

**THE RECESSION'S IMPACT ON THE SAFETY NET IN
OHIO AND PENNSYLVANIA**

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Executive Summary

Even before the recent economic downturn, older industrial cities in Ohio and Pennsylvania faced many challenges in revitalizing their economies. While some of the cities within the region were beginning to find new industries during the last decade, as a group they had not fully recovered from the economic devastation they experienced in the 1980s. Almost without exception, cities and towns within our industrial heartland continued to face declining populations and stagnant economies. Unable to fully leverage their assets and disadvantaged by federal policies that encouraged sprawl, their market strength had already been eroded by such factors as:

- Loss of home value and equity.
- Diminishing tax base leading to fewer public amenities and services.
- Large-scale vacant and abandoned property.
- Concentration of poverty and loss of social networks.
- Lower median income.
- Increased crime.
- Decreased public school quality.
- Entrenched trends of slow population growth.
- Graying of the population.

Each day of recession takes back precious progress we in these communities have made. Each day of the recession is increasing the number of people who are hungry and faced with eviction or foreclosure. Our story is not captured in the headlines. This is Main Street, not Wall Street, and the stories are told in human suffering, not dollars and cents. But our needs are no less real. These needs are basic to the survival of individuals and families: obtaining adequate food, clothing and shelter.

In response to the groundswell of need, our communities, oftentimes led by their community foundations, are attempting to buffer some of the suffering. Individual, corporate and foundation funds are being directed to agencies delivering basic-need services to our residents. Unfortunately, the gap is simply growing faster than we can possibly address on our own. Our community based service providers are staggering under the weight of new demands and a pre-existing decline in funding. It is imperative that Congress and the new Administration consider the unique challenges our communities face when considering how best to address the impact of this downturn on real people in real American communities.

Community foundations have long leveraged their dual roles of engaging individuals to support their wide array of charitable interests and maintaining a long view of the community to drive significant community change. Struck by upheaval in their communities, several community foundations in five weakened urban communities in Ohio and Pennsylvania have joined forces to create a snapshot, in the form of this report, detailing:

- ▶ The “real time” increase in needs in Ohio and Pennsylvania due to the recession.
- ▶ The amount of funding necessary to support the fraying safety net being stressed by first-time users in their communities.

Our research design attempted to identify and isolate indicators of increased need for assistance in the basic-needs categories of food, shelter, utilities, child care and transportation over the time period from 2007 to 2008. Upon inspection, we found that the cost of the safety net is inextricably linked to the number of unemployed people in a given community. Using this insight and the national unemployment projections for 2009-2010, we can derive the approximate cost of the safety net in a particular community for the next two years. We believe our conclusions regarding the level of need and funding estimates are modest at best given that future unemployment projections for 2009-2010 may underestimate the actual levels of joblessness. We have already seen that the national unemployment rate of 7.2% in December is significantly higher than the 6.9% forecasted by a group of over 30 leading economists in a survey published by the Wall Street Journal online.¹ The amount that the true unemployment level in December exceeded estimates represents nearly one half-million more unemployed people nationwide.

What did we find?

▶ **Overall**

- In each of the five communities, the demand for basic needs assistance has increased significantly since 2007.

▶ **Food**

- A jump in first-time user demand on food banks ranging from 9 - 46% across all five urban areas.
- Decreased capacity of food banks to respond to the needs given the 5.5% increase in food costs, 50% increase in distribution costs, 8% decrease in donated food and funding cuts.
- Increase in individuals receiving food stamps in the range of 4-15%.
- 3-5% increased participation in the Women, Infants and Children (WIC) Program.

▶ **Housing**

- 12% - 22% estimated increase in rental assistance requests to nonprofit service providers in order to avoid eviction.

¹ <http://online.wsj.com/public/resources/documents/info-flash08.html?project=EFORECAST07>

- Approximately 50% increase in calls for mortgage assistance to avoid foreclosure to local United Way helplines and other service providers.
- ▶ **Utilities**
 - Requests for utility assistance to utility providers and other nonprofit service providers spiked from 25% in some communities to a high of 75% in Toledo.
- ▶ **Childcare**
 - The waiting list for child care subsidy is currently 14,000 families across Pennsylvania, which is up 100% from last year (approximately 7,000) at this same time.
- ▶ **Transportation**
 - Increased calls for transportation assistance range from 38% - 70% in these five communities.
 - In Philadelphia, like Pittsburgh, the Traveler's Aid Society offered stranded travelers basic assistance to find temporary lodging or to continue traveling. Due to the recent City of Philadelphia budget shortfall, the program has been defunded and will shut down entirely by the end of 2008.

Based on this increased demand in these five cities alone, we estimate that:

- ▶ In the five urban areas included in this study combined, \$1.79 billion in supplemental funding is needed for safety net services administered by public agencies and community based non profits over the next two years to support the “new” demand resulting from the economic downturn. This figure does not include services to meet historic “chronic” needs.
- ▶ Based on our formula, 5% of the \$1.79 billion in funding (\$89.5 million) needs to be directed to the community based programs administered by local nonprofit organizations such as the food bank feeding programs and transportations subsidies in these five urban centers. This estimate does not include projections for publicly administered programs such as food stamps, Women, Infants and Children (WIC) and child care subsidies.
- ▶ Based on the distribution of \$89.5 million, each of the 5 urban communities would receive financial support in the range of \$6.6 million - \$38 million for 2009-2010 based on their number of unemployed persons.

Using these figures, and the projected national unemployment rates, we estimate that by 2010, there could be as many as 1.1 million persons unemployed across Pennsylvania and Ohio. This unemployment level would indicate a need for supplemental funding statewide of:

- ▶ \$1.61 billion in Pennsylvania and of \$1.69 billion in Ohio through 2010 for safety net services administered by public agencies and community based non-profits.

- ▶ **Again, using our 5% guideline, funding of approximately \$80.3 million in Pennsylvania and \$84.6 million in Ohio needs to be directed to local nonprofit organizations such as food banks or transportation assistance agencies.**

This report details why that money is necessary. It is our hope that by quantifying the level of need in these urban areas:

- ▶ Federal policymakers will be better informed about the critical situation facing communities in Ohio and Pennsylvania, ultimately leading to increased financial relief to urban areas in our corridor and in similar communities around the country.
- ▶ Any stimulus package adopted by the federal government, in addition to putting Americans back to work on real projects with genuine value, will also repair and strengthen the social safety net to protect American families and children now, when their needs are most dire.
- ▶ Community based nonprofits are essential to maintaining the community's safety net and will not be overlooked in structuring the economic stimulus package and strategy.
- ▶ In the short term, the federal government will create a public-private partnership to address the growing gap between the needs in our urban areas and the resources available to meet those needs. Capitalizing on what local communities have raised in private contributions for "community relief" efforts to help neighbors in need, the economic stimulus package will direct \$80.3 in Pennsylvania and \$84.6 million in Ohio to community-based organizations to meet new pressures on the safety net. This community relief requests does not include monies for publicly administered programs like food stamps and WIC.
- ▶ Those dollars will be directed through nimble, community-based mechanisms administered by community foundations to expediently direct dollars to meet the rising basic needs. Community foundations have proven their capacity over the years to be prudent investors and efficient distribution vehicles at the community level. Government agencies are simply not structured for the timely and efficient deployment of resources.

The sponsors of this report do not quibble with the bailouts of Wall Street or Detroit. But our country cannot stop there. Even as policymakers devise strategies to put the country back to work, America must remember the millions of its citizens, in communities just like ours, who are struggling right now to feed their children, stay in their homes, find affordable transportation to get to work, and literally keep the lights on. We must remember that, even if the economy rights itself quickly, states and communities will be dealing with decreased revenues for months and possibly years to come, which means that funding to help those in need will be cut just when it is needed most.

As this report attests, the need is significant, but so is the opportunity. How we respond will prove our character as a nation, and make a difference in the lives of our fellow citizens.

Community Profiles

Combined, the communities included in this study represent a population of over 10 million individuals (10,231,167). Demographic data has been provided in the table below to provide greater context to the needs facing the urban communities in the study.²

Community Profiles

Characteristic	Pittsburgh Urbanized Area ³	Philadelphia Urbanized Area	Columbus Urbanized Area	Toledo Urbanized Area	Cleveland Urbanized Area
Population	1,687,509	5,178,918	1,175,132	483,691	1,705,917
Median Age	41.8	38.0	34.5	37.0	40.1
Occupied Housing Mix - Owner / Rental	69.3% / 30.7%	69.1% / 30.1%	60.9% / 39.1%	67.4% / 32.6%	66.6% / 33.4%
Housing - Gross Rent > 30% of Household Income	43.2%	47.7%	45.7%	47.8%	47.2%
Median Household Income	\$46,107	\$56,404	\$49,981	\$44,792	\$47,492
% of Families Below Poverty Level ⁴	7.6%	8.5%	11.1%	11.8%	10.0%
% of People Below Poverty Level	11.2%	12.1%	15.7%	16.0%	13.3%
% of Families Headed by Single Parent	15.6%	19.1%	18.3%	19.3%	19.2%

These communities share several characteristics that indicate a higher degree of social need.

- ▶ **Families in Poverty.** Three cities have greater than 10% of families living below the poverty line and all 5 cities have double-digit levels of poverty among individuals.
- ▶ **Individuals in Poverty.** The level of individual poverty is most severe in Toledo, where it is estimated that 16% of individuals are living in poverty.
- ▶ **Single-Parent Families.** All five areas have proportions of single-parent families greater than 15% among all families.
- ▶ **Affordable Housing.** With regard to housing, in all communities, over 43% of renters are paying over 30% of their gross household income toward housing, an indicator of the need for greater affordable housing options. Pittsburgh has the greatest proportion of homeowners at 69.3%.

² American Community Survey (ACS) – 2007 Profiles. <http://www.census.gov/acs/www/>

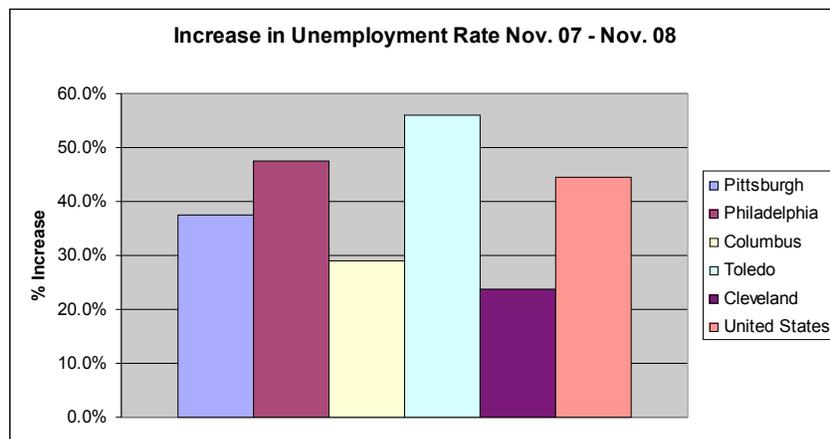
³ The “Urbanized Area” boundary is used by the ACS and defined as follows: (UA) An area consisting of a central place(s) and adjacent territory with a general population density of at least 1,000 people per square mile of land area that together have a minimum residential population of at least 50,000 people. The Census Bureau uses published criteria to determine the qualification and boundaries of UAs.

⁴ Note on the usage of “poverty level” in the ACS dataset: Following the Office of Management and Budget's (OMB's) Directive 14, the Census Bureau uses a set of money income thresholds that vary by family size and composition to detect who is poor. If the total income for a family or unrelated individual falls below the relevant poverty threshold, then the family or unrelated individual is classified as being “below the poverty level.”

- **Unemployment Rates.** Nationally, the U.S. Department of Labor reported in November that there were 533,000 jobs lost in the month of November, making it the 6th highest single-month job loss ever and the highest since 1974.⁵ The table below illustrates the change in unemployment in each metropolitan area from November 2007 to November 2008. Two of the communities, Toledo and Cleveland, are currently experiencing unemployment rates exceeding the national average. While the unemployment levels in the other three communities remain below the national unemployment level, each has seen an increase of between 1.3% and 1.9% over the course of the past year.

Unemployment Level in Each Community⁶

	November 2007	November 2008	% Increase From Prior Year	2007 Average	2008 Average	% Increase From Prior Year
Pittsburgh	4.0	5.5	37.5%	4.3%	5.2%	20.5%
Philadelphia	4.0	5.9	47.5%	4.3%	5.3%	23.9%
Columbus	4.5	5.8	28.9%	4.7%	5.5%	16.1%
Toledo	5.9	9.2	55.9%	6.4%	7.8%	22.6%
Cleveland	5.5	6.8	23.6%	5.9%	6.8%	15.1%
United States	4.5	6.5	44.4%	4.6%	5.7%	22.9%



Research Design

⁵ Uchitelle, Louis, Edmund L. Andrews and Stephen Labaton. "U.S. Loses 533,000 Jobs in Biggest Drop Since 1974." New York Times. 6 December 2008.

⁶ U.S. Bureau of Labor Statistics – Local Area Unemployment Statistics – November, 2008. <http://www.bls.gov/web/laummthc.htm>

To analyze the increased stress on the safety net for basic needs, the Pittsburgh Foundation created a research design that could be executed by each community foundation included in the study. First, the foundation identified the categories of basic need that should be included in the report, namely food, shelter, utilities, child care and transportation. Though there are several other categories that could be considered basic needs, such as health care or legal aid, the categories of need were limited in number to enable the research team to streamline the research process to produce a timely final report.

Secondly, for each category of need, the research team identified possible indicators that could illustrate a shift in needs for that category. Indicators were selected based on the availability and timeliness of data as well as their relevance to the category of need.

Finally, the Pittsburgh Foundation drafted a research approach that could be followed to identify changes in basic need and distributed that research methodology to community foundation representatives in each of the five urban areas. Each of the community foundations included in the study were tasked with completing research on the increase in needs occurring within their particular community. The entire research process was completed between November and December, 2008. The data below represents the collective findings of the five community foundation research teams.

Methodology

The community foundations followed a multi-step process to determine the overall impact of the recession:

- ▶ First, the recession's impact on the particular area was described statistically in terms of increased need, increased costs, decreased resources or all of the above.
- ▶ Second, the financial ramifications of the recession on the safety net were quantified. This second step answered the question, "What amount of funding would be required to meet the increased demand from January 2009 through December 2010?" in all five urban areas included in the study.

Describe the Impact

For each of the areas being studied (food, shelter, utilities, child care, transportation), the foundation's research team attempted to answer the question, "How has the recession impacted this area of life for people in your community?" In some areas, the answer involves an increase in individuals seeking services; in others, it incorporates the stress of rising prices.

To determine the impact, indicators from July-October 2007 were compared to indicators from that same time period in 2008. Indicators are the relevant measures, or pieces of information, that help to identify the impact of the recession. Some examples of indicators include the number of households receiving food stamps, the number of individuals seeking transportation or foreclosure assistance. By comparing the same months of 2007 and 2008, the data should be relieved of any seasonal effects. The research specifically chose to measure the 2nd quarter of 2008 rather than the entire year in order to isolate the most up-to-date data possible.

Determine the Amount of Funding Required to Meet the New Needs

In order to determine the increase in cost associated with the increased need for support, the research team began by quantifying the cost of the safety net in a given community. Using Pittsburgh as the model, the cost of each type of assistance (food bank, food stamps, WIC, childcare and transportation) was identified and combined to create a baseline cost of the safety net for the year 2007.

Because the research team lacked adequate data to create an estimate for the cost of the safety net in the remaining four communities, a statistic common to all areas needed to be used to extrapolate the safety net cost in the remaining areas. The research team explored the relationship between the cost of the safety net in a city and the number of unemployed persons.⁷ Because the cost of the safety net is largely comprised of the cost of food assistance, the level of demand for food stamps (in number of individuals served) was compared with the monthly number of unemployed persons. Our analysis showed a medium to strong positive correlation between the demand for food stamps and the number of unemployed persons. We generalize that the overall need for services varies in relation to the number of people unemployed; as unemployment increases, so does the need for services. Therefore, the projected unemployment rate in each city for 2009 and 2010 can be used as a driver to determine the safety net cost in each city.

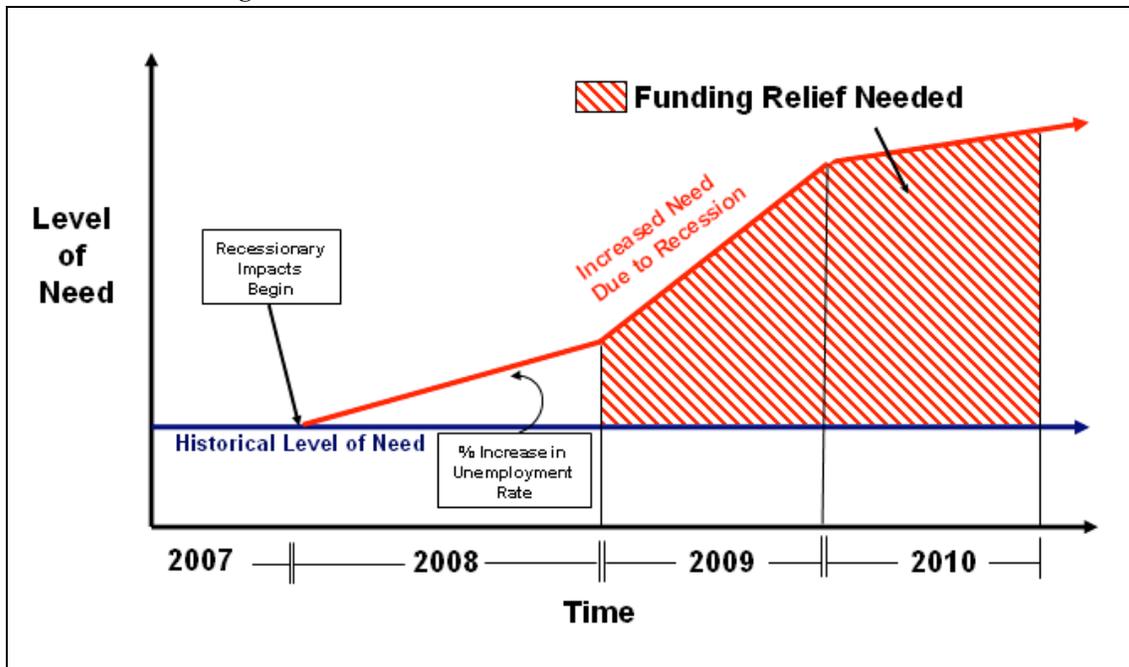
The next step, in order to apply the ratio to all other cities, was to estimate the safety net cost per unemployed person. After deriving the dollar amount of safety net cost associated with each unemployed person in Pittsburgh, this figure was used to determine the projected cost of the safety net in each city based on that metropolitan area's unemployment rate for 2009 and 2010. Finally, the historical (2007) safety net cost was removed from the total cost to isolate the cost associated only with "new" needs due to the recession.

⁷ The monthly number of unemployed persons in the Pittsburgh Metropolitan Statistical Area from January 2007 – November 2008 is positively correlated to the monthly number of individuals using food stamps in Allegheny County with a correlation coefficient of 0.61.

The approach is illustrated by the graph below. Our assumption is that as time increases over 2009 and 2010, the level of need continues to increase due to the recession. The rate of increase of need for each city is tied to the increase in unemployed persons in a given community. For our purposes, we assume that the unemployment rate in each city increases at the same rate as the national unemployment rate. The average national unemployment rate increased 22.9% from 2007 to 2008 and is projected to increase 46.8% from 2008 to 2009 and 8.4% from 2009 to 2010.

The amount of funding relief necessary to meet these added service demands through the 2010 calendar year is represented by the red area. It should be noted that this area does not represent the entire amount of funding necessary to meet the community’s needs, just the amount needed to meet “new” needs arising from the recession.

Amount of Funding Relief Needed to Meet “New” Needs



Areas of Basic Need

In each area of basic need described below (food, shelter, utilities, child care and transportation), a description of the impact of the recession is provided. This is followed by an estimate of the funding required to meet the increased demand for services where applicable.

Food

Increased Demand

The first, and most visible, impact of the recession on regional hunger is the increase in demand for food supports. The Pittsburgh Foundation identified three indicators of the level of need for food supports in a community: the number of individuals or households seeking assistance at local food banks, the number of individuals using food stamps and the number of people participating in the Women, Infants and Children (WIC) Program.

Food Banks

- ▶ **Pittsburgh.** The Greater Pittsburgh Community Food Bank (GPCFB) provides over 20 million pounds of food annually. The GPCFB reports that 9,179 new households have sought assistance for food in the first 8 months of 2008.⁸ Between August and September 2008 alone, there was an 11% increase in new clients to the GPCFB. Further, the organization experienced an increase of 1,100 families that get food through its network of providers since August 2008.⁹ The following table illustrates the increase demand for food in more detail:

Greater Pittsburgh Community Food Bank – 2007 and 2008

Individuals Served		2007	2008	% Increase from Previous Year
July	Allegheny County	53,123	54,746	3.1%
	Regional Counties	37,071	41,214	11.2%
	Total	90,194	95,960	6.4%
August	Allegheny County	53,276	56,187	5.5%
	Regional Counties	37,617	42,112	11.9%
	Total	90,893	98,299	8.1%
September	Allegheny County	53,387	59,545	11.5%
	Regional Counties	37,755	43,476	15.2%
	Total	91,142	103,021	13.0%
October	Allegheny County	57,083	61,122	7.1%
	Regional Counties	40,734	43,335	6.4%
	Total	97,817	104,457	6.8%
Monthly Average (Jul-Oct)	Allegheny County	54,217	57,900	6.8%
	Regional Counties	38,294	42,534	11.1%
	Total	92,512	100,434	8.6%

⁸ “Understanding the Impact of the Economic Downturn on Pittsburgh Residents and Human Services Agencies.” Vivien Luk, GPNP. 12 November 2008.

⁹ Lord, Rich. “Anti-hunger groups seek 30 percent city funding increase”. Pittsburgh Post-Gazette. 1 December 2008.

The United Way of Allegheny County (UWAC) helpline provides another indicator of the level of need for food in the Pittsburgh region. The UWAC Helpline reported a 24.6% increase in requests for food from January to September 2008 compared to the same time period in the previous year.¹⁰ More alarmingly, a comparison of calls for food in November 2007 to calls in November 2008 reveals an increase of 65%.¹¹

- ▶ **Philadelphia.** Philabundance, the Philadelphia area community food bank, has experienced a 20% increase in the number of families using the food bank from 2007 to 2008.
- ▶ **Cleveland.** The Cleveland Foodbank reports that the average monthly pounds of food delivered through its food pantries, through hot meals (soup kitchens) and shelters was 1,211,035 over the period of June-November 2007. From June – October 2008, that increased to an average of 1,773,940 pounds of food delivered per month, a 46% annual increase.
- ▶ **Toledo.** The Toledo Northwestern Ohio Food Bank, serving the Toledo, OH area, reports an estimated 10% increase in the number of individuals using the food bank from June – November 2007 to June – November 2008. The Toledo Seagate Food Bank, which delivers over 15 million pounds of food annually, also reports an increase in the number of individuals receiving food through the Emergency Food Assistance Program from June-November 2007 to June-November 2008.
- ▶ **Columbus.** In November 2007, Franklin County food pantries (serving the greater Columbus area) had 68,461 requests for food. By November 2008, requests for food had increased to 82,417, a 20% increase.

Food Stamps

The number of individuals receiving food stamps provides a second indicator of the need for food assistance.

- ▶ **Pittsburgh.** The number of individuals receiving food stamps in Allegheny County in November 2008 has increased nearly 5% since January, 2008. In addition, a cross-year comparison of individuals receiving food stamps indicates that the number of individuals receiving food stamps from July – November 2008 is 4% greater than the number receiving food stamps from July-November 2007. The table below depicts the change from 2007 to 2008 by month.

¹⁰ “Understanding the Impact of the Economic Downturn on Pittsburgh Residents and Human Services Agencies.” Vivien Luk, GPNP. 12 November 2008.

¹¹ Julie Deseyn, United Way of Allegheny County

Allegheny County Food Stamp Recipients¹²

Individuals Served	2007	2008	% Increase from Previous Year
July	113,693	116,483	2.5%
August	112,689	116,972	3.8%
September	113,303	117,373	3.6%
October	113,393	118,334	4.4%
November	113,374	119,483	5.4%
Monthly Average (Jul-Nov)	113,290	117,729	3.9%

- ▶ **Philadelphia.** The number of households receiving food stamp assistance increased 5.0% from November 2007 to November 2008. The table below depicts the increase in persons receiving food stamp assistance by month in Philadelphia County.

Philadelphia County Food Stamp Recipients¹³

Individuals Served	2007	2008	% Increase from Previous Year
July	322,737	335,378	3.9%
August	324,284	339,091	4.6%
September	325,400	341,253	4.9%
October	326,667	343,674	5.2%
November	326,978	348,545	6.6%
Monthly Average (Jul-Nov)	325,213	341,588	5.0%

In addition, while the number of persons receiving food stamp assistance increased 5% from one year ago, the number of applicants for food stamps has increased 23% since last year, another clear indication of an increase in need.

- ▶ **Toledo.** There has been an increase of approximately 10% of Food Stamp recipients from June-November 2007 to June-November 2008.
- ▶ **Columbus.** The Ohio Association of Second Harvest Foodbanks reports that 145,849 persons in the Columbus, OH area received food stamps in September 2008, a 15% increase from the level in September 2007 (127,235).

¹² Pennsylvania Department of Public Welfare. <http://listserv.dpw.state.pa.us/ma-food-stamps-and-cash-stats.html>

¹³ Pennsylvania Department of Public Welfare. <http://listserv.dpw.state.pa.us/ma-food-stamps-and-cash-stats.html>

Women, Infants and Children (WIC)

The final indicator of increased need for food assistance is the level of participation in the WIC Program.

Pittsburgh. A comparison of WIC participation in the months of July – October from 2007 to 2008 is provided below:

Allegheny County WIC Participants¹⁴

Individuals Served	2007	2008	% Increase from Previous Year
July	16,004	16,262	1.6%
August	16,307	16,429	0.8%
September	16,164	16,633	2.9%
October	16,275	17,264	6.1%
Average (Jul-Oct)	16,188	16,647	2.8%

Most notably, there has been a 6.1% increase in the total number of participants using the WIC program from October 2007 to October 2008. This figure represents an increase in participation of 989 individuals. In addition, from July to October 2008, the number of individuals participating in the WIC Program increased over 6%. By comparison, the same time period in 2007 saw less than a 2% increase.

- ▶ **Cleveland.** Cuyahoga County, Ohio has also seen an increase in the number of individuals on WIC caseloads from 2007 to 2008. The table below illustrates the monthly increases that have led to an overall increase in WIC participation in Cuyahoga County of 4.5% over a one-year time period.

Cuyahoga County WIC Participants¹⁵

Individuals Served	2007	2008	% Increase from Previous Year
June	34,788	35,598	2.3%
July	35,015	36,731	4.9%
August	35,020	36,833	5.2%
September	35,539	37,219	4.7%

¹⁴ Participation Reports, July-October 2007 and 2008. Allegheny County Health Department, WIC Program.

¹⁵ Barbara Riley, Cuyahoga County WIC.

Individuals Served	2007	2008	% Increase from Previous Year
October	35,950	37,655	4.7%
November	36,039	37,840	5.0%
Average (Jul-Nov)	35,392	36,979	4.5%

- ▶ **Toledo.** The Toledo Lucas County Health Department also reports an increase in the number of individuals receiving support through the WIC Program after comparing participation rates from June-October 2007 to June-October 2008.

Increased Cost

Another damaging impact of the recession is the increase in the cost of food. This price increase affects not only individual households' budgets, but also the cost to local food banks. The food and beverages index for the Pittsburgh Metropolitan Statistical Area rose 4.6% since the first half of 2007 due mostly to a 5.5% increase in food at home prices. This region includes Allegheny, Armstrong, Beaver, Butler, Fayette, Washington and Westmoreland Counties.¹⁶

In terms of impact to the food banks, the increase in food costs have decreased the weight of monthly food boxes distributed by the Westmoreland County Food Bank from 50-60 pounds to 40.¹⁷ Likewise, the increased cost of transportation has also helped to erode the food banks' ability to meet their clients' needs. The GPCFB reports that price per gallon of diesel fuel rose 50% from 2007 to 2008 and their commercial freight costs have also risen 51% from \$49,622 to \$97,236. Overall, the Greater Pittsburgh Community Food Bank estimates that its average cost of delivering food to the community has increased from \$0.36 per pound in 2008 to \$0.38 in 2009.

The cost of providing food to Philabundance is estimated to be \$3.2 million from 2007 to 2008 and includes the higher price of food as well as the decrease in the amount of food donated. The Toledo Northwestern Ohio Food Bank also reports a significant increase in the cost of food to the food bank. The increased cost of food to food banks is a trend we can expect to exist amongst food banks in all the urban areas included in this report.

Decreased Resources

In the face of ever-increasing levels of need and costs, the food banks must also grapple with decreasing levels of funding and donations, creating a critical level of regional food insecurity. For the GPCFB, compared to July-September 2007, both general donated product and government commodities for July-September 2008 are down 7%. Donations of government commodities to Westmoreland County Food Bank have decreased 70% from 2007 to 2008.

¹⁶ Bureau of Labor Statistics Report <http://www.bls.gov/ro3/cpipitt.pdf>. 14 August 2008.

¹⁷ Bailey, Laurie. "Food pantries feel pinch of tough times." Pittsburgh Post-Gazette. 20 November 2008.

In addition, funding for the Emergency Food and Shelter Program (FEMA) for Westmoreland County Food Bank has been cut in half from \$150,000 three years ago to \$80,000 this year.¹⁸ The GPCFB saw a \$75,642 cut in its state Food Purchase Program grant to 06-07 to 07-08 as well as a \$20,000 cut in state Food Purchase Program grant through the Pennsylvania Department of Agriculture down to \$450,000. Funding for the State Food purchase program declined statewide from \$18.75 million in FY 07 to \$18 million in FY 08. The FY 09 budget freezes funding at \$18 million.

In Philadelphia, the Philadelphia area community food bank reports an 8% decrease in budgets for emergency food purchases during the past year, which has resulted in a 26% decrease in the amount of food distributed in Philadelphia.

Shelter

Increased Housing Insecurity

The Pittsburgh Foundation identified three indicators of the level of need for housing support in a community:

- ▶ The number of households facing foreclosure.
- ▶ The number of individuals or households seeking assistance to avoid eviction.
- ▶ The number of people seeking foreclosure assistance through the Homeowners' Emergency Mortgage Assistance Program (HEMAP) [Note: The HEMAP program is only available in Pennsylvania, but represents the approximate level of need for mortgage support across all five communities].

One overall indicator of the rise in housing insecurity is the number of clients being served by the Allegheny County Department of Human Services (DHS) Bureau of Hunger and Housing. While this figure also includes individuals in need of food, it still provides an approximate indicator of the level of need for shelter. The number of clients served throughout Allegheny County between July and October 2008 is 17% higher than the number of clients from the same period in 2007.¹⁹

Increase in Foreclosures

In Pittsburgh and Philadelphia, the number of households facing foreclosure has steadily increased since April 2008, according to recent RealtyTrac Reports. In the 3rd Quarter of 2008,

¹⁸ Bailey, Laurie. "Food pantries feel pinch of tough times." Pittsburgh Post-Gazette. 20 November 2008.

¹⁹ HumanServices.Net Community Profiles: Allegheny County www.humanservices.net

1 in 333 households was facing foreclosure in the Pittsburgh Metropolitan Area while this figure was 1 in 303 households in Philadelphia. Compared to the 2nd and 3rd Quarters of 2007, the foreclosure rates in these two Pennsylvania urban areas are significantly higher. Notably, the foreclosure rate in Pittsburgh has increased 120% when comparing the 3rd Quarter of 2007 to the same time period in 2008.

In the three Ohio communities, foreclosure rates have fortunately decreased from the 2nd Quarter to the 3rd Quarter of 2008, but all three communities continue to experience higher levels of foreclosure than either Pittsburgh or Philadelphia. While Cleveland and Columbus have seen foreclosure rates ranging between 1 in 105 and 1 in 144 households throughout 2008, foreclosure rates in Toledo have been more variable, ranging from a high of 1 in 92 households in the 2nd Quarter to 1 in 159 households in the 1st Quarter of 2008.

Foreclosure data for the first three quarters of 2008 in all five of the communities included in this report is provided in the table below.

2008 Foreclosure Rates in Each Community ²⁰

2008 Statistics	Properties with Foreclosure Filings	% of Housing Units with a Foreclosure Filing	1 x Household (Rate)	% Change from Prior Quarter	% Change from 1 Year Prior
Cleveland					
1 st Quarter (Jan – March)	8,969	0.95%	105	-7.11%	49.56%
2 nd Quarter (April – June)	8,735	0.93%	108	-2.61%	-3.69%
3 rd Quarter (July-Sept.)	7,386	0.78%	128	-15.44%	-37.52%
Columbus					
1 st Quarter (Jan – March)	5,338	0.69%	144	-4.46%	53.92%
2 nd Quarter (April – June)	6,285	0.82%	122	17.74%	39.11%
3 rd Quarter (July-Sept.)	6,140	0.80%	125	-2.31%	15.20%
Philadelphia					
1 st Quarter (Jan – March)	3,064	0.19%	527	17.21%	-29.64%
2 nd Quarter (April – June)	4,977	0.31%	324	62.43%	46.60%
3 rd Quarter (July-Sept.)	5,378	0.33%	303	8.60%	48.20%
Pittsburgh					
1 st Quarter (Jan – March)	1,662	0.15%	664	-9.13%	-4.59%
2 nd Quarter (April – June)	2,880	0.26%	383	73.29%	87.74%

²⁰ RealtyTrac Foreclosure Reports – 2008

2008 Statistics	Properties with Foreclosure Filings	% of Housing Units with a Foreclosure Filing	1 x Household (Rate)	% Change from Prior Quarter	% Change from 1 Year Prior
3 rd Quarter (July-Sept.)	3,353	0.30%	333	16.42%	119.72%
Toledo					
1 st Quarter (Jan – March)	1,877	0.63%	159	-33.89%	38.52%
2 nd Quarter (April – June)	3,253	1.09%	92	73.31%	121.44%
3 rd Quarter (July-Sept.)	1,987	0.67%	149	-38.92%	-22.08%

Increased Demand for Foreclosure and Eviction Assistance

Pittsburgh and Philadelphia. The Pennsylvania Housing Finance Agency (PHFA) administers a unique program to prevent homelessness among Pennsylvanians by providing loan assistance to meet existing mortgage payments known as the Homeowners' Emergency Management Assistance Program (HEMAP). PHFA reports that there has been a 15% increase in Pennsylvania in applications for homeowner support between January and October 2007 and the same period of 2008. From January to October 2008, PHFA received 9,700 applications for HEMAP support statewide. In Philadelphia County, the increase in applications between 2007 and 2008 was 17.7%, while Allegheny County has actually seen a decrease in applications over the same period of time of 5.5%.²¹

The Urban League of Philadelphia reports that counseling work on foreclosures has increased 70-80% from 2007-2008. To illustrate this trend, the Urban League calculates the ratio of the number of people speaking with counselors regarding buying a new home to the number of people speaking about foreclosure and delinquency problems. From 2005-2006 that ratio was roughly 4:1 in favor of homebuyers; in 2007-2008 the ratio had reversed to 1:5. In addition, Action Housing, a nonprofit provider of mortgage assistance in Pittsburgh, has experienced a 50% jump in calls for mortgage delinquency problems in the last six months.²²

While aggregate eviction data for Allegheny County was not available for this study, a proxy for the impact of the recession on the number of households facing eviction is the number of households requesting rental support requested through local help lines. The United Way of Allegheny County reported that 1,345 requests have been made from January to September 2008

²¹ Paula Brightbill, Pennsylvania Housing Finance Agency.

²² McNulty, Timothy. "Aid agencies stretched thin." Pittsburgh Post-Gazette. 14 December 2008.

by renters seeking assistance to avoid eviction.²³ Calls for rental assistance to avoid eviction have risen 12% from November 2007 to November 2008.²⁴

Cleveland. The United Way of Greater Cleveland helpline reported similar increases in requests to avoid eviction. Comparing the period of June-November 2007 to June-November 2008, request for eviction assistance have increased 22% (from 4,014 to 4,910). In addition, the United Way of Greater Cleveland experienced an 11% increase in the number of requests for rental housing from 2007 to 2008. Finally, the United Way of Greater Cleveland reports a 21% increase in requests for foreclosure assistance from September – November 2007 compared to the same period in 2008.

Toledo. The United Way of Greater Toledo reports an increase of 50% from June-November 2007 to June-November 2008 in the number of individuals calling the 211 helpline for foreclosure assistance which includes mortgage payment assistance and mortgage default assistance. The Lucas Metropolitan Housing Authority (LMHA), which serves the Greater Toledo, OH area, reports an increase of more than 100% from June-November 2007 to June-November 2008 in the number of individuals applying for Section 8 housing vouchers. In addition, the LMHA estimates a 10% increase in the occupancy of LHMA-managed housing units over the same time period.

Utilities

Increased Cost

While they may or may not be directly related to the recession, increased energy costs have certainly exacerbated its effects. The energy index, which reflects the prices of gasoline and household fuels, increased 23% since the first half of 2008 in comparison to first half of 2007. Higher prices for utility (piped) gas service and electricity also contributed to the recent 12-month advance in this index.²⁵ Heating bills are expected to increase by as much as 30% from last year.²⁶ Since 2001, home heating costs have increased 166% for heating oil, 44% for natural gas and 27% for electricity.²⁷ From 2000 – 2008, there has been a 69% increase in the cost of utilities.²⁸

²³ “Understanding the Impact of the Economic Downturn on Pittsburgh Residents and Human Services Agencies.” Vivien Luk, GPNP. 12 November 2008.

²⁴ Julie Deseyn, United Way of Allegheny County.

²⁵ Bureau of Labor Statistics Report <http://www.bls.gov/ro3/cpipitt.pdf>. 14 August 2008.

²⁶ “United Way Holds Stay Warm Energy Summit.” MSNBC. 14 October 2008.

²⁷ “United Way Holds Stay Warm Energy Summit.” MSNBC. 14 October 2008.

²⁸ Bureau of Labor Statistics Report <http://www.bls.gov/ro3/cpipitt.pdf>. 14 August 2008.

Increased Vulnerability

Pennsylvania. The Pennsylvania Public Utilities Commission (PUC) publishes quarterly Consumer Activities Reports that allow consumers to review their local utility’s customer service performance each year.²⁹ These reports indicate increasing levels of consumers needing to make payment requests statewide between January–September 2007 and January–September 2008. Payment arrangement requests are consumer requests to the utility company when the consumer faces suspension or termination of service, has had service suspended or terminated and similar situations. Based on the figures below, the number of payment arrangement requests to electricity providers has increased 23.9% since 2007 while the number of requests to gas providers has increased 57.1%.

Payment Arrangement Requests in Pennsylvania Statewide

Type	Utility	Payment Arrangement Requests – 2007	Payment Arrangement Requests – 2008	% Change
Residential	Electric	22,184	29,929	35.0%
	Gas	12,339	12,852	4.2%
	Total	34,523	42,781	23.9%
Commercial	Electric	104	190	82.7%
	Gas	80	99	23.8%
	Total	184	289	57.1%

Further, in its annual Cold Weather Survey, the PA PUC reports that statewide 14,364 households could be without heat this winter, compared to 13,762 last year, an increase of 4%.³⁰ The Cold Weather Survey also indicates that service terminations are up 25% over the same point from last year.

According to the PA Public Utility Commission, there are 8,848 households in Philadelphia entering the winter moratorium without their essential source of heat, an increase of 26% from the 2007 level of 7,052. At the end of the winter moratorium in Pennsylvania in April 2008, statewide over 60,000 households were terminated, an increase of 50% from the 40,000 households terminated in April 2007. Holding all things equal, we can expect to see another significant increase in April 2009.

Among Philadelphia utility providers, Philadelphia Gas Works (PGW) which serves over 500,000 customers in the city, recorded a 91% jump in terminations from 2007 to 2008. Meanwhile, reconnections of service decreased by 17% over the same time period. PECO, which serves 1.6 million electricity consumers and 480,000 natural gas consumers, saw terminations spike 55% over the 2007-2008 time period.

²⁹ Quarterly Updates to UCARE Report: January – September 2008 and January – September 2007. Pennsylvania Public Utilities Commission (PUC).

http://www.puc.state.pa.us/general/publications_reports/publications_reports_yearly.aspx

³⁰ Green, Elwin. “PUC: More homes could go without heat.” Pittsburgh Post-Gazette. 17 December 2008.

Cleveland. In Cleveland, the United Way of Greater Cleveland reports an increase in requests for utility assistance of 25% from June-November 2007 to June-November 2008.

Toledo. In Toledo, the United Way of Greater Toledo reports an increase of 75% from June-November 2007 to June-November 2008 in the number of individuals calling the 211 helpline with requests for utility assistance.

Child Care

Increase in Demand

In the area of child care, the research team focused on the research question, “How many families are having difficulty affording child care due to the economic downturn and are seeking public assistance?” To determine the economic impact in this area in Pittsburgh, the foundation gathered data from the YMCA Greater Pittsburgh.

Pittsburgh/Philadelphia. The YWCA Greater Pittsburgh operates as the program administrator for four separate child care contracts which provide child care subsidies to low-income families. The waiting list for child care subsidy is currently 14,000 families across Pennsylvania, which is up 100% from last year (approximately 7,000) at this same time. Of that total, 1,281 are families in Allegheny County, over 9% of the total waiting list.³¹ Based on this information, we assume that the waiting list for child care in Allegheny County held approximately 641 families in 2007.

Cleveland. In Cleveland, the United Way reports increased calls for childcare assistance of 26% from June-November 2007 to June-November 2008.

Transportation

Increased Cost

The Bureau of Labor Statistics reported in August that the transportation index (one component of the Consumer Price Index, a measure of inflation) increased by 11.4%, largely due to higher gas prices. The gasoline index jumped 30.7% from its level one year ago, representing the largest 12-month increase since the first half of 2000.³²

³¹ Maggie Jensen, YMCA Greater Pittsburgh.

³² Bureau of Labor Statistics Report <http://www.bls.gov/ro3/cpipitt.pdf>. 14 August 2008.

Increased Need for Support

In 2007, the Traveler's Aid Society of Pittsburgh (TAS) distributed an average of 16,600 bus tickets per month to individuals in need of local transit when they cannot afford it. In 2008, this level of requests increased to an average of 22,860 tickets per month, representing nearly a 38% increase.³³

In Philadelphia, like Pittsburgh, the Traveler's Aid Society offered stranded travelers basic assistance to find temporary lodging or to continue traveling. Due to the recent City of Philadelphia budget shortfall, the program has been defunded and will shut down entirely by the end of 2008.

In Cleveland, the United Way reports increased calls for transportation assistance of 70% from June-November 2007 to June-November 2008.

The Cost of the "Safety Net"

In Pittsburgh

The cost of the safety net in the Pittsburgh area is comprised of the cost of supportive services in the areas of food stamps, WIC, food bank distributions, child care subsidies and transportation subsidies. It should be noted that in the areas food stamps and WIC, the safety net cost is based on the actual amount of funding dedicated to those programs in the given year while the amounts included for child care and transportation subsidies merely represent the number of requests, not what was actually spent.

In the case of the food bank, while the pounds of food distributed each year is an accurate figure, it cannot be determined from this number alone whether the food bank is meeting all the need in the community, and could therefore be understating the total cost of the safety net. For instance, while there is an increase in the total pounds of food distributed, the average pounds per individual or household has slightly decreased.

³³ Robert Lindner, Traveler's Aid Society of Pittsburgh.

The table below illustrates the baseline cost of the safety net in Pittsburgh for 2007 and 2008.

Pittsburgh Safety Net Cost – 2007 and 2008

Type of Support	2007	% of Safety Net Funding (2007)	2008	% of Safety Net Funding (2008)
Greater Pittsburgh Community Food Bank				
Pounds of Food Distributed (Annual)	20,122,328	n/a	20,953,553	n/a
Cost to Distribute per Pound	\$0.36	n/a	\$0.38	n/a
Total Cost	\$7,244,038	5%	\$7,962,350	5%
Food Stamps (Allegheny County)				
Total Cost	126,253,425	82%	139,882,343	81%
Women, Infants and Children (Allegheny County)				
Total Cost	17,956,722	12%	18,257,565	11%
Child Care Subsidy				
Waiting List	641	n/a	1,281	n/a
Value per Family per Month	\$375	n/a	\$375	n/a
Total Cost	\$2,884,500	2%	\$5,764,500	3%
Transportation Subsidy				
Average annual bus tickets	199,200	n/a	273,600	n/a
Cost per ticket	\$2.00	n/a	\$2.00	n/a
Total Cost	\$398,400	<1%	\$547,200	<1%
Total				
Cost of the Safety Net in Pittsburgh	\$154,737,085	n/a	\$172,413,958	n/a

As shown in the table above, the share of the safety net dedicated to the food bank and transportation subsidies remained constant over 2007-2008, occupying roughly 5% of all safety net costs included in our calculation. Making the assumption that this proportion is approximately the same across municipalities, we can extrapolate the amount of funding to be dedicated to for food banks and transportation assistance in each geographical area.

Safety Net Cost & Unemployment Level

Using the relationship described earlier between the cost of the safety net and the unemployment level in a region, the cost of the safety net per unemployed person can be calculated. Then, using that figure as a guide, the cost of the safety net in each city is able to be determined. In the Pittsburgh Metropolitan Statistical Area, the approximate average number of unemployed persons in 2007 was 47,891. Given the safety net cost in described above of \$154.7 million, this equates to approximately \$3,231 in safety net costs per unemployed person in the work force. Note that this is not the same as \$3,231 for each person in the population because one person in the work force represents more than one person in the general population.

Total Cost of the Safety Net – 2009 & 2010

In order to calculate the total cost of the safety net in all the cities included in the study, the future unemployment rate of each city was projected for 2009 and 2010. The Congressional Budget Office (CBO) estimates an increase in the national unemployment rate of 46.78% for 2009 from 5.7% to an average rate of 8.3%. In 2010, the CBO anticipates the unemployment level will be 8.43% higher than 2009 rates, increasing to 9.0%.³⁴

To estimate the forecasted unemployment rates in each community for 2009 and 2010, the average unemployment rate of 2008 for the metropolitan area was increased by the same percentage that the national unemployment rate is projected to increase over the same time period. For instance, Pittsburgh's 2008 unemployment rate of 5.2% was increased by 46.78% to arrive at an average projected 2009 unemployment rate of 7.6%.

Using the unemployment rates of each city and the size of its work force (from 2008) and by applying the standardized safety net cost per unemployed person of \$3,231, a projected safety net cost figure can be calculated for each city, illustrated in the table on the next page.

³⁴ The Budget and Economic Outlook: Fiscal Years 2009 to 2019. January 2009.
<http://www.cbo.gov/doc.cfm?index=9957>