



THE
COMMONWEALTH
INSTITUTE



Report ‘raises alarm’ about Virginia’s poverty increase

Forecast predicts that as unemployment increases, thousands of Virginians will fall into poverty at a time when services are being cut due to budget concerns

RICHMOND – Forecasting for the first time the impact of the current recession’s rising unemployment on the number of Virginians forced into poverty, The Commonwealth Institute and Voices for Virginia’s Children estimate that an **additional 123,000 to 218,000 people will be living in poverty by year’s end**. Among the hardest hit will be Virginia’s children with **an additional 44,000 to 73,000 children living in poverty**.

“Increases in unemployment lead to increases in poverty,” said Michael Cassidy, executive director of The Commonwealth Institute. “This new information provides us a look around the corner to see what lies ahead for Virginia as the economy worsens.”

Using a model developed by the Washington D.C.-based think tank, The Center on Budget and Policy Priorities, and adjusting for unemployment trends in Virginia, the “Predicting Poverty in the Commonwealth” report forecasts the impact on poverty levels when unemployment reaches 8, 8.5 and 9 percent:

- Unemployment at 8 percent nationally: 123,000 to 169,000 additional Virginians in poverty
- Unemployment at 8.5 percent nationally: 140,000 to 195,000 additional Virginians in poverty
- Unemployment at 9 percent nationally: 159,000 to 218,000 additional Virginians in poverty

As unemployment has already begun to rise — nationally the numbers reveal an increase from 4.5 percent in November 2006 to 7.6 percent in January 2009 — the needs of those who have lost jobs have also increased. An uptick in demand for private and public assistance is being seen across the state. Food stamp applications, in particular, have seen a steep increase and serve as an early indicator of need for assistance.

The report finds that the burden of poverty falls particularly hard on children, as the child poverty rate is typically higher than for the entire population. Virginia’s overall poverty rate, for example, in 2007 was 8.6 percent, versus 13 percent for children. Additionally, studies show that **children who are pushed into poverty during a recession are 13 times more likely to remain in poverty as adults** than individuals who do not experience poverty as children.

“These numbers need to be viewed for what they are — real people who just a few months ago had jobs and no idea they’d need help just to buy food for their children,” said Dr. John Morgan, executive director of Voices for Virginia’s Children. “This paper should raise the alarm that a ‘perfect storm’ of economic distress is already upon us and poses a serious and growing threat to the well-being of thousands of children.”

About The Commonwealth Institute

The Commonwealth Institute for Fiscal Analysis provides credible, independent and accessible information and analyses of state fiscal issues with particular attention to the impacts on low- and moderate-income persons. Our products inform state fiscal and budget policy debates and contribute to sound decisions that improve the well-being of individuals, communities and Virginia as a whole.

About Voices for Virginia's Children

Voices for Virginia's Children is a statewide, privately funded, non-partisan awareness and advocacy organization that builds support for practical public policies to improve the lives of children. A recognized leader in child advocacy, Voices mobilizes support for initiatives by conducting research, developing policies, building coalitions, and helping people articulate their support for children.

For more information

Complete analysis of Virginia's poverty forecast will be available in "Predicting Poverty in the Commonwealth".

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