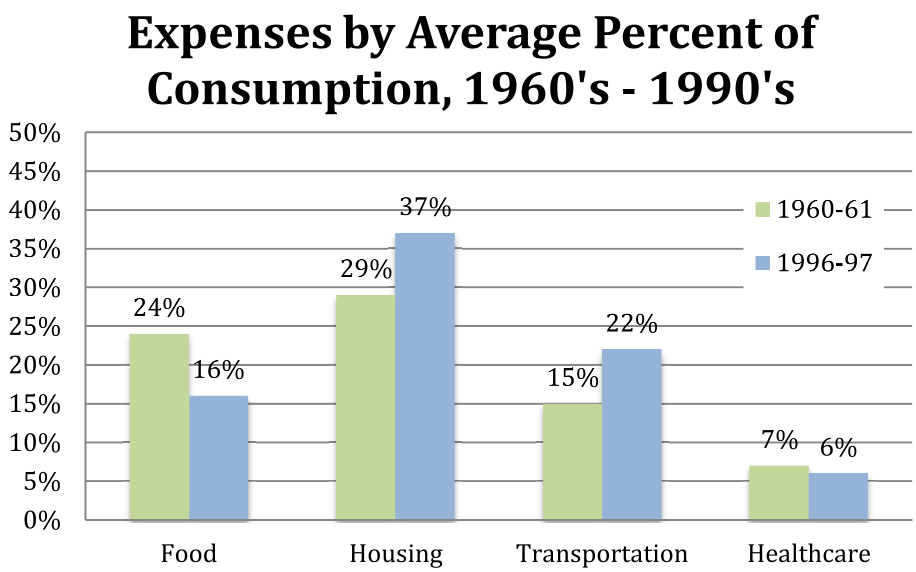

Figure 6. Expenses by average percent of household consumption, 1960's – 1990's. This figure displays how the average percent of household income of different expenses has changed form the 1960's to the 1990's.

Source: Bernstein, J., Brocht, C., & Spade-Aguilar, M. (2000). *How much is enough?: Basic family budgets for working families*. Economic Policy Inst.

Writer Barbara Ehrenreich describes her experience trying to find housing while working a minimum wage job during research for her book *Nickel and Dimed* (2001). She was shocked by the cost of housing, especially within a convenient distance from the areas where most jobs are concentrated. She describes how rising rent prices are creating a housing crisis for low-income earners that is not reflected in the federal poverty rate.

Ehrenreich points out that that food costs, which are used to calculate the federal poverty level, are relatively inflation-proof compered to rent prices. Figure 6 shows that in the early 1960's, when the federal poverty threshold formula was devised, food accounted for 24% of the average family budget and housing 29%. By 1996, food was taking up only 16% of the family budget, while housing had soared to 37% (Bernstein, Brocht, and Spade-Aguilar, 2000). The Center for Economic Development reports that in 2013, 52.2% of renters in Rhode Island were spending more than 30% of their income of rent and utilities (Assets & Opportunity Scorecard).

Figure 7 illustrates the increase in average monthly rent costs from 2009 – 2014 in Providence, RI (Rental trend data, 2015). Providence rent costs increased 22.7% and 17.9% between 2009 and 2104 for one- and two-bedroom apartments, respectively. Inflation over those five years was 10.3%, which means that the net increases were 12.7% and 7.9% (US Inflation Calculator, 2015).

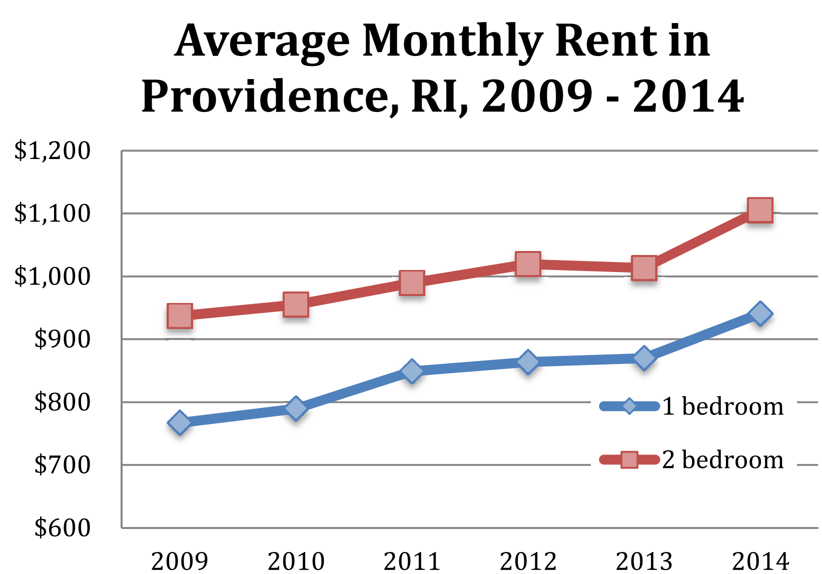

Figure 7. Average monthly rent in Providence, Rhode Island, 2009 – 2014. This figure shows the change in average monthly rent costs in Rhode Island from 2009 to 2014. Source: Rental trend data in Providence, Rhode Island. (2015, March). Retrieved May 11, 2015, from https://www.rentjungle.com/average-rent-in-providence-rent-trends/

High rent costs cause many problems for low-income earners. Ehrenreich especially struggled to find affordable housing that was a reasonable distance from her workplace. Often she had to weigh higher rents against increased transportation costs and an inconveniently long commute. She also found that the payment schedule for many housing options did not fit her income flow. This often forced her to choose an option that was more expensive overall. She was often unable to afford a down payment on an apartment, and instead forced to rent a motel room by the week at a much higher rate (Ehrenreich, 2001). In this way, she ended up losing even more of her already low income just because she didn't have access to the right amount of money at the right time. The phenomenon of low-income earners having to pay more than their higher-income counterparts is well established, though it was first cited in David Caplovitz's 1967 book, *The Poor Pay More.* Low-income workers often need to act immediately, as in Ehrenreich's case of needing immediate housing closer to her new job, in order to avoid even worse consequences. The same principle applies in the case of poor people who cannot afford to buy bulk, or who need to buy a new car right away instead of being able to shop around.

Making ends meet is a constant worry for low-income households. Covering basic expenses requires constant vigilance and financial juggling. The difficulty of covering basic expenses is most likely not adequately reflected in the US government's official poverty measurements. The issues of rising costs for basic needs such as housing coupled with sinking incomes (the 3.2% drop in incomes of the poorest 20% of Rhode Islanders from the late 1990's to the mid 2000's that we discussed above) suggest that the difficulty of covering basic expenses is only getting more difficult in Rhode Island. In addition, the fact that the poor must often pay more for the same goods and services than higher income brackets makes it even more difficult for people to break out of the cycle of poverty.

Dealing with Risk

Managing day-to-day expenses is perhaps the most pressing thing that low-income households need to worry about, but it is far from the only thing. The delicate balancing act of managing regular expenses can be easily thrown off if something unexpected happens. Many low-income earners have little to fall back on in case of an emergency, as in the case of the 11.3% of Rhode Islanders without health insurance (Health Insurance Coverage, 2013). Health problems, property damage, and sudden job loss are all events that could have a devastating impact on the financial situation of a family of limited means.

In some ways, the low-income population endures even more risk than wealthier groups even before the matter of insurance. In *Nickel and Dimed*, Ehrenreich discusses some of the physical hazards that come along with living on a low income (2001). Low income often comes along with poor nutrition, more strenuous and hazardous jobs, high levels of stress, and the incentive to postpone medical treatment for as long as possible. All of these things can lead to a higher likelihood of emergencies or an exacerbated situation when an emergency finally does happen.

First, low incomes are often correlated with poor nutrition. According to a 2013 study on food security conducted by the US Department of Agriculture, 14.4% of Rhode

Island households were food insecure at least some time during the year 2013 (Coleman-Jensen, Gregory, and Singh, 2014). The report defines food insecurity as lacking enough food for an active, healthy life for all household members. As the poverty rate in RI is only 13.6%, this means that even some households that live above the poverty rate experience difficulty covering the expense of something as basic as food. Often, though, the difficulty is not in affording food altogether, but in accessing high quality, nutritious food. Having a small amount of money to spend of food means a sacrifice of quality before a sacrifice of quantity, and even just transportation to a grocery store that sells good quality food is an issue. The cheapest food may be dense in calories but severely lacking in the nutritional value. This was the case at a local discount grocery store in Warwick. One prominent example was in the meat aisle, where the lean-to-fat ratio decreased quickly with the price of the meat.

Home cooking may also be difficult for low-income earners, leading people to rely on more convenient but less nutritious options. For people working multiple or extremely strenuous jobs, finding the time or energy to prepare home cooked meals every day is an obstacle. Lack of knowledge can also be a challenge, if one does not have access to the Internet to find quick recipes. Lower-income hosing may come with fewer amenities. Ehrenreich described being in several living situations in which she did not have the means to either cook food or store leftovers. Carefully planned home cooking may be able to beat the per-serving cost of other options like fast food, but it often requires a greater initial investment. For example, if one were to make a sandwich to bring to work for lunch, they would have to buy an entire loaf of bread and a package of lunchmeat. The sandwich itself may be less expensive than a burger at the local fast food joint, but the upfront costs may be prohibitive.

In addition, limited access to healthy options may be an obstacle. People may not have the reliable transportation that they need to get them to a grocery store. Food deserts are low-income areas where a significant number of residents are a certain distance from a supermarket, originally measured as more than 1 mile away in urban areas and more than 10 miles away in rural areas (Food Access Research Atlas, 2013). Rhode Island is fairly small, but it does have a few areas that would be considered food deserts by this measurement. If a household struggles with transportation, they may often rely on higher priced and less nutritious foods from a gas station or corner store.

A high calorie, low nutrition diet can have major negative effects on health. Low nutrition can make people more susceptible to many illnesses, and make their bodies weaker and less resilient. High intake of empty calories can lead to obesity, which is responsible for a wide range of illnesses including hypertension, diabetes, and heart disease. A poor diet is definitely a physical hazard that increases the risk of a medical emergency or the inability to work.

Another physical hazard associated with the low-income population is that many low wage jobs are very physically demanding. Ehrenreich experienced this at all of the minimum wage jobs that she worked during her experiment for *Nickel and Dimed* (2001). Many of these jobs required workers to be on their feet all day, with minimal or no breaks. She described developing back pain during her shifts, for which she had to take some money out of her precious budget for over-the-counter pain medication. She recounts a wealthy client marveling at how cleaning houses must be such good exercise, and argues out that the repetitive, awkward motions she was performing were more likely to cause an injury than to help her get in shape.

Poverty itself can even make people sick. Poverty results in chronic stress, as people struggle to meet household needs on an inadequate or barely adequate income. It is well established that chronic stress can have severe implications on physical and mental health. Chronic stress prematurely ages the immune system and is considered a risk factor for many medical issues, including coronary vascular disease, obesity, diabetes, depression, cognitive impairment and both inflammatory and autoimmune disorders. Higher levels of chronic stress are associated with health disparities between groups of differing socioeconomic status (Fact Sheet: Health Disparities and Stress, 2011). It is clear that there are many aspects of life in poverty that have negative affects on health and create higher levels of risk for low-income earners.

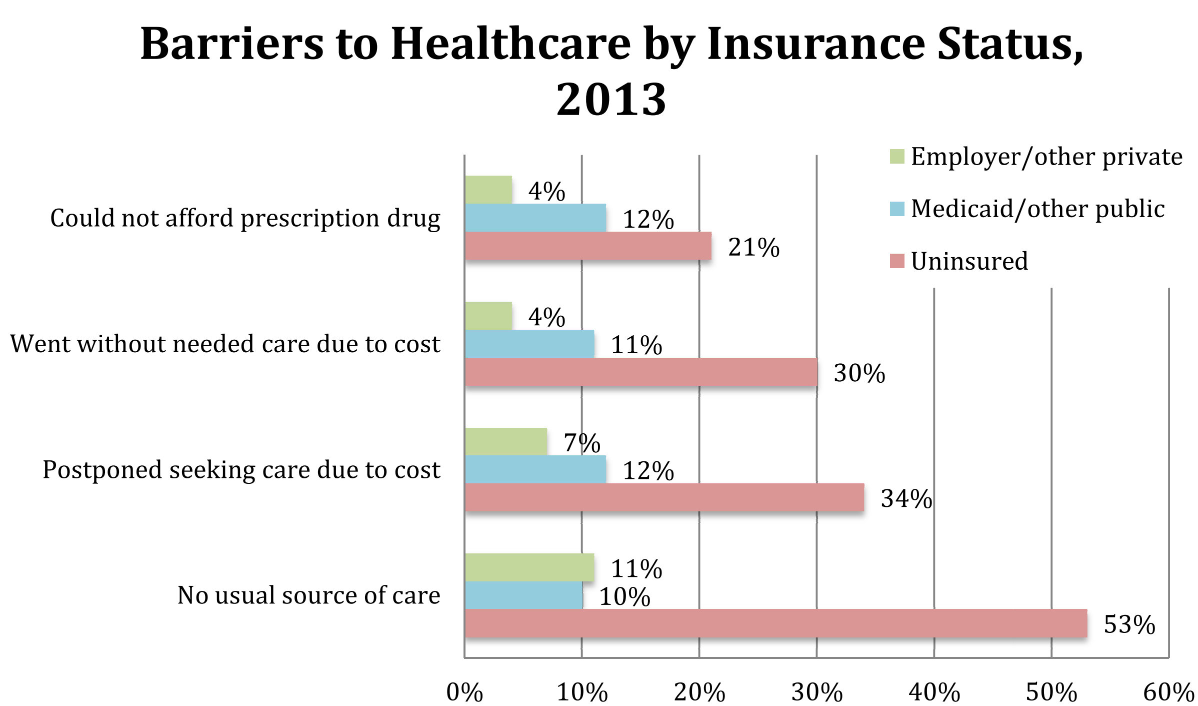

Figure 8. Barriers to healthcare for nonelderly adults in the United States by insurance status, 2013. This figure illustrates some reported barriers to healthcare in the United States in 2013, grouped by health insurance status.

Source: Majerol, M., Newkirk, V., & Garfield, R. (2015). *The Uninsured: A Primer – How Does Lack of Insurance Affect Access to Health Care?*. Kaiser Family Foundation. Retrieved from http://kff.org/report-section/the-uninsured-a-primer-how-does-lack-of-insurance-affect-access-to-health-care/

Despite high levels of risk, many low-income earners lack health insurance. In 2013, a study by the Henry J. Kaiser Family Foundation found that 11.3% of Rhode Islanders were without health insurance. Not having health insurance is a major issue when emergencies do occur, of course, but it also causes people to act in a way that may exacerbate existing health issues until they become much more of a problem. Figure 8 shows that uninsured individuals were much more likely to report going without healthcare for a number of reasons (Majerol et al, 2015). Obviously, people without health insurance do not want to go to the doctor if they can avoid it. The downside of this is that people often do not go when they should, instead hoping that the illness or injury will go away on its own. Unfortunately, if the problem does not go away, it may continue getting worse and worse until finally a relatively minor heath concern has become a much more major one – and much more expensive. Figure 9 looks at some of the consequences of different heath insurance statuses on people's financial lives. People without health insurance are much more likely to report being unsure whether they could pay for necessary health services, and also more likely to report problems paying medical bills in the past year. They were also more likely to report that medical bills led to serious financial strain.

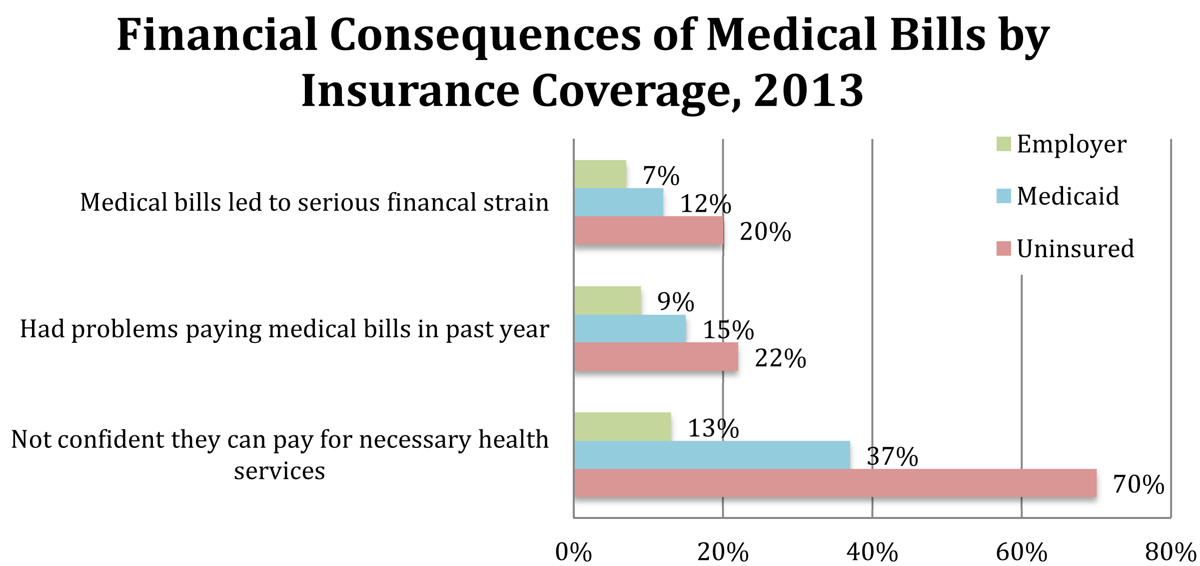

Figure 9. Financial consequences of medical bills for nonelderly adults in the United States by insurance coverage, 2013. This figure shows some of the financial consequences of medical bills for nonelderly adults in the United States in 2013, grouped by health insurance status.

Source: Majerol, M., Newkirk, V., & Garfield, R. (2015). *The Uninsured: A Primer – How Does Lack of Insurance Affect Access to Health Care?*. Kaiser Family Foundation. Retrieved from http://kff.org/report-section/the-uninsured-a-primer-how-does-lack-of-insurance-affect-access-to-health-care/

The rate of uninsured individuals has been decreasing in recent years due to the Affordable Care Act, which was signed into law in 2010. The Kaiser Family Foundation's 2014 survey of people in the non-group health insurance market (insurance that is bought individually, as opposed to that bought through an employer or association) looks at how the Affordable Care Act is affecting uninsured individuals in the United States. According to their data, half of those with ACA-compliant plans reported being uninsured prior to purchasing their current plan, and 72% of those previously uninsured report buying their own health insurance because of the ACA. Most of those enrolled in ACA-compliant non-group plans say that their healthcare coverage is a good value (55% reporting good or excellent value). However, as illustrated by Figure 10, most of those enrolled in non-group insurance plans are at least somewhat worried about their future ability to afford healthcare and insurance. 58% report being very or somewhat worried that they still won't be able to afford the healthcare services they need, and 62% that their insurance companies will raise premiums so that they are no longer able to afford coverage (Hamel et al, 2014). Overall, the passing of the Affordable Care act has increased health insurance coverage, but many individuals still report concerns about affordability.

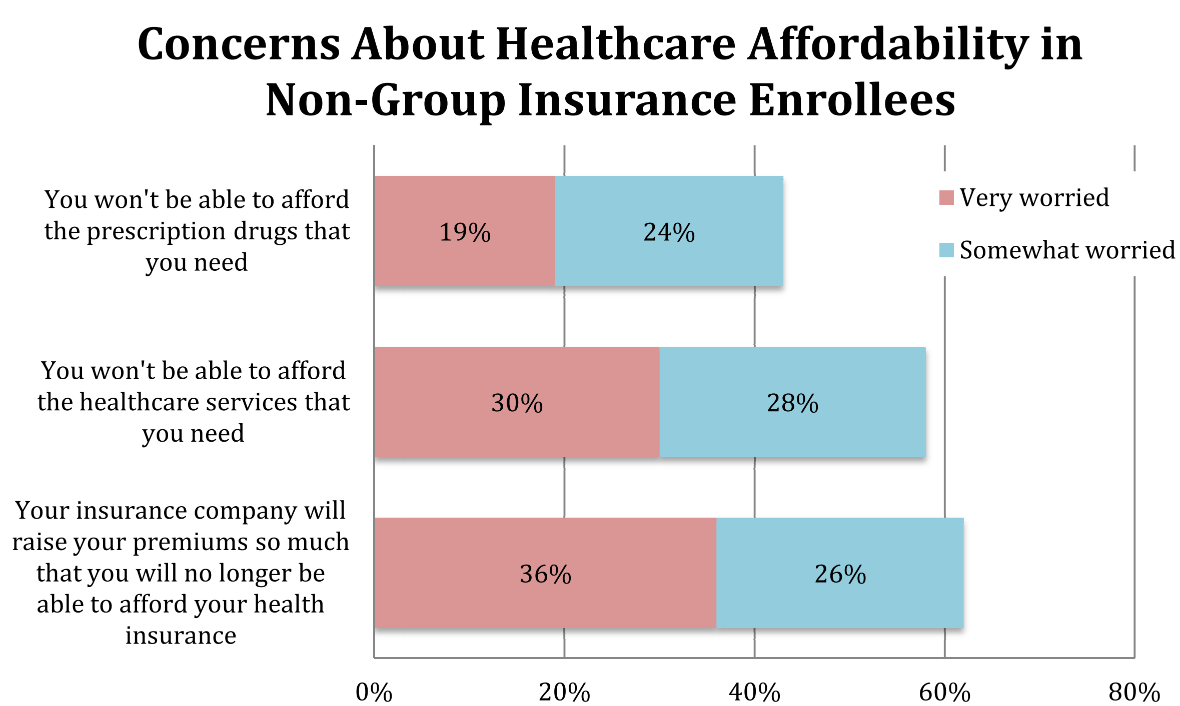

Figure 10. Concerns about future healthcare affordability in non-group insurance plan enrollees in the United States, 2014. This figure shows some of the reported concerns about healthcare affordability by those enrolled in individually purchased health insurance plans in the United States in 2014.

Source: Hamel, L., Norton, M., Levitt, L., Claxton, G., Cox, C., Pollitz, K., & Brodie, M. (2014). *Survey of Non-Group Health Insurance Enrollees*. Kaiser Family Foundation. Retrieved from http://kff.org/report-section/about-the-groups/

Health is only one of the areas in which low-income earners face risk. Other emergencies – property damage or theft, job loss, or a death in the household, as a few examples – could also cause significant financial hardship. Overall, the poor are less likely to be prepared for an emergency and more likely to face significant financial difficulties in the event of one. Sudden, unexpected expenses could completely throw off the balancing act of low-income households and cause a family that is already struggling financially to fall into a state of desperation.

Building Lump Sums

Besides covering their basic needs and dealing with emergencies if and when they occur, low-income households also need to think about building lump sums. Lump sums are important in planning for life events, such as retirement; allowing people to take advantage of opportunities, like higher education or business investments; and helping people make major purchases, such as buying a home. For many low-income earners, the task of accumulating usefully large sums of money seems daunting. Here, we will examine the ways that people go about building usefully large sums of money, as well as the idea of asset building as an important tool against poverty.

The process of building lump sums falls under the category of financial intermediation. The idea behind accessing usefully large sums is the ability to intermediate one's finances so that the right sums are available at the right time. This means that people must borrow or save in order to access money when they need it. For low-income households, the need for larger sums of money will inevitably be at odds with their small income flows. As a result, financial intermediation is of vital importance in allowing them to work around their low and unreliable incomes.

Ideally saving, as the less expensive and risky form of intermediation, would be a household's main method of insuring that the right sums of money are available at the right times. With savings, people receive interest as opposed to paying it, and there is no risk that one will be unable to pay back a loan. However, many low-income families find saving to be the more difficult form of intermediation. The foremost issue is often that a low income can barely cover basic expenses. Putting aside money out of an already tight budget is extremely difficult. It is true that paying back loans also involves taking money out of a tight budget, but research in behavioral economics has found that there is a major difference between forcing oneself to subsist in the present in order to save for the future and subsisting out of the necessity of debt (Collins, Morduch, Rutherford, and Ruthven, 2009)(Sherraden and McBride, 2010). That being said, saving is an important tool for low-income populations, and a potential buffer against further financial hardship.

Savings fall into the category of assets, which are defined as valuable property owned by an individual or household. Usually savings refer to liquid assets like cash reserves, but may also refer to less liquid assets like retirement accounts. Really though, material assets of any type may be a form of savings, in that they can ultimately be liquidated if a household really needs the money. This is the idea behind asset poverty measures. Asset poverty looks deeper at the overall financial stability of a household, including how much of a financial cushion it has to weather a potential crisis that requires a sum of money greater than current cash flow can cover, or the loss of income altogether. The Center for Economic Development bases its estimate of asset poverty on three months of living expenses at the federal poverty level, calling this a conservative cushion for a household that loses its income. The asset poverty rate is based on net worth, including durable assets such as a home or business. Asset poverty levels for Rhode Island are illustrated in Figure 11. As of 2011, the asset poverty rate in Rhode Island was 19.2%, which exceeds the income poverty rate of 13.6% (Asset Poverty Rate, 2011). This means that 19.2% of Rhode Island households would be unable to cover basic expenses for three months in the event of sudden loss of income.

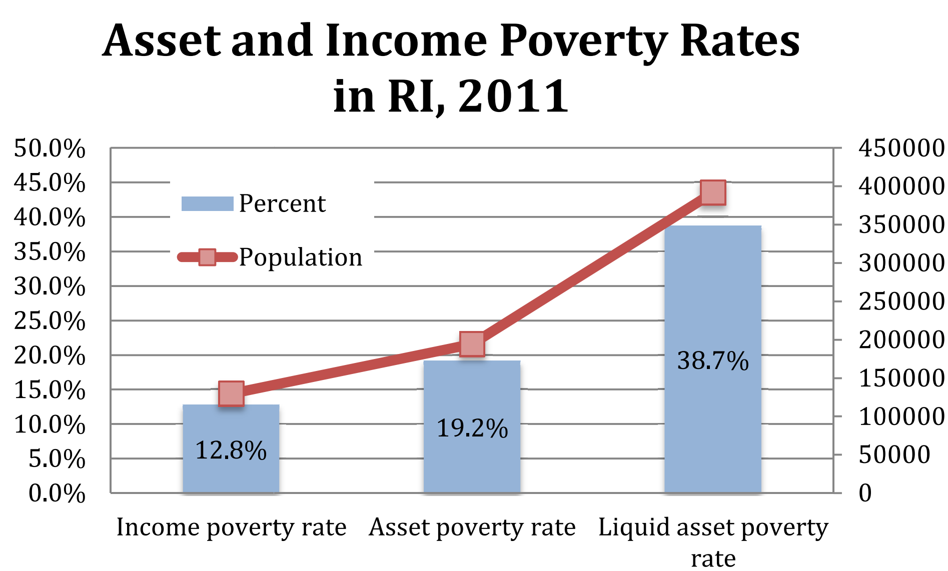

Figure 11. Asset and income poverty rates in Rhode Island, 2011. This figure displays the income and asset poverty rates in Rhode Island in 2011, as well as the population of each category.

Source: Assets & Opportunity Scorecard. (n.d.). Retrieved April 16, 2015, from http://assetsandopportunity.org/scorecard; Census.gov. (n.d.). Retrieved February 23, 2015, from http://www.census.gov/

Liquid assets are especially important in helping families to weather a potential economic setback. Without liquid assets to fall back on, a household may be forced to liquidate other assets, such as a home or business. Rhode Island's liquid asset poverty rate is even higher than its asset poverty rate, at 38.7% (Liquid Asset Poverty Rate, 2011). In other words, more than a third of Rhode Islanders would not be able to weather a loss of income for three months on liquid savings alone, and would be forced to liquidate durable assets, such as their home. Not only do they lose these assets, but they also lose the potential of these assets to build future wealth. The Center for Economic Development has found that households with assets are much less likely to suffer serious hardships in the event of an economic emergency (Liquid Asset Poverty Rate, 2011). Whereas a family with savings might be able to bounce back from an economic setback and continue along the path they were on before, a family that is asset poor and experiences a financial setback may face permanent or at least long-term financial difficulties as a result. Aside from covering an emergency, the liquid asset poverty rate also means that 38.7% of households are not prepared for major future financial needs, such as a child's college education or retirement.

Assets hold many benefits that are important to overcoming poverty. In his 1991 book, *Assets and the Poor,* Michael Sherraden argued that assets are the key to creating solutions to poverty that are based in sustainability rather than subsistence. Margaret Sherraden and Amanda McBride also argue that asset accumulation is a major way that poor Americans can move towards greater financial stability. Both agree that the benefits of assets are not only economic, but psychological and cognitive as well. These benefits include improved household stability, greater future orientation, development of human capital and other non-material assets, enhanced focus and specialization, more stable foundation for risk taking, improved outlook for offspring, increased self-efficacy, social influence, and increased political participation (Sherraden and McBride, 2010, p. 39). The accumulation of monetary and material assets can lead to skill-based gains in education and job training, as well as the emotional gains that come with greater stability. These benefits are pervasive, and not just limited to the financial sphere. With all these potential positive outcomes, finding ways to help the poor build assets could be a way to create more sustainable solutions to financial difficulties, and have major implications in the fight against poverty.

Appropriate financial tools are important to the accumulation of assets. One of the most basic of these tools is a savings account at an insured banking institution. Some households do not have an active account at an insured financial institution at all. This is referred to as being “unbanked,” and makes it very difficult for families to build meaningful assets. According to the Center for Economic Development, Providence, RI was one of the top 10 unbanked mid-sized cities in America in 2009. The 2009 banking status of households in Providence, RI can be seen in Figure 12. 14.8% of Providence households were unbanked in 2009. 19.4% of Providence households were underbanked, meaning that they had an account at an insured bank, but also had obtained financial services and products from non-bank, alternative providers in the past 12 months (Center for Economic Development, 2009). Rates of unbanked and underbanked households are correlated with lower incomes. The FDIC notes that as with overall poverty rates, the highest unbanked rates are found among non-Asian minority groups (Federal Deposit Insurance Corporation, 2013).

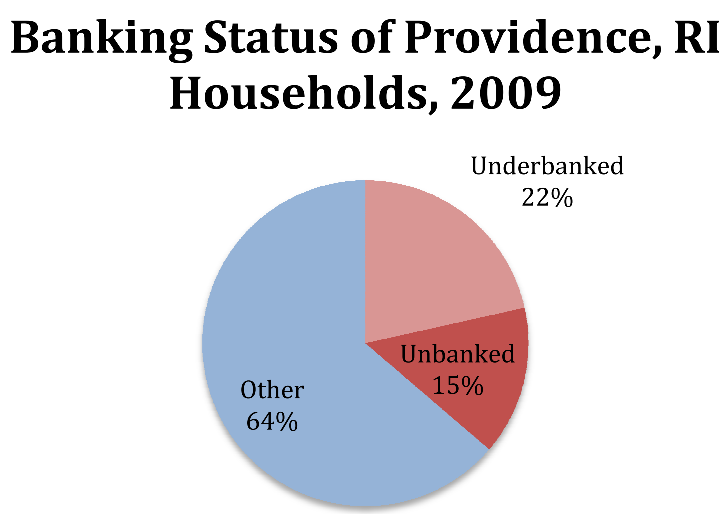

Figure 12. Banking status of households in Providence, Rhode Island, 2009. This figure shows the percentages of households in Providence, RI in 2009 at different levels of banking status.

Source: Center for Economic Development. (2009). *The Most Unbanked Places in America*.

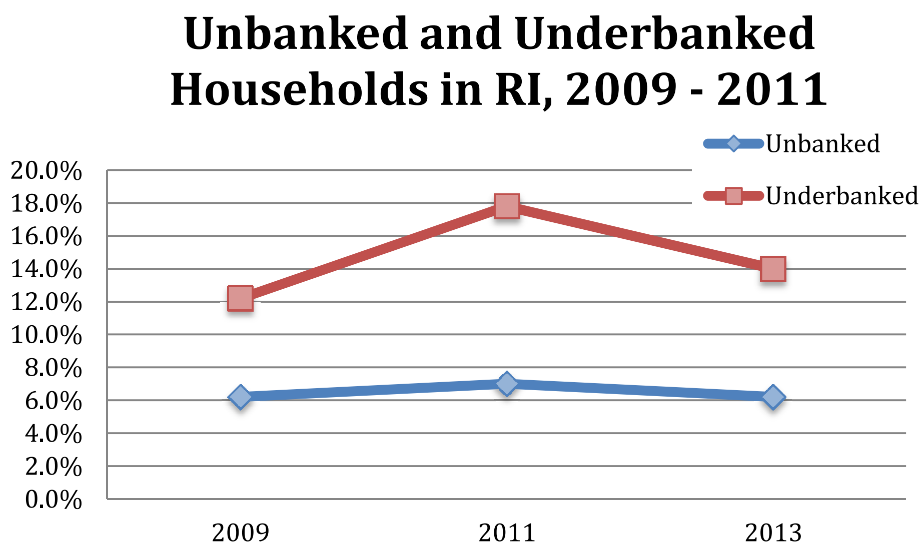

Figure 13. Change in unbanked and underbanked households in Rhode Island, 2009 – 2013. This figure shows the change in unbanked and underbanked households in Rhode Island from 20019 to 2011.

Figure 13 shows the changes in banking status in Rhode Island from 2009 to 2013. The FDIC notes that unbanked and underbanked rates are not necessarily comparable across years because the definition of alternative financial services changes depending on the survey used. These alternative financial services include categories like check cashing, money orders, remittances, payday loans, and pawn shops, among others. However, the data suggests that rates of unbanked and underbanked households did not change much from 2009 to 2013.

Tom Sgouros, Senior Policy Advisor at the Rhode Island Treasury notes that it is difficult to encourage banks to focus on services for low-income populations. In the past, politicians have used “feel good” policies to try to sway banks, but haven’t put much weight behind them. He says that the Treasury’s best bet is probably to use a linked deposit mandate to incentivize banks by depositing Treasury funds in the banks that follow policy. He also mentioned that the post office used to be funded in part by offering savings accounts, and there has recently been a move to return to this policy. The initiative is in its early stages and lacking major support, but a feasibility study is being done. This would provide a financial service that the government can more directly affect. It would be easier for the government to shape policies of government operated savings accounts than to try to convince private banks to focus on a population from whom they would gain less profit (personal interview, 2015). Some of those governing the state of Rhode Island do recognize the importance of access to high quality financial services for low-income Rhode Islanders, and would like to do more to encourage that these services are used.

The other side of intermediation is that of borrowing. Borrowing money can be a helpful way to intermediate income. However, borrowing comes with fees, interest that must be paid back, and the risk that one may not be able to conveniently pay back what is owed. One problem that low-income earners face is that the easiest loans to access are often those with terms that end up being not very favorable to the borrower. We will discuss borrowing, or at least a form of it that is specifically targeted at the low-income population, in the next section, when we discuss the current controversy in Rhode Island surrounding payday lending.

Current Issues in Rhode Island Poverty Policy

Many aspects of life for low-income workers are affected by government policy and the actions of other organizations that work around the issue of poverty. Now that we have looked at some of the challenges of poverty in Rhode Island, we will look at how they play into current issues in Rhode Island poverty policy.

Addressing Low Incomes

Income levels remain central to poverty policy. The main problem of many low-income families is that, by definition, they are struggling to make ends meet on very minimal income levels. These households can barely meet their basic needs from moth to month, let alone set aside money for the future. Logically, the most direct way to raise low-income families and individuals out of poverty would to be to raise their incomes. However, this is much more easily said than done.

The minimum wage is a hotly contested aspect of public policy. Supporters of raising the minimum wage argue that current minimum wages cannot possibly support an adequate standard of living, and that giving low-income workers greater purchasing power would positively affect local economies. Those who want to keep the minimum wage static believe that raising wages would hurt local businesses and force companies to hire fewer employees, raising the unemployment rate.

The Center for Economic Development reports that 21.6% of jobs in Rhode Island were low wage (median annual pay below 100% of the poverty threshold for a family of four) in 2012, a 5.8% increase since 2006. In addition, wages of the bottom 10% of earners were 5% lower in 2013 than in 1979 (Jacobs et al., 2015). Figure 14 shows that the incomes of the poorest 20% of Rhode Islanders have not kept pace at all with the richest 20% - or even the middle 20% of Rhode Islanders – both from the late 1970's to the mid-2000's and from the late 1990's to the mid-2000's. In fact, the average income of the poorest 20% of Rhode Islanders dropped 3.2% from the late 1990's to the mid 2000's. From the late 1970's to the mid-2000's, Rhode Island had the 9th greatest increases in income inequality in the county (Mcnichol et al., 2012). According to the US Department of

Labor, a review of 64 studies on minimum wage found no discernable effect on employment. The Department of Labor also reports that a June 2014 study found that more than 3 out of 5 small business owners support increasing the minimum wage to $10.10, as they believe it will increase consumer purchasing power and help the economy (Minimum Wage Mythbusters).

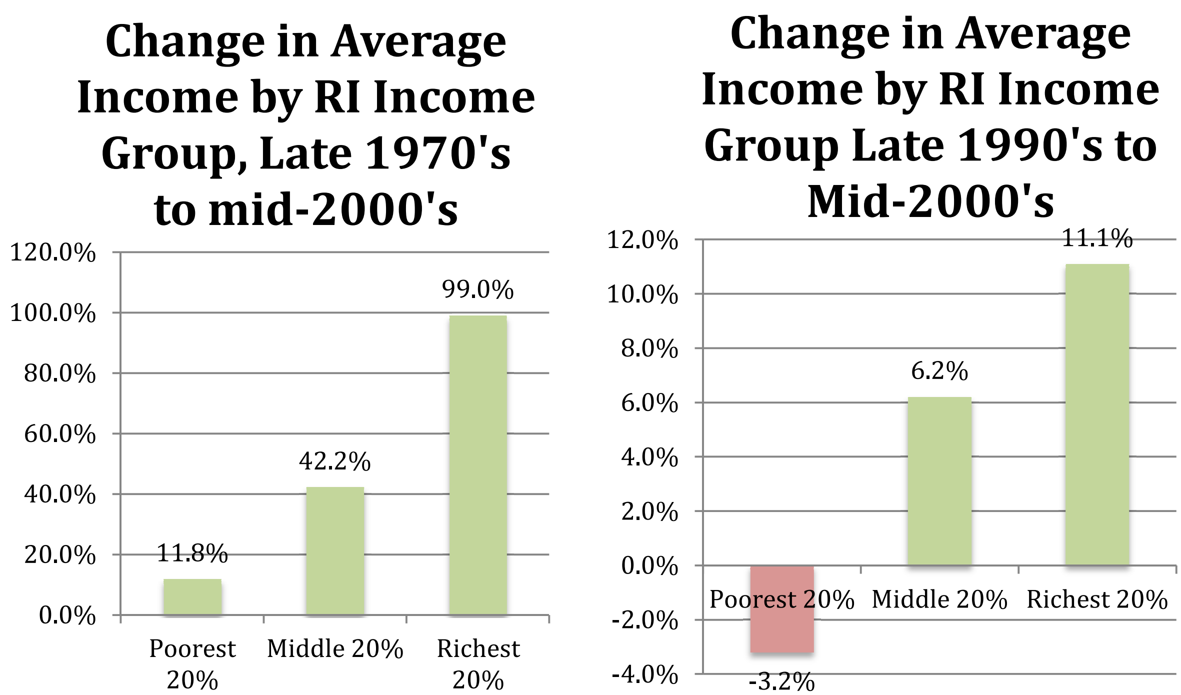

Figure 14. Change in average income by Rhode island income group, late 1970's to mid-2000's and late 1990's to mid 2000's. This figure shows the change in average income for different income groups in Rhode Island from the late 1970's to the mid-2000's and from the late 1990's to the mid-2000's.

Source: Mcnichol, E., Hall, D., Cooper, D., & Palacios, V. (2012). *Pulling Apart: A State-by-State Analysis of Income Trends*. Center on Budget and Policy Priorities. Retrieved from http://www.cbpp.org/research/poverty-and-inequality/pulling-apart-a-state-by-state-analysis-of-income-trends?fa=view&id=3860

If workers do not earn the money that they need to cover basic expenses from their jobs, they are forced either to go without or to look elsewhere for funds. Many of these workers turn to public assistance. According to a study by the UC Berkeley Center for Labor Research, nearly three-quarters (73%) of enrollees in America's major public support programs are members of working families. This means that taxpayers bear a significant portion of the hidden costs of low-wage work in America (Jacobs et al., 2015). Figure 15 illustrates the percentage of working families receiving government aid throughout the United States and the cost to both the federal government and the states. Figure 16 shows that working families and individuals receive roughly half of Rhode Island state expenditures on Medicaid/CHIP and TANIF. Of the $199 million annual average spent by the state of Rhode Island on Medicaid/CHIP and TANF in 2009-2011, $97 million (49%) was spent on working families, defined as those that have at least one family member who works 27 or more weeks per year and 10 or more hours per week. In many ways, public assistance programs can be seen as a subsidy that allows businesses to pay employees less while the government and taxpayers make up the difference.

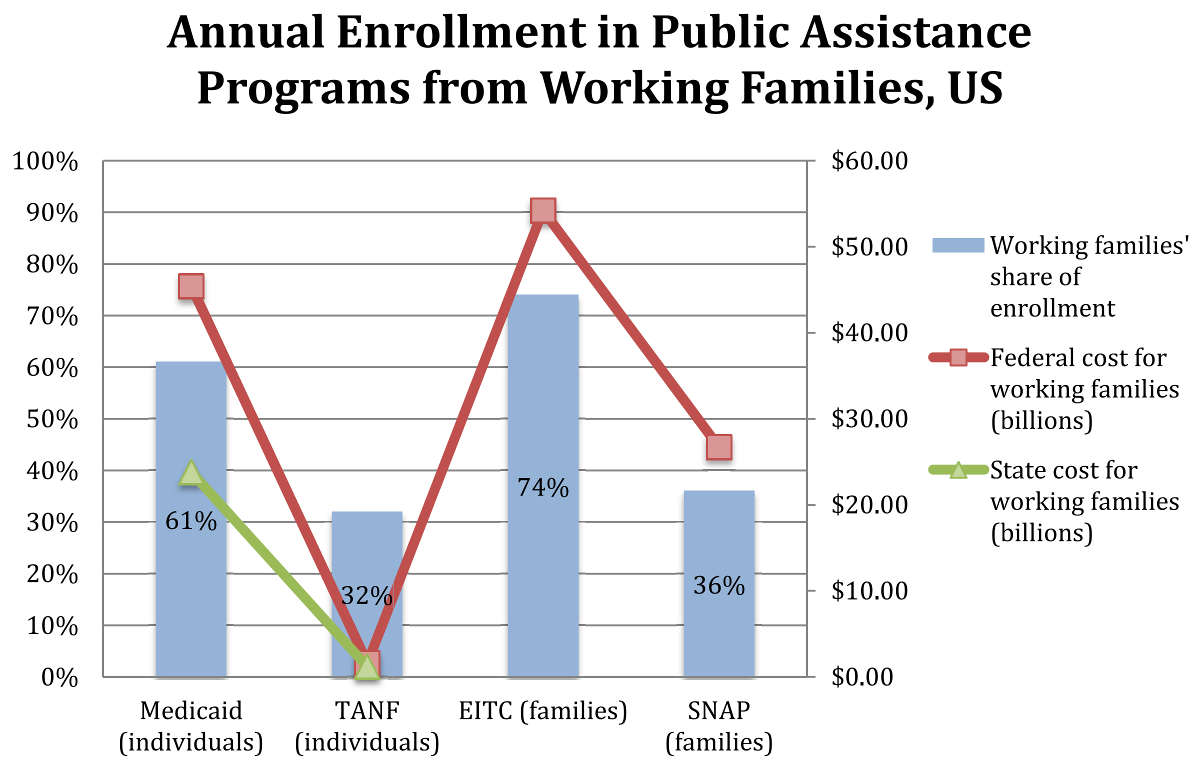

Figure 15. Annual enrollment in public assistance by working families in the United States and cost in 2013 dollars (2009-2011). This figure displays annual enrollment by working families in United States public assistance programs, and the costs that this enrollment incurs to state and federal governments.

Source: Jacobs, K., Perry, I., & MacGilvary, J. (2015, April). The high public cost of low wages. UC Berkeley Center for Labor Research and Education.

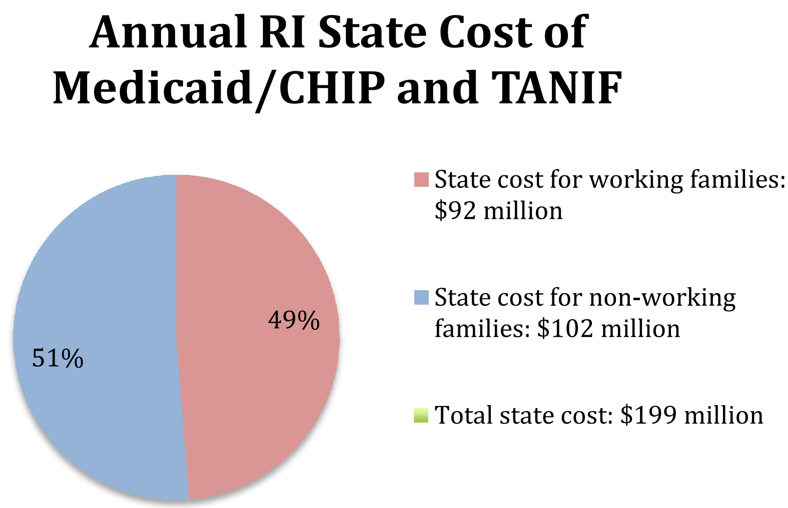

Figure 16. Annual Rhode Island state cost of Medicaid/CHIP and TANF in 2013 dollars (2009-2011). This figure shows the percent of Rhode Island state spending on Medicaid/CHIP and TANIF for working and non-working families.

Source: Jacobs, K., Perry, I., & MacGilvary, J. (2015, April). The high public cost of low wages. UC Berkeley Center for Labor Research and Education.

The idea of a living wage reflects the idea that in many communities in America, families working low wage jobs do not earn enough money to live given the local cost of living. Proponents of a living wage argue that the prevailing wage offered by at least the pubic sector and certain private businesses should reflect the amount required to meet a minimum standard of living. Currently, many working adults must hold multiple jobs and/or turn to public assistance in order to cover their living expenses. A living wage would allow the working poor to achieve financial independence, maintain housing and food security, and possibly even start building assets that would help ensure long-term financial security.

MIT has created a minimum wage calculator based on geographically specific data for food, childcare, health care, housing, transportation, and other basic necessities. According to their analysis of the current situation in America, a typical American family of four with two working adults and two children needs to work more than 3 full-time minimum-wage jobs (a 68-hour work week per working adult) to earn a living wage. The MIT living wage calculator estimate that for Providence County, the living wage for the above family of 4 is $19.01 per hour, while for a single parent with one child it is $20.64 per hour (Living Wage Calculator, 2014). Overall, there is definitely a gap between a living wage and current minimum wage levels.

January 1, 2015 marked the most recent raising of Rhode Island's minimum wage: to $9.00, from the previous $8.00. Current governor Gina Raimondo campaigned for office partially on a promise to back increasing the state minimum wage to $10.10 an hour. She also promised to change the minimum wage system so that future increases would be tied to inflation (Emery, 2015). The Rhode Island Department of Labor and Training estimates that 45,000 of the state's residents, or about 8% of the labor force, earn the minimum wage of $9 an hour. If the minimum wage were to increase to $10.10 and hour for 2016, it would be the third year in a row that the minimum wage increased. Alan Fung, one of Raimondo's opponents in the race for Governor, voiced fears that raising the minimum wage for a third year in a row would be too much of a burden on small businesses and people would end up losing their jobs (Gregg, 2015). As of April 2015, legislation either to raise the minimum wage or to tie it to inflation had not yet been submitted. The move to raise the minimum wage is still in its early stages, and the pros and cons of this move will continue to be debated.

The Importance of Assets

Asset theory is the idea that long-term improvements in household financial status come from building assets, not just supplementing daily cash flow. Michael Sherraden proposes that social policy be based on assets rather than simply income. He argues that this would more fundamentally promote the well being of the low-income population and the long-term growth of society as a whole (Sherraden, 1991).

Current policy toward those living in poverty does not always encourage long-term stability. One example is the use of asset tests in many public assistance programs. Asset tests are intended to keep people from taking advantage of public assistance, but they come with negative unintended consequences. If an individual or household encounters a financial crisis, - for example, loss of a job – and they want to go on public assistance, they must first “spend down” their savings in order to qualify. This can turn what could have been a temporary setback into something that is much more extreme and harder to recover from. Sherraden and Mcbride related the story of one of their study participants who had been forced to withdraw almost all of her retirement savings that she had built up over the years when she tried to go on temporary public assistance (2010). And most public assistance is supposed to be exactly that – temporary. Financial assistance policy should be aimed towards helping people get back on their feet, not dragging them down into even greater financial distress.

Lower income individuals already have a more difficult time building assets just base on the services available to them. For the wealthy, there are many financial tools and strategies available to help individuals build assets. Those in higher income brackets have access to things like employee sponsored retirement plans and health insurance, pension plans, and enough extra income to invest in the stock market. For the poor, however, options become more limited. Most low-income jobs come with few benefits. Some federal programs exist that help encourage home ownership, which is an important asset, but more needs to be done. Any assistance that public policy can give low-income individuals in building assets (and not requiring that they be drained before assistance is given) would help narrow this gap, and go a long way to combat poverty.

Lessening the Impact of Exploitative Services

Exploitative services are a major problem for many low-income workers. These are services that take advantage of vulnerabilities that come with poverty to essentially make money off the poor. The payday lending industry is an example of an exploitative service that is currently receiving attention in Rhode Island. Payday loans are small, short-term consumer loans that are very expensive. They usually have both high fees and an APR that can be over 300%. These loans are secured with a post-dated check or other method of access to the borrower's bank account, and are typically due on the borrower's next payday.

The main argument against payday loans is that their high cost creates a debt trap for customers who are already financially vulnerable. For most payday loan customers, financial difficulty isn't a one-time obstacle that they just need some help getting over. According to a report on payday lending by the Pew Charitable Trusts, most borrowers use payday loans to cover ordinary living expenses, not unexpected emergencies (69% verses 16%). The highest rate of payday loan usage by income level in America (11%) is in those earning between $15k and $25k per year. Borrowers usually take out multiple loans per year. Pew reports that on average, a borrower takes out eight loans of $375 per year, and spends $520 on interest. Figure 17 shows the majority of payday loan borrowers have trouble meeting their bills half the time or more (58%), with 37% reporting that they have trouble meeting their bills most or every month. Only 14% reported that they never have trouble meeting their bills (The Pew Charitable Trusts, 2013). This data supports the idea that most payday lending customers are already financially vulnerable.

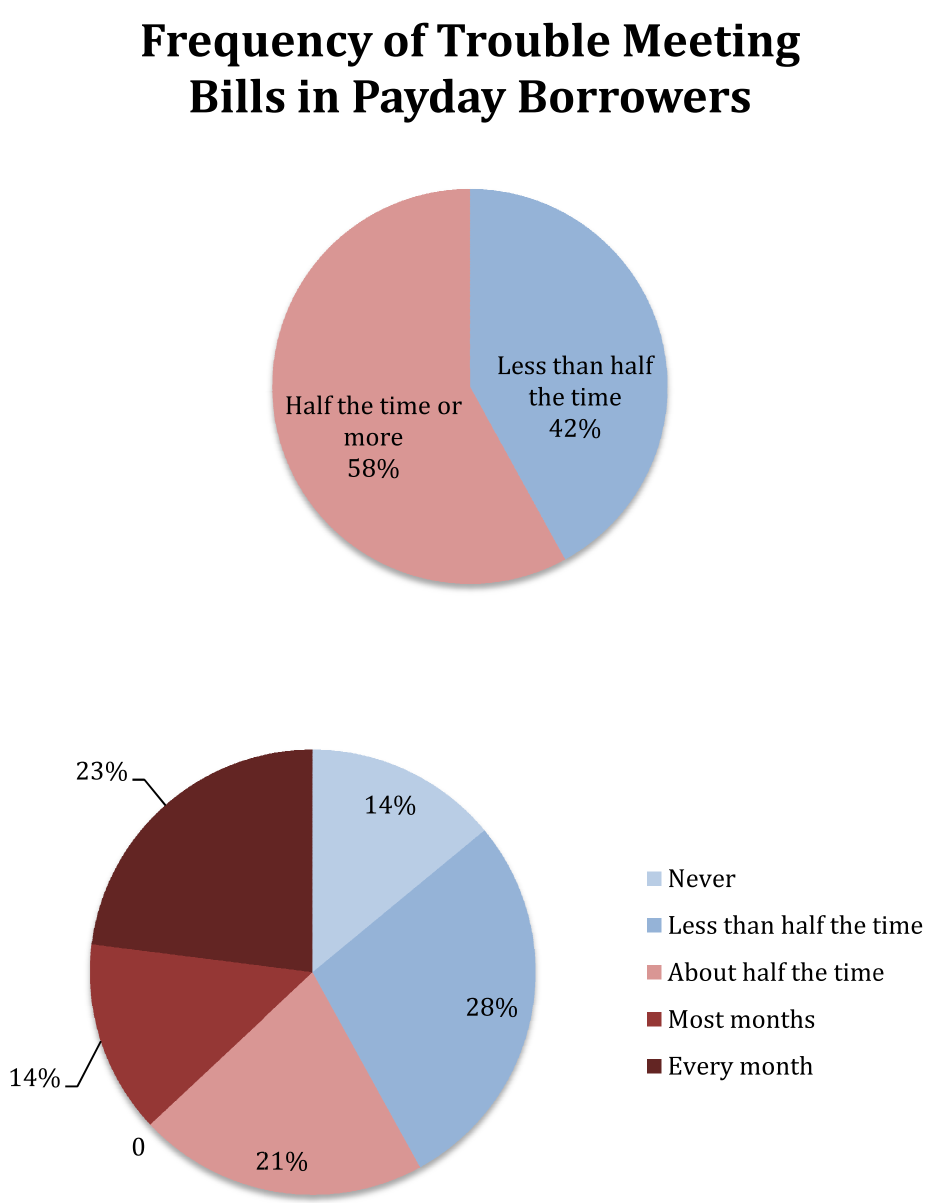

Figure 17. Frequency of trouble meeting bills in payday borrowers, 2013. This figure shows the percentage of payday loan borrowers who report having trouble meeting bills at different levels of frequency.

Source: The Pew Charitable Trusts. (2013). *How Borrowers Choose and Repay Payday Loans* (No. 2).

Margaux Morisseau is the Director of Community Building at NeighborWorks Blackstone River Valley, a nonprofit in Northern Rhode Island that works to build community around affordable housing opportunities. She described how she watched a payday lending company target advertising to the low-income residents that she worked with, and eventually trap many of them into problem debt (personal interview, 2015). Payday loans are advertised as easy money, but they are usually anything but. Margeax is now a leading advocate against payday loans in Rhode Island.

Payday loans are not just bad for individuals. Payday loans also have a negative economic impact on the state or Rhode Island overall. Figure 18 illustrates this negative impact. The total economic value added by the payday lending industry is $11,856,899, while the total economic value that is lost from reduced household spending due to payday lending interest payments is $13,506,421. This results in a net loss of $1,649,522 to the Rhode Island economy. Payday lending companies also argue that restrictions on payday lending would result in job loss. However, payday lending actually results is a loss of approximately 24 jobs in Rhode Island, again due to the loss of household spending. Payday loans also cause in increase in bankruptcy rates, which further negatively impacts the economy. In 2011, payday loans contributed to 56,250 additional bankruptcies in the

United States, which cost the economy $169 million. When this number is combined with the $774 million loss that comes from reduced household spending throughout the US, the total loss to the United States economy due to payday lending in 2011 was $943 million. Payday lending results in an economic loss of over $2.5 million and 38 jobs per day (Lohrentz, 2013),

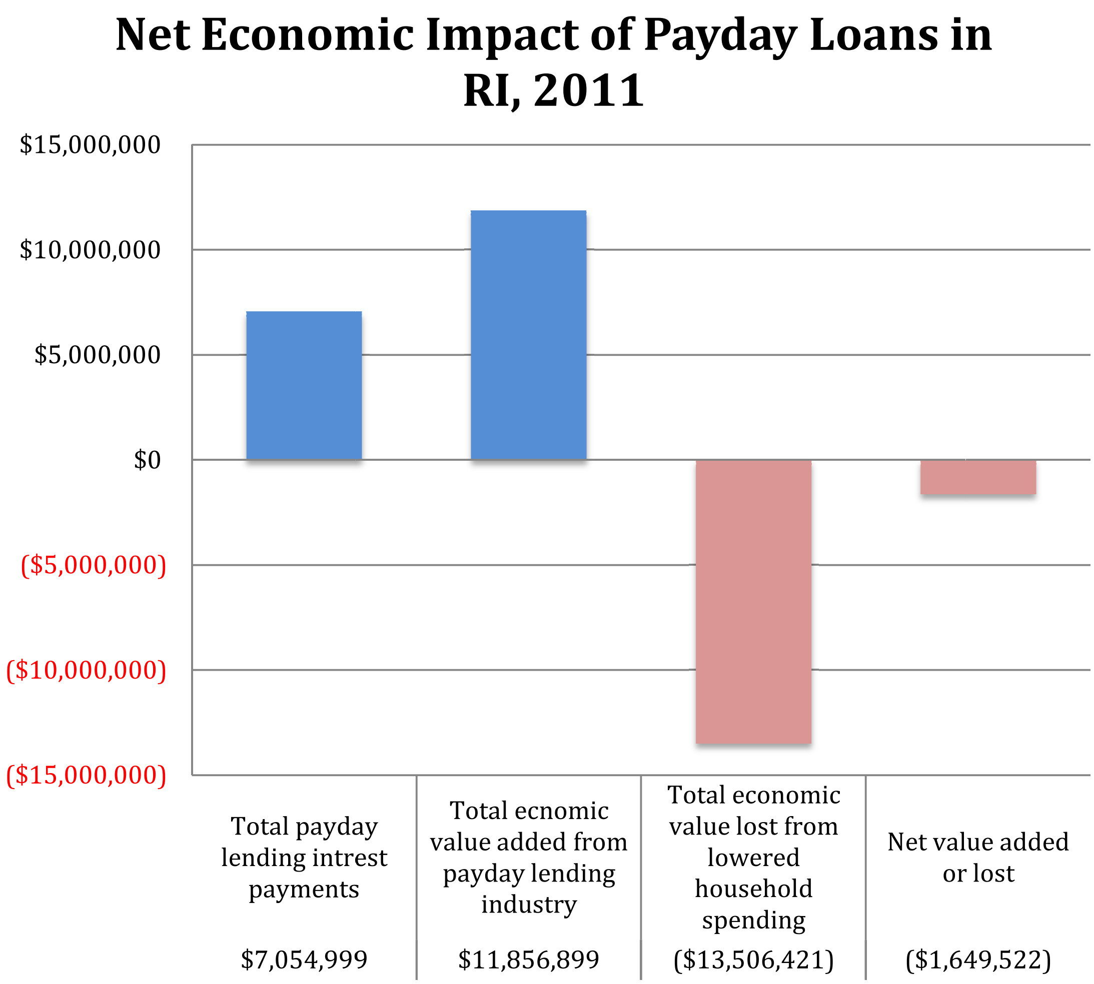

Figure 18. Net economic impact of payday loans in Rhode Island, 2011. This figure shows the net economic impact of payday lending in Rhode Island in 2011.

Source: Lohrentz, T. (2013). *The Net Economic Impact of Payday Lending in the U.S.* Insight Center for Community Economic Development.

In Rhode Island, there is a bill currently going through state senate that would limit interest rates on payday loans to 36% APR (currently rates in the state can be as high as 280%). However, this bill has been repeatedly blocked due to lobbying by payday loan companies (Cimini, Morisseau, Sgouros, personal interviews, 2015). Representatives from Advance America, a payday loan provider, say that their clients appreciate their service, and they are often their clients' only option (Edgar, 2014). However, The Pew Trust report surveyed borrows on what they would do if payday loans were unavailable, and 81% said that they would simply cut back on expenses. They also listed alternative methods of acquiring cash, such as borrowing from a friend or family member and pawning/selling possessions (57% each). Borrowers were more likely to choose options that did not connect them to a formal institution, but a smaller percentage did say they could get a loan from a bank or credit union, use a credit card, or borrow from an employer (The Pew Charitable Trusts, 2013).

The Capital Good Fund is a non-profit organization in Providence that offers innovative financial services to low-income earners in Rhode Island. The Capital Good Fund offers loans, including one specifically marketed as an alternative to payday loans/cash advances and one to encourage safe and energy efficient housing. They also offer financial and health coaching, which is paid for as a 0% interest loan to help customers build credit history (Capital God Fund, 2015). Organizations like this could be a promising step in fighting poverty by looking at the long-term picture of greater financial stability.

The key to fighting poverty is to look for options that provide long term, sustainable solutions to those living in poverty. Payday lending is a short-term fix at best that causes long term damage to both the low-income population and the economy as a whole. Low-income Rhode Islanders need options that help them gain more control over their financial lives, not less. The high costs of payday lending and its targeted adverting toward vulnerable populations are much more likely to trap borrowers in a cycle of debt - as evidenced by the high rate of people who have difficulty paying them back as well as the increase in bankruptcies associated with payday loans – than they are to help borrowers gain positive momentum.

Discussion

There are a number of current efforts being made to try to improve policy and resources surrounding low-income earners in Rhode Island. However, the problem of poverty is a convoluted one and will not be solved easily. Wage increases are in theory a good idea, but always surrounded by controversy. A focus on asset building as a sustainable tool to fight poverty is another aspect of public policy that seems like it would be a helpful way to combat poverty. One issue with current aid programs is the practice of asset testing. Asset tests are meant to make sure that people don't abuse the system, but forcing people to use up all their assets before they are eligible for help can make what could have been a minor setback into a major one. The asset testing system needs to be reworked with a greater eye towards sustainability. There have been experimental programs to help people build assets, including heavily subsidized savings programs, but they seem to be expensive to offer and thus not financially viable as public assistance programs yet. But until we have more structures in place to help encourage people to build assets, the least we could do is not discourage it. Overall, there have been some promising developments, but there is still a long way to go.

Payday lending is a service that is pretty clearly exploitative. The move to cap interest rates on payday loans could be a positive step if it is eventually successful. In addition, the Capital Good Fund is a unique organization that is definitely a step in the right direction, but it still relies on some charitable funding to support itself (Posner, personal interview, 2015). There are definitely other alternatives to payday lending though, and there is no reason to continue to allow a service that has such clear negative effects on both individuals and the economy.

Throughout this paper, we have looked at the some of the structure affecting low-income individuals in Rhode Island. We have examined the characteristics of Rhode Island's poor, and the challenges of covering basic expenses, managing risk, and building lump sums, finally, we have looked at current policy issues in Rhode Island relating to the poor. We have explored the ways that these issues affect the financial lives of low-income Rhode Islanders. Overall, we have focused on emphasizing long-term solutions over short-term fixes. Poverty may be a complicated problem, but it is important to continue to work towards a better understanding in order to encourage the efforts of low-income earners to take control of their financial lives.

Appendix A

List of personal interviews

Interviewee	Position
Anon. pawn shop employees	Employees at Reliable Jewelry and Loan, Empire Loan
Cimini, Maria E.	Research Associate, SNAP Outreach Center – URI Feinstein Center for a Hunger Free America
Mcintyre, Richard	Chair and Professor, URI Department of Economics
Morisseau, Margaux	Director of Community Building, NeighborWorks Blackstone River Valley
Posner, Andy	Founder and Chef Executive, Capital Good Fund
Sgouros, Tom	Senior Policy Advisor, Rhode Island Office of the General Treasurer

References

Asset Poverty Rate. (2011). Retrieved May 11, 2015, from http://scorecard.assetsandopportunity.org/2014/measure/asset-poverty-rate

Bernstein, J., Brocht, C., & Spade-Aguilar, M. (2000). *How much is enough?: Basic family budgets for working families*. Economic Policy Inst.

Capital Good Fund. (n.d.). Retrieved April 8, 2015, from http://www.capitalgoodfund.org/

Caplovitz, D. (1963). *The poor pay more*.

Census.gov. (n.d.). Retrieved February 23, 2015, from http://www.census.gov/

Center for Economic Development. (2009). *The Most Unbanked Places in America*.

Coleman-Jensen, A., Gregory, C., & Singh, A. (2014, September). Household Food Security in the United States in 2013. USDA Economic Research Service. Retrieved from http://ers.usda.gov/publications/err-economic-research-report/err173.aspx#.VBr6l_ldUWJ

Collins, D., Morduch, J., Rutherford, S., & Ruthven, O. (2009). *Portfolios of the poor: how the world's poor live on $2 a day*. Princeton University Press.

Edgar, R. (2014, April 17). Rep. Ferri's bill would lower interest allowed on payday loans in Rhode Island. *Providencejournal.com*. Providence, RI. Retrieved from http://www.providencejournal.com/business/content/20140417-rep.-ferris-bill-would-lower-interest-allowed-on-payday-loans-in-rhode-island.ece

Ehrenreich, B. (2010). *Nickel and dimed: On (not) getting by in America*. Macmillan.

Emery, C. E. (2015, April 5). Gina-Meter: Compromise may be looming in Raimondo's minimum wage pledge. *Providencejournal.com*. Retrieved from http://www.providencejournal.com/article/20150403/NEWS/150409727/13943

Fact Sheet: Health Disparities and Stress. (2011). Retrieved May 11, 2015, from http://www.apa.org/topics/health-disparities/fact-sheet-stress.aspx

Federal Deposit Insurance Corporation. (2009). *FDIC National Survey of Unbanked and Underbanked Households*. Retrieved from https://www.fdic.gov/householdsurvey/2009/full_report.pdf

Federal Deposit Insurance Corporation. (2012). *2011 FDIC Survey of Unbanked and Underbanked Households*. Retrieved from https://www.fdic.gov/householdsurvey/2012_unbankedreport.pdf

Federal Deposit Insurance Corporation. (2014). *2013 FDIC National Survey of Unbanked and Underbanked Households*.

Food Access Research Atlas. (n.d.). Retrieved April 16, 2015, from http://www.ers.usda.gov/data-products/food-access-research-atlas/about-the-atlas.aspx

Gregg, K. (2015, March 9). Raimondo seeks raise in R.I. minimum wage to $10.10 an hour in 2016 + Poll. *Providencejournal.com*. Retrieved from http://www.providencejournal.com/article/20150307/NEWS/150309450

Hamel, L., Norton, M., Levitt, L., Claxton, G., Cox, C., Pollitz, K., & Brodie, M. (2014). *Survey of Non-Group Health Insurance Enrollees*. Kaiser Family Foundation. Retrieved from http://kff.org/report-section/about-the-groups/

Jacobs, K., Perry, I., & MacGilvary, J. (2015, April). The High Public Cost of Low Wages. UC Berkeley Center for Labor Research and Education.

Liquid Asset Poverty Rate. (n.d.). Retrieved April 19, 2015, from /2014/measure/liquid-asset-poverty-rate

Lohrentz, T. (2013). *The Net Economic Impact of Payday Lending in the U.S.* Insight Center for Community Economic Development.

Majerol, M., Newkirk, V., & Garfield, R. (2015). *The Uninsured: A Primer – How Does Lack of Insurance Affect Access to Health Care?*. Kaiser Family Foundation. Retrieved from http://kff.org/report-section/the-uninsured-a-primer-how-does-lack-of-insurance-affect-access-to-health-care/

Mcnichol, E., Hall, D., Cooper, D., & Palacios, V. (2012). *Pulling Apart: A State-by-State Analysis of Income Trends*. Washington, DC: Center on Budget and Policy Priorities. Retrieved from http://www.cbpp.org/research/poverty-and-inequality/pulling-apart-a-state-by-state-analysis-of-income-trends?fa=view&id=3860

Minimum Wage Mythbusters. (n.d.). Retrieved May 11, 2015, from http://www.dol.gov/minwage/mythbuster.htm

Rental trend data in Providence, Rhode Island. (2015, March). Retrieved May 11, 2015, from https://www.rentjungle.com/average-rent-in-providence-rent-trends/

Sherraden, M. S., & McBride, A. M. (2010). *Striving to save: Creating policies for financial security of low-income families*. University of Michigan Press.

Sherraden, M. W. (1991). *Assets and the Poor*. ME Sharpe.

The Pew Charitable Trusts. (2012). *Who Borrows, Where They Borrow, and Why* (No. 1).

The Pew Charitable Trusts. (2013). *How Borrowers Choose and Repay Payday Loans* (No. 2).

US Census Bureau, D. I. S. (n.d.). How the Census Bureau Measures Poverty. Retrieved April 15, 2015, from http://www.census.gov/hhes/www/poverty/about/overview/measure.html

US Inflation Calculator. (2015, April). Retrieved May 11, 2015, from http://www.usinflationcalculator.com/