

Report: City's poor pay \$3,000 'poverty premium'

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The Baltimore region's low-income residents pay as much as \$3,000 more per year than middle- and high-income residents in additional costs for basic needs like food and shelter.

"You name it, low-wage people tend to be paying more, and it leads to a big poverty premium," said Andrea Payne, a policy analyst for Baltimore's Job Opportunities Task Force and primary researcher for the organization's report, "Overpriced and Underserved."

With Baltimore City's median household income at about \$32,500, higher costs for everyday goods and services like groceries, mortgages and financial products can cripple low-income residents' finances.

"It's a big deal," Jason Perkins-Cohen, JOTF's executive director, said Tuesday at a forum to discuss the report. "All of these high costs come together to create one gigantic cost."

Low-income residents tend to pay more for groceries because the majority of food establishments in Baltimore City are corner stores that charge higher prices than markets or grocery stores. The city's smaller stores offer few healthy food options, which eventually can lead to negative health consequences and expensive medical bills.

"The food environment in low-income neighborhoods is pretty grim," said Anne Palmer, program director for the Johns Hopkins Center for a Livable Future.

Low-wage earners with poor credit scores end up paying high-cost loans and more for insurance. Older housing with poor insulation also pushes utility prices higher.

"Housing is probably the biggest cost for all families," Payne said. "Your money is literally leaking out of your windows and doors."

About 25 percent of earners in the lowest income bracket do not have bank accounts. Low-income residents turn to check cashers because they do not have access to banks or don't understand bank services, according to the report.

"While these bank services might seem better, they're not particularly appealing to that group," said John Godwin, vice president of business development for Municipal Employees Credit Union.

JOTF suggests strict enforcement of state lending laws, universal auto insurance, development of banking products for low-income residents and an effort to increase financial literacy to reduce the "poverty premium."

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