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

By Marcus Giang

The United States is in the midst of the longest economic expansion in its history, following the Great Recession with sustained recovery\(^1\). Massachusetts’ economy today exemplifies this, highlighted by continued job growth and a very low unemployment rate that is consistently below the national level\(^2\). In addition, the poverty rate has decreased over the course of the past decade, and median household income trended upwards, ranking 4\(^{th}\) highest in the country last year\(^3\). By these accounts, the strength of our economy should be reflected for everyone in the Commonwealth. If a rising tide lifts all boats, we should see all Massachusetts residents benefiting.

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

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

What exactly does living in poverty mean? For those one in ten individuals, their family’s income was below a threshold set by the U.S. Department of Health and Human Services, based on their family size\(^5\) (see table for details). Since the threshold is determined at the federal level, it is not necessarily indicative of the high cost of living in a state like Massachusetts. The number of people struggling economically in our state may be even higher than what we see with the official measure.

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

Compared to the previous year, the official poverty rate fell by half a percentage point, one of the larger annual changes since 2010. For people of color, reductions were more significant, especially when...
looking back multiple years. However, large disparities still exist compared to the White non-Hispanic/Latinx population, signaling continued obstacles to opportunity that result in inequitable outcomes. For example, Black/African-American residents and Hispanic/Latinx residents faced more than double or triple the poverty rate of White non-Hispanic/Latinx residents, respectively.

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

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

These trends are even more pronounced when it comes to families with children. The child poverty rate in 2018 fell more than the overall rate, ticking down 1.4 percentage points from 2017, meaning there were about 19,000 fewer children whose family incomes fell below the poverty line. Following the trend of the overall rate, the poverty rate for children of color saw a fairly large decrease. However, they also still face a rate much higher than their White non-Hispanic/Latinx counterparts.
These reductions in poverty are in part due to public policies specifically targeted towards helping low-income people make ends meet. Minimum wage increases are an example of this, as their primary goal is to bolster the incomes of those making the least. Further investment into existing targeted programs, such as affordable housing or food assistance, could also make significant strides in reducing poverty.

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

Over this eight-year period, people of color at the median have experienced higher rates of income growth than their White non-Hispanic/Latinx peers. While encouraging, major gaps persist between White non-Hispanic/Latinx household incomes and those of Black/African-American and Hispanic/Latinx households. In 2018, a typical White non-Hispanic/Latinx household made nearly
Given that the strength of our economy’s unprecedented expansion has bolstered growth for people of color, we might expect that conditions would be optimal for some groups to “catch up” to others and income levels to converge. This is not the case. For instance, even if the current expansion and low unemployment were to continue indefinitely, with growth trends following those of the past eight years, it would still take over 420 years for the income of a typical Black/African-American household to become equal with a White non-Hispanic/Latinx one.

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

*Phineas Baxandall and Monique Ching contributed to this report.*

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3. U.S. Census Bureau, American Community Survey
The ACS is an annual survey that provides national statistics on many different topics. Data used in this report can be found through [data.census.gov](http://data.census.gov), the U.S. Census Bureau’s online portal for accessing many of its surveys’ statistics.

For information, see the Department’s page on poverty guidelines: [https://aspe.hhs.gov/poverty-guidelines](https://aspe.hhs.gov/poverty-guidelines).

U.S. Department of Housing and Urban Development; Fair market rent portal can be found [here](http://aspe.hhs.gov/poverty-guidelines).

