THE ASSOCIATED PRESS/PATRICK SEMANSKY

Restoring Shared Prosperity

Strategies to Cut Poverty and Expand Economic Growth

October 2011

Restoring Shared Prosperity

Strategies to Cut Poverty and Expand Economic Growth

October 2011

HALF in TEN 10

The Campaign to Cut Poverty in **Half in Ten** Years

In the wake of Hurricane Katrina, the Center for American Progress convened a diverse taskforce of national experts to examine the causes and consequences of poverty in the United States and to devise a plan to reduce poverty and promote greater opportunity for all. The result was a landmark report, released in April 2007, "From Poverty to Prosperity: A National Strategy to Cut Poverty in Half."[1] *The report laid out a series of policy recommendations which if implemented could cut poverty in our nation in half in 10 years.*

Hurricane Katrina was the impetus for that report. Yet the taskforce's findings detailed that the American Dream had been under siege long before the destruction of the hurricane. Our nation experienced steady income growth over the past several decades but the level of prosperity was not widely shared. Between 1947 and 1979 real median family income grew at an annual rate of 2.4 percent, which amounts to a doubling of real income over this period. Since 1979, however, the growth of family income has become increasingly disconnected from the broader growth of U.S. economic output and productivity. While productivity has continued to grow robustly, middle-class families are no longer getting their share of that growth.[2]

This trend coincides with a decline in unionization and fewer jobs offering the kinds of health and retirement benefits that provide families with economic security. The result: Over the past three decades, our middle class grew smaller, income inequality widened, and since 2000 our nation's poverty rate steadily increased—even during periods of economic growth.

Recognizing these conditions in 2007, the Center's "Poverty to Prosperity" report outlined a bold policy prescription to achieve the goal of cutting poverty in half in 10 years. Modeling from the Urban Institute found that just three policy reforms would cut poverty by 26 percent:

- Raising the minimum wage to its historic level of half the average wage
- Making the tax code work better for low-income working families by enhancing the earned income tax credit and child tax credit
- Enabling American workers who meet the necessary eligibility to have child care services

The Half in Ten campaign was launched to enact these and other measures to achieve our goal of cutting poverty in half in 10 years.

We believe our federal government possesses the policy tools to dramatically reduce poverty and grow the middle class. What is lacking is the political will. Our campaign was launched in 2008 with the purpose of mobilizing support for the report's policy agenda and holding our elected officials and ourselves accountable to an ambitious yet achievable target.

Impact of the Great Recession on poverty in the United States

Just a few months after our first report was released, the Great Recession began in December 2007, and by September 2008 the economy was in free fall. In 2007 when the report was released, the latest poverty figures for 2006 showed that 12.3 percent of the population, or 36.4 million people, lived in poverty. Today the latest figures reveal that 15.1 percent of the population, or 46.2 million people, lived below the federal poverty line in 2010, a 2.8 percentage increase, according to the most recent data in 2010.

The incoming Obama administration and Congress took decisive action to stem the crisis and stabilize the economy, passing the American Recovery and Reinvestment Act of 2009, which at its height created or saved up to 3.6 million jobs,[3] and kept millions of Americans out of poverty. In fact, analysis from the Center on Budget and Policy Priorities shows that just seven targeted provisions in the Recovery Act kept more than 6 million Americans out of poverty in 2009.[4]

In addition, the passage of comprehensive health care reform and financial regulatory reform in 2010 will play an important role in helping low- and moderate-income families by increasing access to health care coverage and expanding protections from predatory lending practices that strip the assets of vulnerable families. Yet the devastation left in the wake of the Great Recession remains dire. Consider the following facts:

- In 2009, the number of families with at least one unemployed member increased to 12 percent, nearly double the 6.3 percent in 2007.
- In 2004, the median net worth of white households was $134,280 compared with $13,450 for black households, but amid the Great Recession at the end of 2009, the median net worth for white households fell 24 percent to $97,860 while plummeting 83 percent to $2,170 for black households.[5]
- In 2010, the real median income fell 2.3 percent to $49,445 and 50 million people went without health care coverage.[6]
- In 2010, 22 percent of America's children fell into poverty.

Needless to say, our Half in Ten campaign hit serious economic headwinds, though several of our policy recommendations implemented temporarily as part of the Recovery Act showed progress in lifting families out of poverty. In 2010 alone the earned income tax credit lifted 3 million children out of poverty.

Today, however, the time is right for a renewed commitment to reducing poverty, expanding opportunity, and strengthening the middle class. This report presents our new path to prosperity.

Fast facts on poverty in America

This report from the Half in Ten campaign examines the economic challenges facing families in the United States and outlines a set of priorities for addressing these challenges. We believe that reducing the level of poverty and inequality in our country is achievable. All we need is the political will to do so.

The Half in Ten campaign believes that our growing population and diversity as a nation is a source of strength in the international economic arena. But we need to provide economic opportunities to all Americans to capitalize on these important demographic trends—not least because these future taxpayers will be providing the fiscal resources for our aging population in the coming decades.

Rising inequality among these emerging groups is unhealthy for our democracy, too, both in terms of economic growth and social conflicts. Escalating rates of poverty rob the United States of one of its fundamental values—the belief that one can achieve success through hard work. Here are the principal findings and conclusions of our report.

Poverty and economic hardship is on the rise

- In 2010 the poverty rate in the United States was 15.1 percent, with roughly one in six Americans, or 46.2 million people, living below the official poverty line, according to the U.S. Census Bureau. This is the largest number of poor Americans since the U.S. Census Bureau started keeping track of this measure in 1959. Those who are classified as poor earned roughly $22,314 for a family of four.

- From 2009 to 2010 poverty among children under age 18 increased from 20.7 percent to a staggering 22 percent, or 16.4 million poor children. And more than a quarter (26 percent) of young children below age 5 lived in poverty last year.

- Nearly 50 million Americans lacked access to health insurance coverage in 2010.

The new Supplemental Income Poverty Measure is timely

- For the first time, the U.S. Census Bureau later this year will release the results of an alternative measure known as the Supplemental Poverty Measure based on data gathering in 2010.[1] This new method better reflects the realities facing struggling families and ways in which current government programs can help them get back on their feet. Unlike the traditional poverty measure, this supplemental measure provides a more accurate accounting of household expenses and the extent to which government antipoverty programs are helping them escape hardship.

Solutions to rising poverty in our nation

In this report we call on policymakers to take immediate action to ensure that as a nation we move forward with the appropriate policies to expand economic opportunities for all Americans. We outline a set of priorities that the Half in Ten campaign will work with its partners to urge policymakers to advance during the next 10 years. These priorities fall into the following:

- Create more good jobs.
- Strengthen families and communities.
- Promote family economic security.

Our policy recommendations in these areas would increase opportunities for families to lift themselves out of poverty and reduce the threat of falling out of the middle class. And the key poverty indicators we outlined at the end of each of the preceding chapters will measure our success towards cutting poverty in half in 10 years.

1 The first release of this alternative set of data was slated for release after this report when to print. For details on the alternative measure, see: Bureau of the Census, Observations from the Interagency Technical Working Group on Developing a Supplemental Poverty Measure (Department of Commerce, 2010), available at http://www.census.gov/hhes/www/poverty/SPM_TWGObservations.pdf

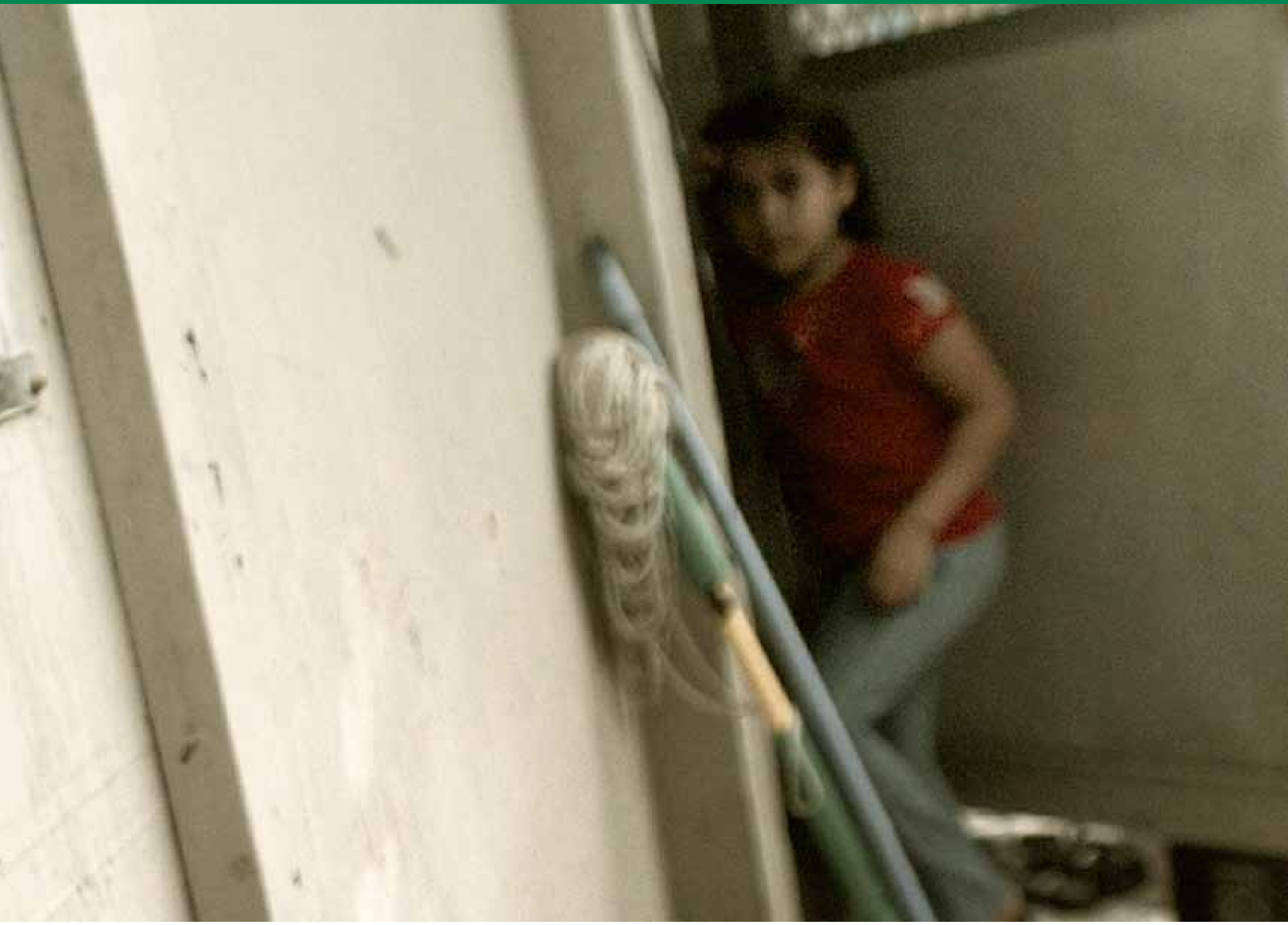
Contents

Introduction and summary

Jasmine Macario peers out of the window at her trailer home in Arcadia, Fla.

DAVID KADLUBOWSKI /THE ASSOCIATED PRESS

Foundational American values hold that hard work and equal opportunity should yield a life of prosperity. All workers want a good job where they can earn family-supporting wages with the benefits they need to provide for their loved ones. Every parent wants to be able to provide their children with a better life and standard of living than they had. And every family seeks a modicum of economic security and dignity should they fall on hard times, knowing that they can weather an economic storm through a combination of their own personal assets and access to a government safety net that they contribute to by paying state, local, and federal taxes.



A hand up to struggling families in times of need means a larger pool of people contributing to the workforce, starting businesses, and building assets for future generations. A goal to cut poverty in half in 10 years is an affirmation of these foundational American values of hard work and equal opportunity, and a critical part of an overall plan to strengthen our economy and expand our middle class. These values are not only an important part of our national ethos. They are also fundamental to long-term U.S. economic competitiveness. The middle class is America's engine for economic growth. A strong middle class means more consumers for American goods and services.

This report shows we are far from fulfilling these pillars of the American Dream. We also show a pathway to help us get there and describe the indicators by which we should measure our progress. But first, we look at the baseline.

Poverty in the United States

In 2010 the official poverty rate in the United States was 15.1 percent, meaning roughly one in six Americans was living below the poverty line. That translates into 46.2 million people living in poverty, according to the U.S. Census Bureau.[7] This is the largest number of poor Americans since the Census Bureau started keeping track of this measure in 1959.

That's an alarming number of poor Americans but it's also not the full picture. Also of great concern is the large number of struggling individuals who are not captured among the poor, even though their incomes are dangerously close to the official poverty level. In 2010 more than 103 million people, or one in three, were low income, making ends meet on incomes below twice the official poverty level. These are individuals in a family of four earning less than $44,700 annually.

These low-income workers, who are struggling to make ends meet, face many of the same economic risks and challenges as those who are officially poor. A large body of research shows that for families making below twice the poverty level, there are significant barriers to adequate housing, child care, and transportation.[8] Yet a 2007 poll conducted by Gallup also revealed that most Americans believe the minimum amount of yearly income a family of four would need to "get along" in their community is a little more than $40,000 annually, or roughly twice the official level.[9] The perceptions and the realities of existing on the edge of poverty are clearly out of sync.

There are still more misperceptions about poverty in our country. The current federal poverty measure, developed in the 1960s, is based on three times the cost of an emergency food diet. At the time the measure was developed, food constituted one-third of the average family's budget. But since then the measure has only been indexed to inflation, which means the poverty line currently amounts to only about $22,314 for a family of four in 2010. Yet a lot has changed since the 1960s. Food now amounts to around one-seventh of family budgets as the costs of housing, transportation, child care, and health care have all taken up higher share of incomes.

This anomaly has important consequences for how our poverty measure stands up against America's foundational values of hard work and equal opportunity. Growing a large and prosperous middle class is difficult when the measures upon which we gauge success are outdated. The current measure is based on outmoded expenditure patterns. Today's poor families spend much more on housing and child care, for example, and much less on food. A more accurate poverty measure should take these changes into account.

What's more, our traditional poverty measure does not actually register the impact of many critical antipoverty policies. Families who benefit from tax measures such as the earned income tax credit, which provides a refundable federal income tax credit for low- to moderate-income working individuals and families, or spending programs such as the Supplemental Nutrition Assistance Program—formerly known as food stamps—are seen as no better off than families who are not utilizing these programs. This creates the false impression that poverty is intractable and that we'll never make a dent in this problem no matter what government does.

Poverty and long-term U.S. economic competitiveness

Too often the conversation about poverty reduction in our country is separated from the larger discussion about economic security and opportunity for all Americans. Yet with 46.2 million Americans living in poverty, we have a shrinking pool of consumers who could help speed economic recovery and drive long-term economic growth.

These Americans need a pathway to reach and remain in the middle class. Many young Americans live in poverty, which contributes greatly to a high school graduation rate of only 74.4 percent. This means we are missing out on the talents and contributions of millions of young people who could help create the jobs and industries of tomorrow.

Rising poverty is not a trend the United States can afford. While not all poor children will grow up to be poor, the increased likelihood of low-income children staying poor as adults undermines our notion of equal opportunity as well as our economic strength. Efforts to strengthen the overall economy must create pathways for those who are currently left out and not able to fully participate in the future economic growth of the nation.

America in 2050: Capitalizing on our nation's diversity

The United States is experiencing dramatic changes in its ethnic makeup. Children of immigrants make up one in four people under the age of 18 and are now the fastest-growing segment of the nation's youth—an indication that communities of color are driving the nation's population growth.[10] In fact, of the 27.3 million people added to the U.S. population during the past decade, Hispanics accounted for well more than half of the gains, with Asian Americans making the next biggest contribution.[11] Unfortunately, as we experience this new era of diversity, we are also seeing higher rates of child poverty within the communities that represent the future population growth in our nation.

Our growing population and the growing diversity of our population is a source of strength in the international economic arena. Many of our competitors in Europe and Asia are growing rapidly older as their populations shrink. We are not.[12] But we need to provide economic opportunities to all Americans to capitalize on these important demographic trends, not least because these future taxpayers will be providing the fiscal resources for our own aging population in the coming decades.

Rising inequality among these emerging groups is unhealthy for our democracy, too, both in terms of economic growth and social conflicts. Escalating rates of poverty rob the United States of one of its fundamental values—the belief that one can achieve success through hard work. Too often that upward mobility is out of reach for millions of people who live in poor communities with limited economic development or employment opportunities.

Today, more than ever in America, one's family of origin and the community into which one is born determines social and economic mobility. Without the necessary policy changes to curb the level of unemployment and poverty among racial minority parents, millions more children will grow up in poor families and with the associated economic consequences of being poor. In 2010, 45.5 percent of African American children, 37.6 percent of Latino children, and 15.6 percent of Asian American children under the age of 5 lived in poverty.[13] These are the children who will be driving

In 2010, 45.5 percent of African American children, 37.6 percent of Latino children, and 15.6 percent of Asian American children under the age of 5 lived in poverty.

THE ASSOCIATED PRESS FILE PHOTO

our economy and democracy 25 years from now. With America expected to have no racial majority by the year 2050, it is important that we close racial and ethnic disparities for the long-term health of our economy.

Developing a new comprehensive opportunity framework

A dangerous myth that permeates our national narrative is that "the poor will always be among us" and that there is little government can do to systematically reduce poverty. History shows this belief to be false. Between 1964 and 1973, under both Democratic and Republican administrations, the U.S. poverty rate fell by nearly half (43 percent) as a strong economy and effective public policy initiatives expanded the middle class. Similarly, between 1993 and 2000, shared economic growth combined with policy interventions such as an enhanced earned income tax credit and minimum wage increase worked together to cut child poverty from 23 percent to 16 percent.[14]

The United States is and always will be a "can-do" country. We possess a proven ability to set and achieve major national goals, from sending a man to the moon to saving our country's failing auto industry to preserve millions of jobs. We cannot put the Great Recession behind us unless we establish a set of strategies both to prevent families from falling out of the middle class and to provide more families with a pathway out of poverty. This new model should include these important principles relating to the poor, among them:

- Lifting families out of poverty is an integral strategy to increase economic growth.
- The poor are not a static group because only a small percentage of the population remains in poverty over a typical three-year period,[15] which means low-income people can and do take responsibility for supporting themselves.
- The poor who experience concentrated and intergenerational poverty require a unique set of policy prescriptions and opportunities.

This progressive approach builds on the policies outlined in the 2007 "Poverty to Prosperity" report to offer a comprehensive plan to serve people anywhere along the continuum from severe hardship to the brink of economic self-sustainability. Our approach encourages work and personal responsibility with the necessary support and social conditions to foster success among families struggling to join the middle class.

Over the next decade, the Half in Ten campaign will not only examine the number of individuals who fall below the official poverty level, but also those who face significant hardships and barriers to economic opportunities. We will track these Americans reaching for a piece of the American Dream by tracking these poverty and hardship measures:

- Number of people below 50 percent, 100 percent, and 200 percent of the official poverty level
- Number of people who are poor under the new Supplemental Poverty Measure—a new set of more comprehensive data due to be published for the first time later this year
- Number of people who were kept above poverty by government support programs such as SNAP (food stamps) and the earned income tax credit
- Number of people who are poor due to medical expenses, child care, and work expenses
- Number of people facing food insecurity, defined as not having enough food to meet the nutritional needs of all the members of a household

Tracking these income and wealth indicators will enable us to gauge whether the three sets of policies we detail in this paper are achieving their goals.

How to cut poverty in half in 10 years

In this report we also provide an in-depth analysis of why improvements in policies to create good jobs, strengthen families, and promote economic security are critical to cutting poverty and expanding the middle class. We then outline a set of specific indicators to measure our progress toward achieving success in each of these categories alongside specific recommendations on the policies we would enact to reach those goals. Here, briefly, we present all three facets of our in-depth report.

Creating good jobs

A good job is the best ticket out of poverty. But with elevated levels of unemployment and underemployment, the American Dream is out of reach for too many families. Unemployment not only causes damaging effects on individual families and neighborhoods; it is also a driving force behind our federal budget deficit. Higher unemployment means fewer people paying taxes and more people turning to unemployment insurance and other social services. Targeted investments to tackle today's jobs crisis are a critical component of a strategy to get our nation's budget deficit under control.

For those who do have jobs, there has been a steady decline in job quality over the past four decades. Fewer jobs offer family-supporting wages, health and retirement benefits, and the flexibility needed to balance the demands of work and family required to raise children prepared to contribute to our national prosperity when they come of age. Too often, even hardworking individuals with full-time employment face economic hardship because the jobs themselves do not provide the financial means and flexibility required to make ends meet.

Wages are obviously an important component of job quality, but other elements—such as access to training, opportunities for advancement, employment benefits, and workplace flexibility—are all factors of a good job. Comprehensive rethinking of our nation's education and workforce development systems, ensuring these programs place a premium on training future workers, is a critical first step. This new approach will include investments in our youth to create a pipeline to higher education and skills training, as well as policies to improve advancement and workplace flexibilities for all workers.

Efforts to increase union participation and investments in growing sectors such as health care will allow more workers without college degrees to enter the workforce and earn family-sustaining wages. Over the next decade the Half in Ten campaign will pursue efforts to create more good jobs by examining measures to increase the number of skilled workers, lower unemployment, and improve job quality. We will track:

- High school graduation rates
- Postsecondary education graduation rates resulting in a full-time degree within six years

A plan that addresses the interconnection of work, families, and economic security will place more individuals and families on a path to economic stability.

ROB CARR /THE ASSOCIATED PRESS

- Number of disconnected youth, ages 16 to 24, who are not in school and not working
- Median-wage jobs in the economy
- Unemployment rates
- Number of low-wage workers earning below 200 percent of poverty ($44,700 for family of four) with paid sick leave
- Wage disparity for women
- Employer-sponsored retirement benefits

These measures will enable us to judge whether our policy prescriptions are working.

Strengthening families and communities

We know raising children is primarily the responsibility of parents, but public policies can create conditions conducive to good parenting by increasing opportunities within communities, letting more families provide necessary emotional and economic support for their children. To that end, strengthening families means providing children with the best possible life chances, regardless of where they start off in life. This means ensuring children have access to stable and safe housing, adequate nutrition, health care, and the educational opportunities they'll need to thrive.

These factors—in tandem with changes in social norms beyond the scope of public policy but integral to success, such as encouraging fathers to play a greater emotional and financial role in raising their children—will require policymakers to address the needs of working parents in a more comprehensive manner.

How can government policies reinforce social changes outside the scope of government?

Here's one way. Analysis by CAP economist Heather Boushey shows that women's participation in the labor force led to a dramatic increase in dual-income households, which means two parents sharing child-raising responsibilities, often at different times of the day. Between 1979 and 2010 the participation of women in the labor force rose to 58.6 percent from 50.9 percent, resulting in more women being the primary breadwinners for their households than men—with all the accompanying changes in household roles.[16]

At the same time 42.2 percent of households headed by a single mother in 2010 are raising children in poverty.[17] This requires a different set of policy prescriptions. Strategies to strengthen single-parent families must include policies to boost the income of single parents, both through flexible work schedules and child care services that enable full-time employment and through the engagement of fathers, who can provide financial and emotional support to their families.

The causes of poverty are clearly multidimensional and complex. That's why the Half in Ten campaign believes a plan that addresses the interconnection of work, families, and economic security will place more individuals and families on a path to economic stability, expand the middle class, and revitalize prosperity in the United States. And that's why we support policies that improve the health of families, strengthen the connection within families, and help them improve their financial circumstances. We will track the following indicators to gauge the nation's progress:

- Teen birth rates
- Individuals without health insurance coverage
- Youth in foster care
- Dual-income families with incomes below 200 percent of poverty

These measures will enable us to judge whether our efforts to strengthen families and communities are working.

Promoting economic security and opportunity

Each year in the United States, millions of families and individuals face periods of economic hardship. In fact, in any given year nearly one in three Americans will spend at least two months below the poverty line.[18] Economic security means that Americans don't fall into poverty when they cannot work or when work is either unavailable through no fault of their own, or unstable because the hours jeopardize family care arrangements, or pays so little that the job cannot make ends meet. Economic security means that when workers lose their jobs, they have time to look for a better one or upgrade their education and skills without risking eviction from their residences or foreclosure on their homes.

Economic security also means that individuals with disabilities are encouraged and supported in their efforts to participate in the workforce to the maximum extent possible, without fearing that these efforts risk leaving them with no source of additional government support. After all, finding a job when disabled is hard enough.

When entering the workforce entails losing government benefits to do so, it discourages hard work and the natural desire to make one's way in life independently.

Finally, economic security means that no child in America is hungry or homeless, and that families have a strong safety net to help regain their footing when they face challenging economic times. This requires policies to strengthen our nation's nutrition safety net and expand safe affordable housing.

An important component of cutting poverty in the United States is developing integrated policies that help vulnerable families and individuals develop their own plans for long-term economic security. These strategies must link reforms to the nation's economic and social safety net systems to better help families gain access to critical services, build assets, and save for their own future. When families lack access to basic financial services or the means to invest in assets such as a home or a retirement plan, they are not in the position to take advantage of the many tax benefits that are available to middle-class and higher-income Americans.

Poor, low-, and moderate-income families too often are plagued by predatory financial practices that drain their salaried income, leaving them unable to build wealth because opportunities for prosperity in the United States frequently rely on the ability to save and invest in key assets that, in turn, enable families to use those assets to climb the ladder of success. Half in Ten supports efforts to improve access to critical safety net programs and build assets among low-income families.

We will track the following indicators to gauge the nation's progress in helping more families become economically secure:

- Participation rate among eligible Americans in SNAP (food stamps)
- Child care eligibility
- Percentage of unemployed Americans receiving unemployment insurance in 2010
- The housing affordability gap, or safe affordable rental housing for low-income families
- Percentage of Americans who are "unbanked," or without checking and savings accounts

These measures will enable us to judge whether our efforts to promote economic security and opportunity are working.

Policy recommendations to cut poverty in half in ten years

In the pages that follow, then, we will present the current state of poverty in our nation, the ways in which we can change the course of current economic trends to better the lives of all Americans and boost our national prosperity and competiveness, and how exactly public policies can enable all this to happen. Contrary to the limited-government, we're-all-in-this-alone ethos of radical Tea Party conservatives, progressive policies detailed in this report to expand our middle class and reduce poverty are fair, effective, and efficient. They are what America needs to ensure the 21st century is our century, too.

Endnotes

1 The Center for American Progress Task Force, "From Poverty to Prosperity: A National Strategy to Cut Poverty in Half" (Washington: Center for American Progress, 2007), available at http://www.americanprogress.org/issues/2007/04/poverty_report.html.

2 Annual Report of the White House Task Force on the Middle Class, February 2010

3 "Recovery Act has created and saved 2.5-3.6 million jobs, many in clean energy," Think Progress, July 10, 2010, available at http://thinkprogress.org/romm/2010/07/18/206443/recovery-act-jobs-clean-energy/.

4 Arloc Sherman, "Stimulus Keeping 6 Million Americans Out of Poverty in 2009, Estimates Show," Center on Budget and Policy Priorities, September 9, 2009.

5 "Household wealth declines over the Great Recession," available at http://www.stateofworkingamerica.org/charts/view/31.

6 Carmen DeNavas-Walt, Bernadette D. Proctor, and Jessica C. Smith, Income, Poverty, and Health Insurance Coverage in the United States: 2010 (Department of Commerce, 2011), available at http://www.census.gov/prod/2011pubs/p60-239.pdf.

7 Ibid.

8 Heather Boushey and others, "Hardships in America: The Real Story of Working Families" (Washington: Economic Policy Institute, 2001), available at http://www.cows.org/pdf/x-hardships-01.pdf.

9 Jeffrey M. Jones, "Public: Family of Four Needs to Earn Average of $52,000 to Get By," Gallup, February, 9, 2007, available at http://www.gallup.com/poll/26467/public-family-four-needs-earn-average-52000-get.aspx.

10 "Census: Percentage of Children in U.S. Hits Low," The Wall Street Journal, July 13, 2011.

11 William H. Frey, "A Pivotal Decade for America's White and Minority Populations" The Brookings Institution, March 25, 2011, available at http://www.brookings.edu/opinions/2011/0325_census_demographics_frey.aspx.

12 Congressional Budget Office, "Global Population Aging in the 21st Century and Its Economic Implications" (2005), available at http://www.cbo.gov/doc.cfm?index=6952.

13 Bureau of the Census, Annual Social and Economic Supplement (Department of Commerce, 2010), table POV01.

14 Bureau of the Census, Poverty in the United States: 2000 (Deaprtment of Commerce, 2001).

15 In the 36-month period from January 2004 to December 2006, 28.9 percent of the U.S. population was in poverty for at least two months while only 2.8 percent were in poverty for the entire period. Robin J. Anderson, Dynamics of Economic Well-Being: Poverty, 2004–2006 (Department of Commerce, 2011), available at http://www.census.gov/prod/2011pubs/p70-123.pdf.

16 Heather Boushey, "Not Working: Unemployment Among Married Couples: Unemployment Continues to Plague Families in Today's Tough Job Market" (Washington: Center for American Progress, 2011), available at http://www.americanprogress.org/issues/2011/05/marital_unemployment.html.

17 Bureau of the Census, Annual Social and Economic Supplement (Department of Commerce, 2010), table POV03.

18 In the 36-month period from January 2004 to December 2006, 28.9 percent of the U.S. population was in poverty for at least two months while only 2.8 percent were in poverty for the entire period. Anderson, Dynamics of Economic Well-Being.

CHAPTER ONE

Poverty in the United States today

Knowing where we stand so we know where to begin

By Desmond Brown and Melissa Boteach

Tiffany Tran, left, and her sister, Amy Tran, bag groceries as Hannah Wendel, right, walks past with empty boxes while they do volunteer work at the University District Food Bank in Seattle.

ELAINE THOMPSON/THE ASSOCIATED PRESS

In 2010 the poverty rate in the United States was 15.1 percent, with roughly one in six Americans, or 46.2 million people, living below the official poverty line, according to the U.S. Census Bureau.[1] This is the largest number of poor Americans since the U.S. Census Bureau started keeping track of this measure in 1959. Those who are classified as poor earned roughly $22,314 for a family of four.

The sheer number of poor Americans is alarming, but also of great concern is the large number of struggling individuals who are not considered poor because their incomes place them slightly above the official poverty level. In 2010 more than 103 million people, or one in three, were struggling to make ends meet at incomes below twice the official poverty level. These are individuals in a family of four earning less than $44,700 annually, or twice the poverty level of $22,314 a year.

These low-income workers struggling to join the lower rungs of the middle class face many of the same economic risks and challenges as those who are officially poor. A large body of research on economic need shows that for low-income families, there are significant barriers to adequate housing, child care, and transportation.[2] A 2007 poll conducted by Gallup also reveals that most Americans believe the minimum amount of yearly income a family of four would need to "get along" in their community is a little more than $40,000 annually or roughly twice the poverty line.[3] Clearly the poverty line is an inadequate measure of what it takes to make ends meet at a basic level in the United States.

Measuring poverty

The official federal poverty line was developed in the 1960s using spending data from the 1950s. It was initially based on taking the cost of an emergency food diet and multiplying it by three. The diet, called the Economy Food Plan, was the cheapest of four food plans developed by the Department of Agriculture. Since then the measure has been adjusted for inflation but not for changes in mainstream living standard, which have far outpaced inflation. As a result, the poverty line is currently only $22,314 per year for a family of four.

Over the past several decades, here are some of the ways in which what Adam Smith called "the customs of the county" expanded our contem-

Poverty in America—Children under age 18

- Between 2009 and 2010, the poverty rate for children under age 18 increased from 20.7 percent to 22 percent.[1]

- Compared to the rest of the population in 2010, children under the age of five have higher deep poverty (below 50 percent of the federal poverty level) rates– 12.2 percent– than other age groups.[2]

- In 2010, 47.7 percent of young children under age five lived in low-income families—those earning less than 200 percent of poverty or $44,700 for a family of four.[3]

- In 2010, African American and Hispanic children under age five were much more likely to be poor than white or Asian American children, with 69.5 percent of African American children and 66.7 percent of Hispanic children living in low-income families compared to 32.3 percent of non-Hispanic white children and 34.9 percent of Asian children.[4]

- In 2010, 9.8 percent of children under age 18 (7.3 million) were without health insurance, not statistically different from 2009. [5]

1 Bureau of the Census, "Income, Poverty and Health Insurance Coverage in the United States: 2010" (2011), available at http://www.census.gov/prod/2011pubs/p60-239.pdf.
2 Ibid.
3 Bureau of the Census, "Annual Social and Economic Supplement (Table POV01)" (2011).
4 Bureau of the Census, "Annual Social and Economic Supplement (Table POV01)."
5 Ibid.


Mark Green, who is unemployed, lives with his wife and children.

RICH PEDRONCELLI /THE ASSOCIATED PRESS

porary notions of "necessities" as the economy changed and growth in mainstream living standards outpaced inflation:

- More mothers are working outside the home (in both one- and two-parent families), and as a consequence more families have to pay for child care out of pocket.

- Job applicants and workers are expected to have telephones, if not cell phones and email (as surveys find, most Americans view telephones, cell phones, and a home computer as necessities not luxuries).

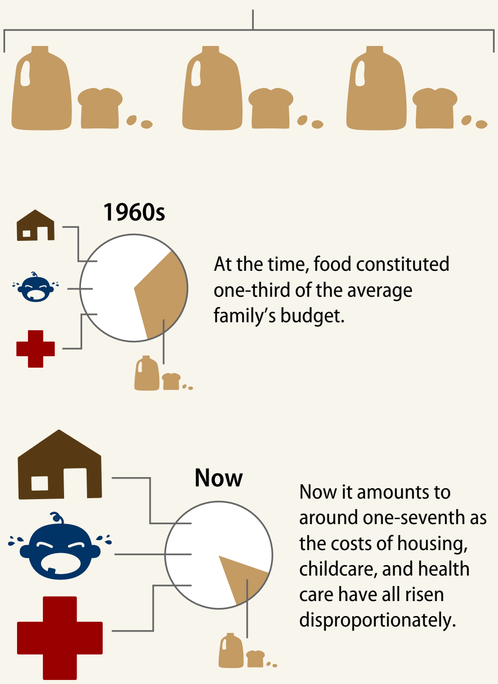
- Roughly 90 percent of Americans view a car as a necessity not a luxury, and families at all income levels spend a greater share of their budgets on transportation today than they did four decades ago.

- Jobs require more education, raising

Outdated Poverty Measure

HOW IT WORKS

The current federal poverty measure was developed in the 1960s and is based on taking the cost of an emergency food diet and multiplying it by three.



expectations on parents to help save and pay for college for their children, and young people are more likely to have education-related debts.

When the official poverty line was first instituted, it was equal to about 50 percent of the typical (median) family of four's income. Public opinion surveys conducted two decades later found that most Americans thought that an income equal to this same proportion of typical income was needed to avoid poverty. Today, however, the federal poverty line is drawn at approximately 28 percent of median income. In other words, to be considered poor today, families must have incomes that fall much farther below mainstream incomes than 40 years ago. Many of the families no longer counted as poor under the official measure are working families in poorly compensated jobs.

A second limitation of the official poverty definition is that it only considers cash income and therefore ignores many critical anti-poverty policies. Families who benefit from tax measures such as the earned income tax credit, which provides a refundable federal income tax credit for low- to moderate-income working individuals, or the Supplemental Nutrition Assistance Program—formerly known as food stamps—are considered no better off than families with the same earnings who do not receive these work supports. This creates the false impression that poverty is intractable and that we'll never make a dent in this problem no matter what public policies we have in place.

The Supplemental Poverty Measure

For the first time, the U.S. Census Bureau this year is releasing the results of an alternative measure known as the Supplemental Poverty Measure, showing data for 2010.[5] The new supplemental measure is based on a framework developed by the nonpartisan National Academy of Sciences and attempts to address several of the shortcomings of the official poverty measure.

Poverty in America—Seniors

- **Poverty among the elderly has fallen dramatically since the 1960s.** In 1959, over one-third of elderly Americans faced poverty. The poverty rate has fallen to 9 percent in 2010.[1]

- **Increases in Social Security benefits have kept more seniors above the poverty line.** Better Social Security benefits in the 1970s as well as increases in real wages allowed higher levels of benefits for seniors. This has kept more seniors out of poverty. Without Social Security, given today's patterns of savings and retirement, 44 percent of seniors would be in poverty.[2]

- **Communities of color, women, unmarried persons, the less educated, and the very elderly suffer from higher poverty rates.** Twenty percent of senior African Americans and Hispanics are in poverty, as opposed to 7.6 percent of whites. Nineteen percent of seniors without a high school education had incomes below the poverty line, compared to only 4.4 percent of those with a college degree. Unmarried seniors had a poverty rate of 15.5 percent compared to married seniors, who only had a poverty rate of 4.9 percent. Among individuals 80 and older, 11.5 percent were in poverty in 2008, compared to 7.5 percent of those between 65 and 69.[3]

- **Skyrocketing health care costs threaten the financial safety of many seniors.** In the past decade, the average cost of a family health insurance policy has doubled, continuing a trend of premium costs increasing far faster than inflation, wages, or Social Security benefits.[4] What's more, out-of-pocket contributions have increased in the form of higher deductibles and co-payments.[5]

1 U.S. Department of Commerce, "Income, Poverty, and Health Insurance Coverage in the United States: 2010" (Washington: Census Bureau, 2011), Table B.2.
2 Congressional Research Service, available at http://assets.opencrs.com/rpts/RL32697_20091002.pdf.
3 Ibid.
4 Kaiser Family Foundation, "Employer Health Benefits 2009 Annual Survey" (2010), available at http://ehbs.kff.org/2009.html?CFID=71586843&CFTOKEN=36402593&jsessionid=60301d605a377344e02b780439547419803e.
5 "Insurance Premiums Still Rising Faster Than Inflation and Wages," Prescriptions Blog, available at http://prescriptions.blogs.nytimes.com/2009/09/15/insurance-premiums-still-rising-faster-than-inflation-and-wages/

It counts as income government supports in the form of housing vouchers, the earned income tax credit, and other work supports, helping to reveal how much those policies are reducing poverty. In addition, it takes into account taxes owed, child support paid, and the cost of child care and certain other work-related expenses that leave families with fewer resources for paying their bills, and acknowledges the importance of housing status on a family budget by setting a lower threshold for homeowners with no mortgage than for renters and mortgage-paying households.

The new measure is not designed to replace the traditional poverty measure or directly affect which families qualify for government assistance or the distribution of program dollars—unless policymakers affirmatively decide otherwise in the future. Instead, like the unemployment rate, which in and of itself does not make a family

Measures that set a higher—but still modest—standard than the federal poverty line and the new Supplemental Poverty Measure

The poverty line, both the official version and the government's new Supplemental Poverty Measure, is a very low standard; even those living thousands of dollars above it experience high rates of hardship. Over time, moreover, the poverty line has slipped further and further behind what most Americans consider necessary to get along in their communities.

To better capture what families really need to get by, researchers, policymakers, and others often use two measures of income adequacy that are above the poverty line and that are designed to rise with rising needs of society. These are: "family budget" standards, such as Wider Opportunities for Women's Basic Economic Security Tables, which price out the costs of a specific list of goods and services that are viewed as necessities; and measures that are tied to a percentage of median income—typically 50 or 60 percent of median income—that are key measures in most other wealthy countries.

Variants of both measures are or have been used by the federal government. Historically, the federal government produced family budget standards for several decades, including before the development of the official poverty line, until the Reagan administration discontinued them. Many local governments and agencies continue to employ one form of family budget, known sometimes as the Self-Sufficiency Standard, to evaluate and design employment and training programs, and guide career planning and set wage levels. Percent-of-median-income measures are currently used to define low-income categories and eligibility in federal public housing and rental assistance programs, and child care assistance programs, among others.

Median-income measures appear to be consistent with changes over time in the public's understanding of the minimum income needed to get by. In surveys that have asked people to estimate the amount of income needed to get along in their community, the average response has generally tracked about 70 percent of after-tax median income.[1] Family budget standards can be designed to reflect different living standards, but often reflect public understanding of the amount of income needed to "get along" or "make ends meet." Half in Ten plans to explore these measures further and may add one or more indicators in future reports.

1 Denton R. Vaughan, Exploring the Use of the Views of the Public to Set Income Poverty Thresholds and Adjust them Over Time, June 1993, updated February 2004.

Poverty in America—Asian Americans

- **In 2010, Asian Americans have a higher poverty rate than non-Hispanic Whites**. Almost 12 percent of Asian Americans live in poverty, higher than the 9.9 percent rate of poverty among non-Hispanic whites.[1]

- **Asian Americans as a group have lower-than-average poverty rates, but several Asian nationalities have higher-than-average rates of poverty.** The poverty rate among Hmongs is 37.8 percent, among Cambodians 29.3 percent, among Laotians 18.5 percent, and among Vietnamese 16.6 percent.[2]

- **Asian American seniors are especially affected by poverty. Asian American seniors age 65 and over suffer from a poverty rate of 12.3 percent.** This is higher than the national average for seniors, which stands at 9.9 percent, and the rate for non-Hispanic whites, which stands at 7.8 percent.[3]

- **The Northeast and Great Lakes regions have especially high rates of Asian American poverty.** New York, Massachusetts, and Pennsylvania have some of the highest poverty rates among Asian Americans in the country, at 15.5 percent, 14.7 percent, and 14.8 percent, respectively. The Northeast is also home to some of the largest Asian American populations in the United States.[4]

1 Bureau of the Census, "Annual Social and Economic Supplement (Table POV01)" (2011).
2 White House Initiative on Asian Americans and Pacific Islanders, available at http://www2.ed.gov/about/inits/list/asian-americans-initiative/criticalissues.html.
3 www.aafederation.org/doc/WorkingButPoor.pdf
4 Ibid.

eligible to receive unemployment benefits but which is sometimes incorporated into programs by policymakers, the new Supplemental Poverty Measure may affect policy by providing policymakers and the public with an aggregate picture of how Americans are faring. This may help prompt a more effective government response.

For these reasons, the Supplemental Poverty Measure is the headline statistic by which we will measure progress in cutting poverty in half between 2010 and 2020. While the new measure provides a somewhat conservative measure of poverty, it improves on the official measure in important respects and will be produced annually by the Census Bureau.

The supplemental measure will give us a better understanding of how public programs help low-income people, but it does not tell us the extent to which low-income families above the poverty line are able to make ends meet. We will detail our choices of additional measures in subsequent chapters of this report.

Poverty and U.S. competitiveness

Too often the debate over how to reduce poverty is separated from the larger discussion about economic security and opportunity for all Americans. Yet with more than 46 million Americans living in poverty, we have a shrinking pool of consumers who can help speed economic recovery and drive long-term economic growth.

These Americans need a hand up to reach and remain in the middle class. Many young Americans live in poverty, which contributes greatly to a national high school graduation rate of only 74.7 percent. This means we are missing out on the talents and creative contributions of millions of young people who could help create the jobs and industries of tomorrow.

Rising poverty is not a trend the United States can afford. Studies show that early and extended exposure to poverty has negative long-term consequences for children.[6] According to the research, children born in poverty have weaker economic prospects. Those raised in poverty begin to fall behind their higher-income peers in cognitive achievement at an early age, and they have a much more difficult time catching up later in life.[7]

Early childhood poverty also leads to a host of physical and mental health problems over the course of childhood into early adulthood—problems that reduce long-term worker productivity and increase health care costs. All else being equal, children growing up in poor families are at greater risk for adolescent and young adult anxiety and depression.[8]

These trends are particularly troubling in light of the elevated child poverty rates during the Great Recession and slow economic recovery. From 2009 to 2010 poverty among children under age 18 increased from 20.7 percent to 22 percent or 16.4 million poor children. And more than a quarter (26 percent) of young children below age 5 lived in poverty last year.[9]

While not all poor children will grow up to be poor, the increased likelihood of low-income children staying in the bottom fifth of income earners as adults undermines our notion of equal opportunity as well as our national economic strength. Efforts to strengthen the overall economy must create pathways for those who are currently left out and are not able to fully participate in the future economic growth of the nation.

Poverty in America—Native Americans

- In 2010, more than half (53.8 percent) of Native American female-headed families with children lived in poverty.[1]

- Poverty rates are higher for Native Americans than for the general U.S. population. For American Indians and Alaskan Natives, 25.9 percent are living under the poverty line, and 12 percent are living at half the poverty level, compared to 11 percent and 4.6 percent, respectively, for white Americans, according to the most recent data from the U.S. Census Bureau between 2005 and 2009.[2]

- More than 1 in 5 American Indians and Alaska Natives lives in a family with no workers. Even before the Great Recession began in late 2007, American Indians and Alaska Natives were more than twice as likely as whites to live in a family with no ties to the workforce, 22 percent compared to 9 percent. [3]

- From the first half of 2007 to the first half of 2010, the American Indian unemployment rate nationally increased 7.7 percentage points to 15.2 percent.[4]

- Between 2005 and 2009, the poverty rate for American Indian families living on reservations was more than three times the rate for the rest of the country.[5]

From the first half of 2007 to the first half of 2010, the American Indian unemployment rate nationally increased 7.7 percentage points to 15.2 percent.

ISTOCKPHOTO.COM

1 National Women Law Center, "Poverty Among Women and Families, 2000-2010: Extreme Poverty Reaches Record Levels As Congress Faces Critical Choices" (2011).
2 American Community Survey, 2005-2009, available at http://factfinder.census.gov/servlet/STTable?_bm=y&-geo_id=01000US&-qr_name=ACS_2009_5YR_G00_S1703&-ds_name=ACS_2009_5YR_G00_.
3 Cara James, Karyn Schwartz, and Julia Berndt, "A Profile of American Indians and Alaska Natives and Their Health Coverage" (Washington: Kaiser Family Foundation, 2009), available at www.kff.org/minorityhealth/upload/7977.pdf.
4 Algernon Austin, "Different Race, Different Recession: American Indian Unemployment in 2010" (Washington: Economic Policy Institute, 2010).
5 Bureau of the Census, "2005-2009 American Community Survey 5-Year Estimates, American FactFinder" (2010), available at http://factfinder.census.gov.

Demographics of poverty ACCORDING TO THE U.S. CENSUS BUREAU IN 2010:

- More white Americans live in poverty than any other group (31.6 million or 13 percent of white Americans.[14]

- A disproportionate number of African Americans and Hispanics fall below the official poverty level. In 2010 African Americans (27.4 percent) and Hispanics (26.6 percent) were more than twice as likely to be poor as white Americans.

- Among those living in deep poverty (below 50 percent of the official poverty level, or $11,157 a year for a family of four), African Americans and Hispanics faced higher rates than the overall population—13.5 percent and 11 percent respectively, compared to 6.7 overall.

- Women experienced a higher rate of poverty (16.2 percent) than men 14 percent.

- 40.3 percent of young people between the ages of 25 to 34 without a high school diploma fell into poverty.[15]

- In 2010 the poverty rate for people aged 18 to 64 with a disability was 27.9 percent, or 4.2 million people.

Government policies at work

- The value of the federal earned income tax credit would reduce the number of children classified as poor in 2010 by 3 million.

- The number of people aged 65 and older in poverty would be higher by almost 14 million if Social Security payments were excluded from money income, quintupling the number of elderly people in poverty.

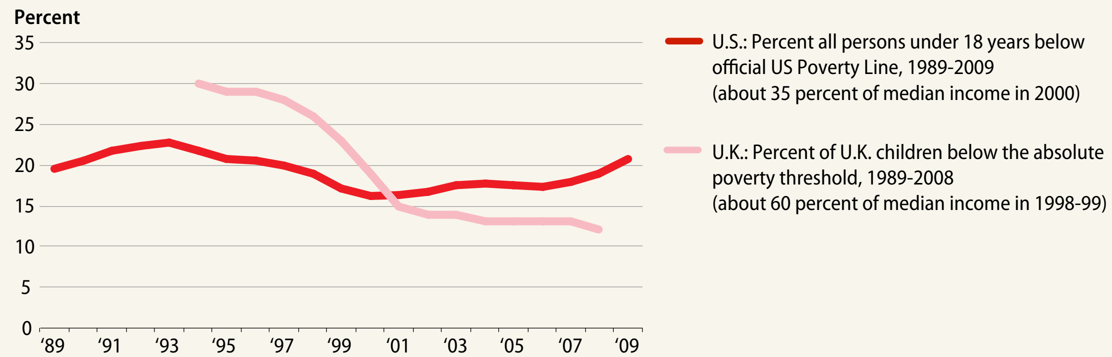
Capitalizing on our nation's diversity

Today the share of Americans under age 18 stands at a low of 24 percent of the population—even as the share of people 65 and older is expected to jump from 13 percent today to roughly 20 percent by 2050.[10] At the same time the country is experiencing dramatic changes in its ethnic makeup. Children of immigrants make up one in four people under age 18 and are now the fastest-growing segment of the nation's youth, an indication that immigrants and minority births are driving the nation's population growth.[11]

Unfortunately, as we experience this new era of diversity, we are also seeing higher rates of child poverty within the communities that represent future population growth in our nation. Of the 27.3 million people added to the U.S. population during the past decade, Hispanics accounted for well more than half of the gains, with Asians making the next largest contribution.[12] Escalating rates of poverty rob the United States of one of its fundamental values: the belief that one can achieve success through hard work and equal opportunity.

Focusing on cutting poverty in half works

THE U.S. AND U.K. ABSOLUTE POVERTY RATE, 1989-2009



Source: Jane Waldfogel's presentation to First Focus Hill Briefing, December 7, 2010

Our growing population and the growing diversity of our population is a source of strength in the international economic arena. Many of our competitors in Europe and Asia are growing older as their populations shrink. We are not.[13] But we need to provide economic opportunities to all Americans if we are to capitalize on these important demographic trends, not least because these future taxpayers will be providing the fiscal resources for our own aging population in the coming decades.

Rising inequality among large segments of our population is also unhealthy for our democracy, both in terms of economic growth and social conflicts. Today, mobility in America is greatly determined by one's family of origin and the community into which one is born. Too often upward mobility is out of reach for millions of people who live in poor communities with limited economic development or employment opportunities.

Without the necessary policy changes to curb the level of unemployment and poverty among racial minority parents, millions more children will grow up in poor families, with the associated emotional and economic consequences of being poor. In 2010 45.5 percent of African American children, 37.6 percent of Latino children, and 15.6 percent of Asian American children under the age of 5 lived in poverty.

These are the children who represent a large share of our economy and our democracy 25 years from now. With America expected to have no racial majority by the year 2050, it is important that we close racial and ethnic disparities for the long-term health of our economy. (see boxes on pages 20 and 26)

International standards

Setting a goal to cut poverty in half in 10 years is not without precedent. In 1999 the United Kingdom set a similar goal to end child poverty in Great Britain within a generation. Over the next 10 years, Prime Ministers Tony Blair and Gordon Brown implemented an ambitious antipoverty agenda, cutting child poverty by more than half if measured in absolute terms as we do in the United States.[17] (see chart on page 25)

Even with the onset of a deep recession, a change in government to a more conservative coalition, and subsequent austerity measures, reducing child poverty remains a national goal in the United Kingdom. Prior to national elections in 2010, all three parties endorsed the commitment to end child poverty, and upon his victory Prime Minister Cameron restated that commitment.

While there are many lessons to draw from the British example, Columbia University professor Jane Waldfogel notes that "the most important implication is that it is possible to make a sizable reduction in child poverty. … if we think that there is nothing government can do to reduce child poverty—defined in American terms—the British example clearly provides strong evidence to the contrary."[18]

Achieving deficit reduction while strengthening the middle class

The protracted 2011 debate over how to raise the federal debt ceiling was a tough blow for struggling Americans. In the end the Budget Control Act of 2011 included cuts to spending that will affect those hit hardest by the Great Recession of 2007–2009 and the subsequent slow recovery.[19] While it is critically necessary to take care of the nation's debt, the price exacted for paying America's bills was a high one, borne disproportionately by the middle class and low-income Americans.

The debt ceiling debate further distracted our elected officials from another crisis: 25 million Americans who can't find or are in need of a full-time job.[20] President Obama last month sent Congress his American Jobs Act,[21] which outlined a comprehensive strategy to create millions of jobs, reduce unemployment, and strengthen our nation's middle class. The plan offered a balanced approach that includes new investments in infrastructure, funds to hire and train some of the nation's critical workforce while also providing support for jobless workers. The plan pays for these investments in our country's future by asking the wealthiest Americans and corporations to pay their fair share.

Poverty in America—The lesbian, gay, bisexual, and transgender populations

- Lesbian women have consistently higher rates of poverty than do heterosexual women. Twenty-four percent of lesbian and bisexual women ages 18 to 44 are living in poverty compared to 19 percent of heterosexual women, according to the National Survey of Family Growth. The same study found that 15 percent of gay men live in poverty compared to 13 percent of heterosexual men.[1]

- Lesbian couples tend to have much higher poverty rates than either heterosexual or gay male couples. Lesbian couples ages 65 or older are twice as likely as heterosexual married couples to live in poverty.[2]

- Children of same-sex couples are about twice as likely to be poor as children of heterosexual married couples. One out of every five children living in same-sex couple families lives in poverty, compared to 1 out of every 10 children in married heterosexual couple families.[3]

- Transgender individuals have high unemployment rates, low incomes, high poverty rates, and high rates of homelessness. While little data is available on the wages of transgender people, between 22 percent and 64 percent of transgender people reported annual earnings of less than $25,000 in sample surveys.[4]

1 The Williams Institute, "Poverty in the Lesbian, Gay, and Bisexual Community" (2009), available at http://www.law.ucla.edu/williamsinstitute/pdf/LGBPovertyReport.pdf.
2 Ibid.
3 Ibid.
4 The Williams Institute, "Bias in the Workplace: Consistent Evidence of Sexual Orientation and Gender Identity Discrimination" (2007), available at http://www.law.ucla.edu/williamsinstitute/publications/Bias in the Workplace.pdf.

Lesbian couples tend to have much higher poverty rates than either heterosexual or gay male couples.

ISTOCKPHOTO.COM

The president then followed up with his larger budget plan, which he wants the bipartisan "super committee" created by the Budget Control Act to consider alongside his jobs plan.[22] The super committee is responsible for coming up with an additional $1.2 trillion to $1.5 trillion in cuts in the next 10 years, with an up-or-down vote in Congress if the committee can agree on a package. The super committee, however, can consider more bold steps to reduce the budget deficit, and create jobs.

Achieving $1.2 trillion or more of deficit reduction without any revenue would force deep cuts in programs such as Medicaid, Social Security, and the Supplemental Nutrition Assistance Program. These debt ceiling cuts would place restrictions on our annual spending bills that will harm the most vulnerable people in our nation. Also at risk are investments in programs that help families get a foothold in the middle class, such as education and training dollars.

Half in Ten strongly agrees that increased tax revenues from corporations and individuals with the greatest ability to pay should be part of any agreement to further reduce the deficit. In the short term, spending cuts alone will not only reduce opportunities and create immediate hardship for low- and middle-income families, but it will also reduce families' purchasing power. When they spend less, it places our fragile economy at still-greater risk.

We also place the middle class at risk. Indeed, we continue to see rising levels of inequality in the United States.

In the long term, the increasing concentration of wealth and income at the very apex of our society restricts struggling middle-class families from investing in their futures. Half in Ten believes we can build a nation of shared prosperity by pursuing a more balanced approach to reducing our deficit while investing in programs to reduce hardship and grow the middle class.

Increasing opportunities: Government policies matter

A dangerous myth that has long permeated our national narrative is that "the poor will always be among us," that is, that there is nothing government can do to systematically reduce poverty. History shows this perception to be false. Between 1964 and 1973, under both Democratic and Republican administrations, the U.S. poverty rate fell by nearly half (43 percent) as a strong economy and effective public policy initiatives expanded the middle class.[23]

Similarly, between 1993 and 2000, shared economic growth combined with policy interventions such as improved access to child care and an enhanced earned income tax credit worked together to cut child poverty from 23 percent to 16 percent.[24] We can do better in the coming decade.

The United States is a "can-do" country. We have a proven ability to set and achieve major collective goals, from sending a man to the moon to saving our country's flailing auto industry to preserve millions of jobs. Most recently, we saw policy interventions that had a big impact on reducing poverty and hardship. The Great Recession provides a case study of policy interventions that worked in keeping people out of poverty and preventing a rise in severe hardship even during the worst economic downturn since the Great Depression.

The American Recovery and Reinvestment Act of 2009 included a boost to the Supplemental Nutrition Assistance Program, which helped struggling families put food on the table and

Vice President Joe Biden looks on as President Barack Obama signs the American Recovery and Reinvestment Act in 2009.

GERALD HERBERT /THE ASSOCIATED PRESS

provided a needed boost to the economy as families spent their checks in local grocery stores, keeping other Americans employed. Before the SNAP boost in the Recovery Act, the number of households struggling against hunger rose dramatically, from 11.1 percent in 2007 to 14.6 percent in 2008.[25] Yet in 2009, a year with record unemployment, the percent of people living in food-insecure households stabilized at 14.7 percent, and with the SNAP improvements still in place there was not a significant increase in 2010.[26]

Measuring our progress

When policymakers set out to tackle a complex problem, they must ask themselves important questions such as:

- What outcome are we trying to accomplish?
- What do the data tell us about how best to achieve that?
- What programs are currently working and where are there gaps or inefficiencies?
- How can we make the best use of limited resources to solve this problem?

This report will track a set of indicators to provide a comprehensive and detailed picture of how well we are doing in moving more families toward prosperity and opportunity. For this chapter on measuring poverty overall, we will use the following measures to gauge how many people fall into poverty, the types of hardships low-income people face, and the impact of government programs:

- Number of people below 50 percent, 100 percent, and 200 percent of the official poverty level
- Number of people who are poor under the Supplemental Income Poverty Measure
- Number of people who were kept above poverty by government supports
- People who are poor due to medical expenses, child care, and work expenses
- Food insecurity

The chapters that follow provide deeper analysis of why improvements in policies to create good jobs, strengthen families, and promote economic security are critical to cutting poverty and expanding the middle class. Each chapter includes specific indicators to measure our progress toward reducing poverty and economic hardship. We turn first to creating good jobs.

Endnotes

1 Carmen DeNavas-Walt, Bernadette D. Proctor, and Jessica C. Smith, Income, Poverty, and Health Insurance Coverage in the United States: 2010 (Department of Commerce, 2011), available at http://www.census.gov/prod/2011pubs/p60-239.pdf.

2 Heather Boushey and others, "Hardships in America: The Real Story of Working Families" (Washington: Economic Policy Institute, 2001), available at http://www.cows.org/pdf/x-hardships-01.pdf.

3 Jeffrey M. Jones, "Public: Family of Four Needs to Earn Average of $52,000 to Get By," Gallup, February, 9, 2007, available at http://www.gallup.com/poll/26467/public-family-four-needs-earn-average-52000-get.aspx

4 *Gordon M. Fisher,* The Development and History of the U.S. Poverty Thresholds — A Brief Overview (*Department of Health and Human Services, 1997), available at* http://aspe.hhs.gov/poverty/papers/hptgssiv.htm.

5 The first release of this alternative set of data was slated for release after this report when to print. For details on the alternative measure, see: Bureau of the Census, Observations from the Interagency Technical Working Group on Developing a Supplemental Poverty Measure (Department of Commerce, 2010), available at http://www.census.gov/hhes/www/poverty/SPM_TWGObservations.pdf.

6 Kristin Anderson Moore and others, "Children in Poverty: Trends, Consequences, and Policy Options" (Washington: Child Trends, 2009), available at http://www.childtrends.org/files/child_trends-2009_04_07_rb_childreninpoverty.pdf. This report provides a comprehensive overview of recent research on the consequences of child poverty.

7 James Heckman, "The Economics of Inequality: The Value of Early Childhood Education" (Washington: American Federation of Teachers, 2011).

8 Jake M. Najman and others, "Family Poverty Over the Early Life Course and Recurrent Adolescent and Young Adult Anxiety and Depression: A Longitudinal Study," American Journal of Public Health 100 (9) (2010): 1719–1723.

9 Bureau of the Census, Annual Social and Economic Supplement (Table POV01) (Department of Commerce, 2010).

10 "Census: Percentage of Children in U.S. Hits Low," The Wall Street Journal, July 13, 2011.

11 Ibid.

12 William H. Frey, "A Pivotal Decade for America's White and Minority Populations" The Brookings Institution, March 25, 2011, available at http://www.brookings.edu/opinions/2011/0325_census_demographics_frey.aspx.

13 Congressional Budget Office, "Global Population Aging in the 21st Century and Its Economic Implications",(2005), available at http://www.cbo.gov/doc.cfm?index=6952.

14 Bureau of the Census, Annual Social and Economic Supplement, table POV01.

15 Ibid., table POV029.

16 DeNavas-Walt, Proctor, and Smith, Income, Poverty, and Health Insurance Coverage in the United States: 2010.

17 Jane Waldfogel, "Tackling Child Poverty & Improving Child Well-Being: Lessons from Britain," December 7, 2010, available at http://www.firstfocus.net/library/presentations/powerpoint-by-jane-waldfogel.

18 Ibid.

19 Michael Linden, "Whatever Else It Does, the Debt Limit Deal Reduces the Deficit," Center for American Progress, August 2, 2011, available at http://www.americanprogress.org/issues/2011/08/deficit_reduction.html.

20 Jacob Goldstein, "25 Million Americans Are Unemployed or Can't Find Full-Time Work," NPR Planet Money, June 3, 2010, available at http://www.npr.org/blogs/money/2011/06/07/136917643/25-million-americans-are-unemployed-or-cant-find-full-time-work.

21 "The American Jobs Act: Fact Sheet," available at http://www.whitehouse.gov/sites/default/files/jobs_act.pdf.

22 Michael Ettlinger and Michael Linden, "President Obama's Plan for Dealing with the Deficit," Center for American Progress, September 19, 2011, available at http://www.americanprogress.org/issues/2011/09/obama_deficit_plan.html.

23 Bureau of the Census, Poverty, Income, and Health Insurance Coverage, 2009 (Department of Commerce, 2010), table B-1, available at http://www.census.gov/prod/2010pubs/p60-238.pdf.

24 Bureau of the Census, Poverty in the United States: 2000 (Deaprtment of Commerce, 2001).

25 Mark Nord, Margaret Andrews, and Steven Carlson, Household Food Security in the United States, 2008 (Department of Agriculture, 2009), available at http://www.ers.usda.gov/Publications/ERR83/ERR83_ReportSummary.pdf.

26 Mark Nord, Household Food Security in the United States, 2009 (Department of Agriculture, 2010).

Indicators

Poverty and hardship

The data in number 1 show the official poverty rate for 2010 at different income levels. The data in number two shows food insecurity in 2010 by various measures. The data in 3a and 3b capture the Supplemental Poverty Measure rate for 2009 and show the impact of government programs. It will be updated later this year for 2010. The data in number 4 on page 33 shows state-by-state poverty rates in 2010. Improving upon all of these measures will indicate how well we are reducing poverty and hardship in our nation.

1 *Percentage of people living below or near the official poverty level (2010)*

	Below 50% of poverty	Below 100% of poverty	Below 200% of poverty
All	6.7	15.1	33.9
Whites (non-Hispanic)	4.3	9.9	25.5
Blacks	13.5	27.4	51.3
Hispanics	10.9	26.6	54.6
Asians	5.8	12.1	28.3
Female	7.1	16.2	35.8
Male	6.2	14.0	31.9
Children ages 0-5	12.2	25.9	47.7
Elderly (over 65)	2.5	9.0	34.6

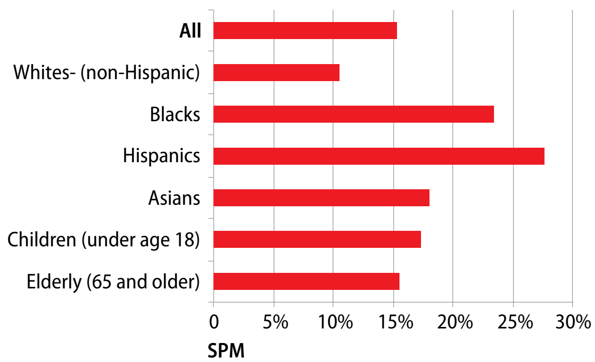
Source: Bureau of the Census, Annual Social and Economic Supplement, Department of Commerce, 2011, (Table POV01). http://www.census.gov/hhes/www/cpstables/032010/pov/new01_000.htm

2 *Food insecurity (2010)*

Food insecure households	14.5%
Low food security households	9.0%
Very low food security households	5.4%
Food insecure household above the national average	
Incomes below the official poverty level	40.0%
With children, headed by a single woman	35.0%
Hispanic	26.2%
African American	25.0%

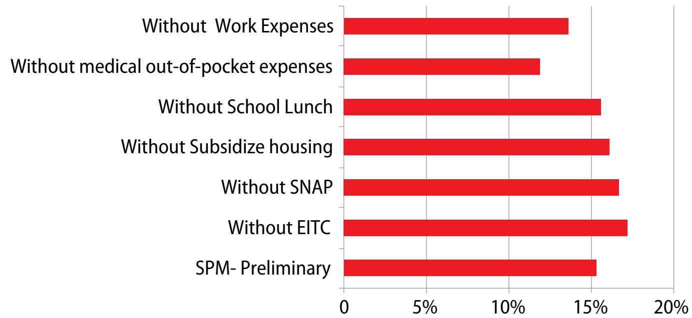
Source: Economic Research Service, Food Security in the United States: Key Statistics and Graphics, Department of Agriculture, 2011. Available at http://www.ers.usda.gov/briefing/foodsecurity/stats_graphs.htm

3a *Percentage of people below poverty by different measures (2009 SPM preliminary)*



Source: Bureau of the Census- Percent of People in Poverty using the Supplemental Poverty Measure: 2009-2010

3b *Effect of Government Programs and Work Expenses (2009 SPM preliminary)*



Source: Bureau of the Census- Individual elements on SPM rates: 2009

4 *Poverty rate by state (2010)*

State	Population	Poverty number	Percent of people in poverty	State	Population	Poverty number	Percent of people in poverty
AL	4,666,970	888,290	19.0	MT	964,509	140,969	14.6
AK	696,822	69,279	9.9	NE	1,776,166	229,923	12.9
AZ	6,272,686	1,094,249	17.4	NV	2,666,662	398,027	14.9
AR	2,839,798	534,898	18.8	NH	1,276,614	105,786	8.3
CA	36,593,372	5,783,043	15.8	NJ	8,626,524	884,789	10.3
CO	4,934,178	659,786	13.4	NM	2,024,716	413,851	20.4
CT	3,466,977	350,145	10.1	NY	18,879,810	2,821,470	14.9
DE	874,321	103,427	11.8	NC	9,304,553	1,627,602	17.5
DC	570,953	109,423	19.2	ND	651,415	84,895	13.0
FL	18,436,788	3,047,343	16.5	OH	11,224,969	1,779,032	15.8
GA	9,446,906	1,688,932	17.9	OK	3,646,849	616,610	16.9
HI	1,326,373	142,185	10.7	OR	3,765,919	596,408	15.8
ID	1,541,860	242,272	15.7	PA	12,298,955	1,648,184	13.4
IL	12,543,457	1,731,711	13.8	RI	1,012,200	142,188	14.0
IN	6,294,417	962,775	15.3	SC	4,493,865	815,755	18.2
IA	2,950,251	370,507	12.6	SD	788,226	113,760	14.4
KS	2,775,355	377,530	13.6	TN	6,195,120	1,095,466	17.7
KY	4,215,643	800,226	19.0	TX	24,652,927	4,414,481	17.9
LA	4,413,890	825,144	18.7	UT	2,730,176	359,242	13.2
ME	1,293,012	167,242	12.9	VT	600,850	76,352	12.7
MD	5,643,821	557,140	9.9	VA	7,780,635	861,969	11.1
MA	6,333,611	725,143	11.4	WA	6,615,922	888,718	13.4
MI	9,656,449	1,618,257	16.8	WV	1,799,960	326,507	18.1
MN	5,189,200	599,516	11.6	WI	5,535,803	731,479	13.2
MS	2,875,594	643,883	22.4	WY	551,120	61,577	11.2
MO	5,817,852	888,570	15.3				

Source: Bureau of the Census, ACS 2010 Data

CHAPTER TWO

More good jobs

The linchpin to expanding the middle class and reducing poverty over the next ten years

By Shawn Fremstad

ISAAC BREKKEN /THE ASSOCIATED PRESS

Over nearly three decades immediately following World War II, poverty in the United States declined sharply. Since then, however, little sustained progress has been made. The poverty rate generally has remained above its 1973 level, with the only bright spot being the late-1990s when the economy was near full employment. But poverty is not an isolated indicator. As we detail in this chapter, the rise and fall in poverty is almost completely explained by three economic factors: unemployment, median earnings, and the distribution of wages between middle-wage and low-wage workers.

The lengthy post-war decline in poverty occurred during an era of broadly shared prosperity. In this period, between 1949 and 1973, unemployment was generally low, income and earnings inequality declined, and incomes increased across the board, with Americans in the bottom half of the income distribution experiencing the largest gains. Economic progress during this period was the product, in large part, of intentional public policy decisions, not merely the private ones of a theoretically autonomous market or "natural" economy left to its own devices.

These decisions included: the GI Bill, which made it possible for millions of World War II veterans to attend college or vocational school; the creation and strengthening of labor market institutions, through measures such as the minimum wage and collective bargaining; sustained and substantial investment in public infrastructure; sensible financial regulation that limited asset bubbles and other abuses; and the creation and expansion of Social Security, Medicare, and Medicaid.

All of this isn't to say that the 1950s and 1960s were a wonderful time for all low-income people and people of color—a time we need to return to—but rather that the kinds of progressive policies that prevailed during this period got us moving in the right direction for nearly three decades by ensuring that people in all income groups shared in economic growth and productivity gains. If we had kept moving in that same direction—if low- and middle-income people had shared in economic growth during the last three decades at the same level as they did in the earlier period—then the United States would be a stronger, more prosperous, and more just nation today, and the poverty rate, at least as currently measured, would be somewhere around zero.

The conservative alternative

When conservatives came to power in the 1980s, they claimed their political philosophy would result in greater economic growth and productivity for the benefit of all Americans. President Ronald Reagan, for example, opened his first Economic Report in 1982, with the assertion that the conservative "reorientation of the role of the federal government in our economy" would mean "more jobs, more opportunity, and more freedom for all Americans."

This reorientation did not deliver on its promises. While the incomes of high-income Americans continued to grow, the incomes of the vast majority barely kept pace with inflation, and the lowest-income Americans lost ground. The poverty rate fell steadily between 1949 and 1973, declining overall all by nearly 75 percent.[1] After the Reagan administration shifted federal policy to the right, poverty increased steadily, and incomes for most Americans fell or remained stagnant in real terms. Poverty fell again during the full employment years of the 1990s—nearly hitting its historical low in 2000, a trend that was catalyzed by the historic expansion of the earned income tax credit in 1993 and the first increases in the minimum wage since the Carter administration.

This trend was reversed again after the George W. Bush administration pushed through massive tax cuts that provided lopsided benefits to the least disadvantaged Americans in 2001 and 2003. In 2007, real median household income, adjusted for inflation, was actually lower than it had been 2000, and the poverty rate was higher.[2] With the onset of the Great Recession, unemployment and poverty have returned to levels last seen during the Reagan administration, and median income has fallen again in real terms.

The American Recovery and Reinvestment Act of 2009 likely staved off a second Great Depression, and moderated the negative impact that increased unemployment, loss of employment-based health insurance, and stagnant wages had on working-class Americans. Now, amid a tepid economic recovery, a new round of vigorous action is needed to create jobs, although it faces considerable resistance from a Tea Party-inspired House of Representatives determined to push the failed radical right-wing alternative again. Understanding the link between more good jobs and falling poverty across America could not be more important today.

In this chapter, we explain why creating more good jobs is a necessary condition to expand the middle class and reduce poverty substantially over the next 10 years. First, we review historical trends in poverty[3] and show how they are explained by trends in unemployment, median earnings, and wage distribution. Next, we examine trends in job quality and low-wage work, and how these trends influence the major employment-related factors—including the decline of unionization and the value of the minimum wage, the retreat from promoting full employment, and the failure to adopt basic standards for work-life balance—that have contributed to the high poverty rate.

Finally we look at the differences between two important occupational categories for adults without college degrees—construction and care work—to learn more about how we might connect these adults to good jobs that already exist in the economy but don't require college, and turn existing low-wage jobs into good ones.

Explaining trends in poverty

Researchers estimated poverty rates for 1949 (the 1950 decennial Census year for the first time asked respondents about their income in the preceding calendar year) by projecting the 1959 official poverty line back using the Consumer Price Index.[4] Using this method they found that the poverty rate in 1949 was 40.5 percent compared to 22.1 percent in 1959. Thus, poverty fell by almost half (45 percent) in the 1950s.

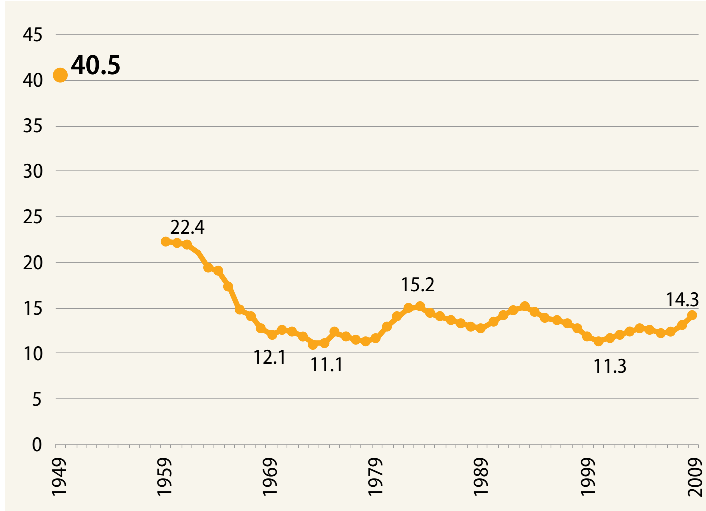
Poverty fell by almost half again between 1959 and 1969, hitting 12.1 percent in 1969, and then a few years later, in 1973, the share of persons below the official poverty line reached the lowest level on record at 11.1 percent. All told, between 1949 and 1973, poverty declined by 72.6 percent. (see Graph 1)

The trend has been less positive since then. Poverty started to climb again during the first Reagan administration reaching a high of 15.2 percent in 1983. It remained elevated until the near-full employment years of the late-1990s brought it back down to 11.3 percent in 2000, just slightly above its historical low in 1973. But poverty rose again during the subsequent recession, without falling much afterwards. The Great Recession sent poverty rates back to rates last seen in the 1980s and 1990s recessions.

Up until the early 1970s, the poverty rate fell as the overall economy grew. Since then, the relationship between poverty and economic growth has weakened. Between 1949 and 1973, the poverty rate fell as our nation's gross domestic product, the largest measure of growth in the economy, increased per capita (per person) in real terms (after accounting for inflation).

Graph 1: Poverty can be reduced

THE U.S. POVERTY RATE: 1949 AND 1959-2009

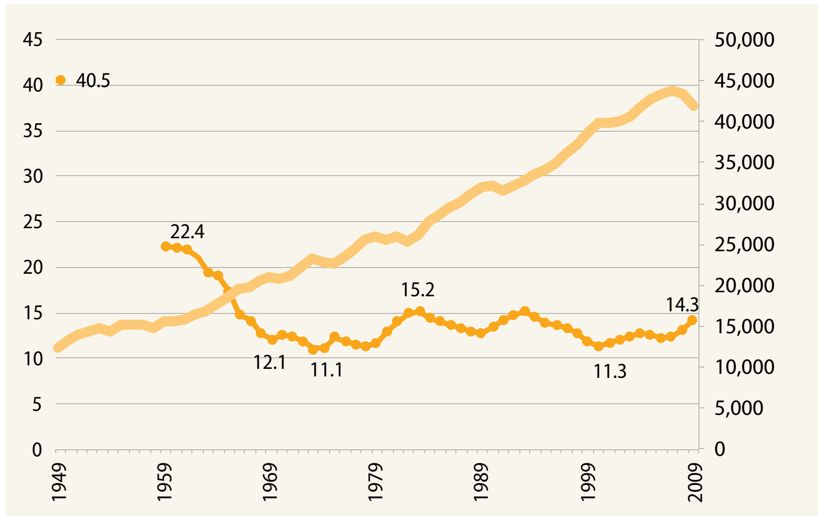


Sources: Census Bureau, Historical Poverty Tables, Table 2. Poverty rate for 1949 is from Christine Ross, Sheldon Danziger, and Eugene Smolensky, The Level and Trend of Poverty in the United States, 1939-1979," Demography 24 (4) (1987): 587-600.

But post-1973 poverty remained relatively flat while real gross domestic product per capita—the broadest measure of economic growth after accounting for inflation, measured per person—continued to climb. Graph 2 shows poverty compared with real GDP per capita between 1959 and 2009. It shows that the poverty rate today—and even before the Great Recession—is higher than it was in 1973.

Graph 2: Poverty fell, flat-lined as our economy grew

U.S. POVERTY RATE AND REAL GDP PER CAPITA, 1949-2009



Sources: Census Bureau, Historical Poverty Tables, Table 2 and Bureau of Economic Analysis.

Economic growth alone no longer explains poverty trends; other macroeconomic factors do, including trends in unemployment, median earnings, and the dispersion between wages of those in the bottom and the middle of wage distributions. Graph 3 shows the relationship in real median earnings for men and the poverty rate between 1959 and 2009. The two trends track each other fairly consistently—increases in median earnings are generally associated with declines in the poverty rate.

The relationship between median earnings and poverty also weakened after 1973. The negative relationship between poverty and median income appears somewhat weaker between 1973 and 2009 than it was in the earlier postwar period.

The trend in median earnings is not the only macroeconomic factor that affects poverty. Unemployment and wage dispersion also play an important role. In the leading recent study, economist Hillary Hoynes and her colleagues at the University of California-Davis found that poverty rates for nonelderly adults between 1967 and 2003 rose with higher unemployment rates, lower real median wages, and increased dispersion between median wages and lower-end (the bottom fifth) wages.[5] Specifically, they found that:

- A 1 percentage point increase in the unemployment rate leads to a 0.5 percentage point increase in the poverty rate.
- A 10 percent increase in the median wage leads to a 1.5 percentage-point decline in the poverty rate.

Hoynes and her colleagues also found that the increase in women's labor force participation had no effect on poverty before 1980, but did have a strong negative correlation with poverty after that.[6]

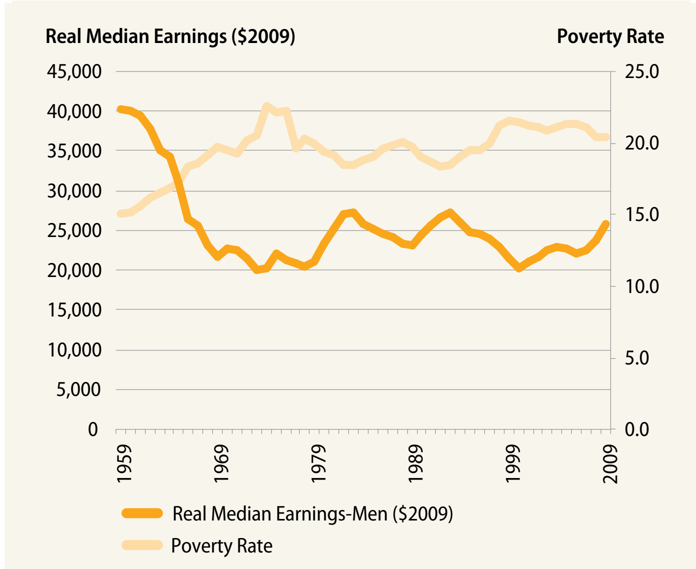
While trends in unemployment clearly have some independent effect on the poverty rate, it is also important to note that there have been increases in poverty even during long-term periods of increased employment. In a study of New York City's poverty rate between 1979-1999, economists Mark Levitan and Susan Wieler found that the percentage of nonelderly persons living in families engaged in work increased, including an increase in those in full-time working families, from 70 percent to 72.6 percent.[7] But they also found that the poverty rate among families with a full-time worker increased considerably, from 5.8 percent to 8.9 percent.

This increased poverty rate among full-time workers offset the more modest decline in poverty attributable to increased employment in New York City, according to the study. They concluded that the growth in earnings inequality in full-time working families played a major role in preventing the aggregate economic growth New York City experienced between 1979 and 1999 from reducing the city's high poverty rate.[8]

Although poverty is often presented as an isolated phenomenon afflicting some "other America" and far removed from the economic concerns faced by the vast majority of

Graph 3: Better paying jobs means lower poverty

U.S. POVERTY RATE AND REAL MEDIAN EARNINGS FOR MEN, 1959-2009



Sources: Census Bureau, Historical Poverty Tables, Table 2 and Table P-53, Wage or Salary Workers by Median Wage and Salary Income and Sex.

Americans, nothing could be further from the truth. The same factors that have taken a toll on America's broad middle class—increased unemployment, stagnant earnings, and increased inequality—have kept us from making the kind of sustained progress on reducing poverty that we made in the decades immediately following World War II. The next section takes a closer look at trends in job quality since 1973.

Trends in job quality and low-wage work since 1973

In addition to the GDP increases, productivity, education levels, and use of new technologies at the workplace have also increased substantially over the last three decades. Consider that:

- Productivity—the amount that workers produce per hour of work—has nearly doubled since 1973. Economists attach enormous importance to productivity growth because it is the main long-run determinant of living standards. In an economy with rapidly rising productivity growth, the population can experience rapid increases in income, or leisure time, or some combination of the two. If the benefits of productivity growth are broadly shared, then the whole society can benefit.[9]

- Education levels—Between 1973 and 2009, the share of Americans age 25 or older who had completed high school increased from 60 percent to 87 percent, and the share who had completed four or more years of college went from 12.6 percent to 30 percent.

- New technologies—In less than a generation, computers have become ubiquitous in the workplace. In the most recent federal survey, nearly 60 percent of all workers age 25 or older now used a computer at work.[10] The percentage has likely increased since this survey was conducted in 2003. Computer use is not limited to workers holding a college or advanced degree. In fact, a majority of the workers who use a computer at work—some 37 million—have less than a four-year college degree.

Given these impressive increases in the basic inputs—labor productivity and human capital—that produce economic growth it would be reasonable to assume that the wages and conditions of workers across the board would have improved considerably over the last few decades. Unfortunately, while workers with already-high wages experienced big gains, those in middle- and low-wage jobs reaped much less.

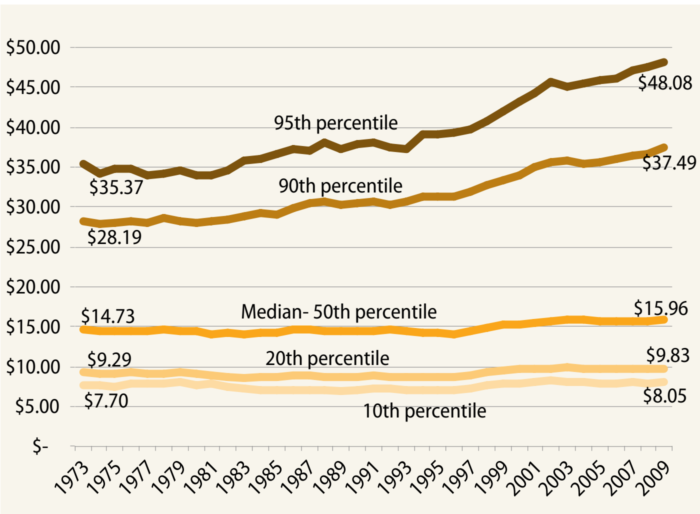
For the typical worker, one in the precise middle of the wage distribution, the hourly wage grew modestly, going from $14.73 in 1973 to $15.96 in 2009, for a raise in real terms (after accounting for inflation) of $1.23 over 36 years, or 8.4 percent. Workers in the bottom fifth of the wage distribution saw even smaller gains—only $0.54 cents or about 5.8 percent over the entire period.

In contrast, those workers in the top tenth saw much larger gains. The gain for workers at the 95th percentile—$12.70 or nearly 36 percent—exceeds the entire wage of all workers in the bottom 30 percent. (see Graph 4)

If the wages for the majority of the work force had risen at the same rate as the wages for the top 10 percent of earners then the typical worker would have earned $19.59 an hour in 2009 rather than $15.96, and a worker in the bottom 10 percent of earners would have earned $10.24 an hour rather than $8.05.

Graph 4: The better paid now get paid even better

U.S. WAGES BY SELECTED WAGE DECILES, 1973-2009



Source: Economic Policy Institute analysis of U.S. Census Bureau, Current Population Survey, Outgoing Rotations Group.

Another approach sets a low-wage standard equal to some percentage of the median wage. One common standard, used by the Organization for Economic Co-operation and Development, comprised of 30 member countries from the developed world including the United States, and many researchers, defines a low-wage job as one that pays less than two-thirds of the median wage. The Russell Sage Foundation recently used this standard for their major comparative study of low-wage work in the United States and Europe.[11]

Using a modified version of this definition, Center for American Progress economist Heather Boushey and others defined a low-wage job as a job that paid below two-thirds of the male median wage or $11.11 or less per hour in 2006.[12] According to this definition, about one out of every three workers—some 44 million—held low-wage jobs in 2006. Looking at the trends in low-wage work by gender, the share of men in low-wage jobs was slightly higher in the mid-2000s than in 1979, while the share of women in low-wage jobs has declined from over half to just over one-third.

Benefits and work conditions

Although wages are generally the largest component of the compensation that workers receive for their labor, other benefits are also part of the mix, including health care and retirement benefits, and paid time off.[13] Table 1 shows the percentage of civilian workers who receive various employment benefits overall and by wage level.[14]

Let's look at each type of nonwage benefit in turn.

Health care benefits

Low-wage workers are much less likely to have employer-provided health care benefits than other workers.[15] Only 27 percent of workers in the bottom quarter of earned income participate in employer-provided health care plans compared to nearly 80 percent or more for workers in the top three quarters of earned income.

Most workers who participate in an employer health care plan pay a portion of the premium themselves. Low-wage workers are more likely to be required to pay a premium than other workers, and pay somewhat more for their coverage, both in absolute dollar terms and as a share of their earnings.

Responding to competitive pressures

SOME COMPANIES TURN TO THEIR WORKERS TO IMPROVE THE BOTTOM LINE

As part of the Russell Sage Foundation's and Rockefeller Foundation's Future of Work Program, nearly 40 leading employment researchers conducted empirical case studies of firms in industries employing large numbers of low-wage workers.[1]

They found that the dominant set of responses among employers to increased competitive pressures had largely negative effects on frontline workers in low-wage industries. These dominant responses included:

- Freezing wages and increasing workloads
- Using contingent workers to cut labor costs
- Subcontracting and outsourcing to cut costs and wages
- Relocating and consolidating functions
- Automating routine tasks
- Using technology to "de-skill" entry-level jobs

But the researchers also documented wide variations in firms' competitive strategies, including various alternative strategies, many of which could have more positive effects on low-wage workers. These included:

- Using work reorganization to increase productivity and reduce turnover
- Training entry-level workers without college degrees for new technology
- Linking entry-level jobs to career ladders

Both unions and regional labor market institutions—partnerships that typically involve employers, unions, and educational institutions—helped explain employers' use of alternative strategies that were more beneficial to low-wage workers.

These alternative strategies typically involve "high-performance work practices," or practices that create value for firms by enhancing worker motivation, human capital, and social capital in positive ways. As Eileen Appelbaum and her colleagues review in a recent synthesis of research on high-performance work practices, "Researchers have documented the impact of high-performance work practices on efficiency outcomes such as worker productivity and equipment reliability; on quality outcomes such as manufacturing quality, customer service, and patient mortality; on financial performance and profitability; and on a broad array of other performance outcomes."[2]

1 Eileen Appelbaum, Annette Bernhardt, and Richard J. Murnane, eds., Low-Wage America: How Employers are Reshaping Opportunity in the Workplace (New York: Russell Sage Foundation, 2003).
2 Eileen Appelbaum, Jody Hoffer Gittell, and Carrie Leana, "High-Performance Work Practices and Sustainable Economic Growth" (Champaign: Employment Policy Research Network, 2011).

Table 1: Breakdown of employer provided benefits

EMPLOYER-PROVIDED BENEFITS BY WAGE QUARTILE AND FOR BOTTOM DECILE

		All	Top quarter	Third quarter	Second quarter	Bottom quarter	Bottom decile
Health care	Access	74%	93%	88%	79%	41%	25%
	Participation	60%	81%	75%	61%	27%	15%
	Percent of participating employees required to pay a premium	77%	73%	76%	80%	82%	84%
	Average flat monthly emplyee contribution	$96.56	$95.34	$94.75	$97.91	$100.68	$101.31
Dental care	Access	47%	66%	58%	48%	21%	13%
	Participation	38%	56%	47%	37%	14%	8%
Retirement	Access	69%	88%	80%	70%	43%	31%
	Participation	55%	81%	68%	54%	24%	12%
Life and disability insurance	Life insurance	60%	82%	73%	63%	27%	14%
	Shot-term disability	36%	49%	44%	36%	17%	13%
	Long-term disability	32%	53%	40%	29%	8%	4%
Paid time off	Paid holidays	76%	80%	90%	84%	54%	37%
	Paid sick leave	67%	87%	80%	70%	35%	22%
	Paid vacations	74%	77%	88%	83%	54%	40%
	Paid personal leave	41%	59%	46%	41%	21%	14%
	Paid family leave	11%	17%	14%	10%	5%	3%
Other	Employee assistance programs	50%	69%	56%	48%	30%	22%
	Wellness programs	34%	50%	39%	32%	18%	12%
	Subsidized commuting	6%	11%	8%	4%	2%	1%
	Flexible workplace	5%	10%	6%	3%	1%	< 0.5%
	Childcare	10%	16%	11%	8%	5%	6%

Source: Bureau of Labor Statistics, National Compensation Survey: Employee Benefits in the United States, March 2010, Tables 2, 9, 10, 12, 17, 33-34, and 38.

Retirement benefits

The federal government runs a nationwide retirement security plan, Social Security, but most people need to supplement this with their own savings or an employer-sponsored pension. For instance, a worker with "low" lifetime earnings (about $18,500 in 2009) who retired at age 65 in 2010, will receive benefits equal to about 55 percent of their past annual earnings, or about $10,200.[16]

There are two basic types of employer-provided retirement benefits: Defined benefit plans and defined contribution plans such as 401(k)s. Defined benefit plans pay a guaranteed benefit upon retirement based on salary and years of service, making them the least risky for workers. When 401(k) plans were initially authorized by the federal government in 1978, they were intended to give workers a savings vehicle to supplement their defined benefit retirement plans. Over time, however, 401(k)s are ended up largely replacing defined benefit plans with no overall gain in the share of Americans with access to employer-provided retirement benefits.[17]

Workers in low-end jobs are less likely to have access to either type of retirement plan. As Table 1 shows, less than half of low-wage workers (here, workers with wages that put them in the bottom quartile of the wage distribution) have access to a retirement plan through their employer. Most low-wage workers with access to a retirement plan have access to a defined-contribution plan (37 percent) rather than a defined-benefit plan (only 10 percent).

Nearly all of the low-wage workers with access to a defined-benefit plan participate in it, while only about half of low-wage workers with access to a defined-contribution plan participate. This low participation rate is due in part to a requirement in about half of the low-wage jobs with defined-contribution plans that employees contribute to their retirement plans.[18] Low-wage jobs are more likely to require employee contributions even though the jobs themselves often pay too little for workers to meet basic living expenses.[19] The upshot: these workers can't put any savings away in retirement plans.

Paid time off and work schedule flexibility

As with other employment-based benefits, workers at the bottom of the wage distribution are much less likely to provide leave with pay for illness, vacations, and holidays. Only about 35 percent of low-wage workers have paid sick leave compared to about 67 percent overall, and 70 percent for moderate-income workers. Similarly, Katherin Ross Phillips of the Urban Institute demonstrates that low-income working parents are much less likely to have any paid leave than parents with incomes over 200 percent of the poverty line, and that among working parents who do have leave, the leave times provided to low-income workers are much shorter.[20]

In addition to these disparities in various employment benefits, most low-wage workers lack the kind of work schedule flexibility enjoyed by higher-wage workers. Most low-wage workers face either "schedule instability" (having a job with an extremely unstable schedule due often to "just-in-time" scheduling by employers) or "schedule rigidity" (schedules that "lack the autonomy afforded to professionals to choose when to take breaks or to shift their working time" in response to family needs).[21] Schedule instability and schedule rigidity impose particular challenges for workers with caregiving obligations.

Considering wages and benefits together: Trends in good and bad jobs

Ideally, we would like to know not only about trends in wages and benefits independently but also when they're considered together. John Schmitt of the Center for Economic and Policy Research has done this by looking at trends in the share of "good" and "bad" jobs. He defines good jobs as ones that pay wages that will produce at least a moderate income for a full-time worker (about $17 per hour in 2006), and also provide health and retirement benefits. Bad jobs are ones that meet none of these three standards.

Schmitt found that about 23 percent of jobs were good jobs in 2006 (before the Great Recession), while 29 percent were bad jobs. The remaining 48 percent fell in-between, meeting only one or two of the three criteria.[22]

The share of good jobs was lower in 2006 than in 1979—again despite overall economic growth and increases in productivity as well as increases in educational attainment and workers' experience levels over this period. Schmitt also found that this is evident across all levels of educational attainment. Although the decline in the share of workers with good jobs is particularly pronounced among those with less than a high school education, it is also found among workers with some college and with a college degree.[23] (See Table 2)

Consistent with Schmitt's findings, economist David Autor documented a sharp polarization in job opportunities over the past two decades.[24] Between 1979 and 2007, the share of both low-skill and high-skill jobs increased while the share of middle-skill jobs declined. Graph 5 summarizes these changes for workers overall and by educational level. (see Graph 5)

Looking ahead, we should be concerned about the continuation of this trend. According to labor projections by the Department of Labor's Bureau of Labor Statistics, about 43 percent of the jobs that will be created in the occupations with the largest projected job growth by 2018 require only short-term on-the-job training.[25] Among them are retail sales, fast food preparation and serving, and waiters and waitressing. Only one of the fast-growing occupations that require short-term training, heavy and tractor-trailer truck driving, pays above-median wages.[26]

This isn't to say that education and training isn't an essential part of a progressive economic agenda. Education has crucial benefits, and substantial numbers of middle-skill jobs will remain in our economy in the coming decades.[27] In addition to increasing economic opportunity, education also appears to have important social and nonmarket benefits, including reducing

Table 2: Good jobs, bad jobs breakdown

EFFECTS OF AGING POPULATION AND EDUCATION UPGRADING ON SHARE OF GOOD JOBS, 1979-2004

Education, Age	1979: Share of total workforce	1979: Share with good job	2004: Share of total workforce	2004: Share with good job
Less than high school, 18-34	8.2	6.5	4.2	1.8
Less than high school, 35-54	8.4	22.0	4.0	6.1
Less than high school, 55-64	3.9	22.9	1.1	8.6
High school, 18-34	19.1	14.9	11.5	6.8
High school, 35-54	13.7	30.2	16.0	20.5
High school, 55-64	4.4	31.3	4.0	22.9
Some college, 18-34	15.8	14.6	12.2	11.0
Some college, 35-54	6.3	37.1	14.0	32.0
Some college, 55-64	1.8	38.6	3.5	32.0
College or more, 18-34	9.3	30.4	9.0	33.3
College or more, 35-54	7.3	52.9	16.2	47.8
College or more, 55-64	1.7	56.0	4.4	48.8
Total (actual)	100.0	24.6	100.0	25.2
Counterfactuals				
1979 pop.; 2004 rates				17.9
2004 pop.; 1979 rates		31.3		
Difference		6.1		-7.3

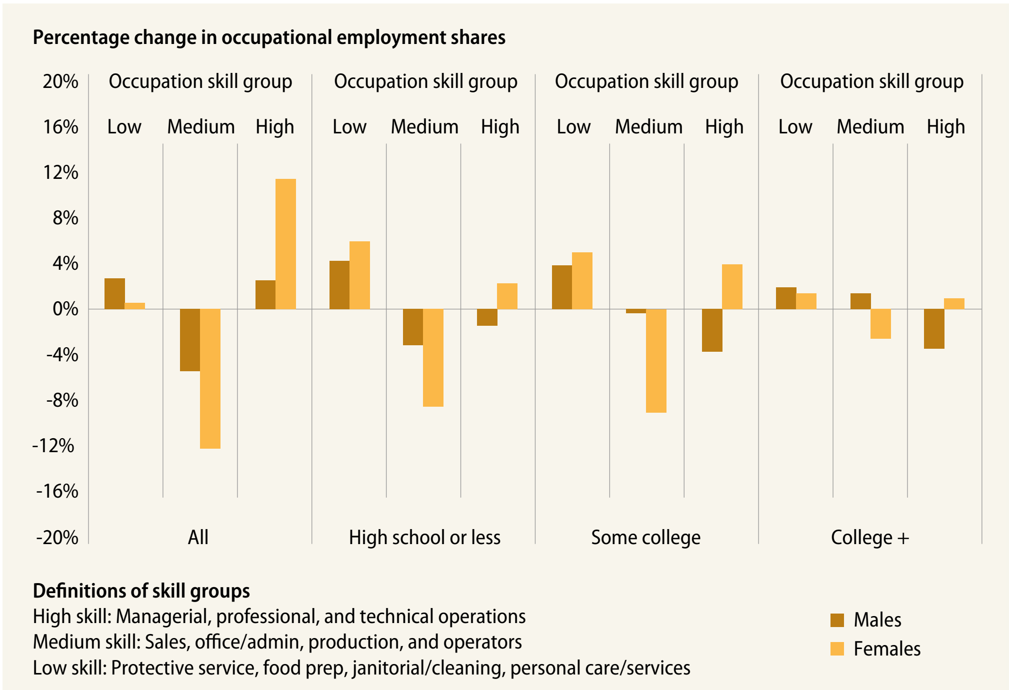
Source: John Schmitt, "The Good, The Bad, and the Ugly: Job Quality in the United States over the Three Most Recent Business Cycles" (Washington: Center for Economic and Policy Research, 2007).

teen pregnancy, increasing the educational attainment of children, improving health, and possibly reducing divorce rates.[28]

While policymakers have focused on increasing the shares of Americans who graduate from high school as well as those who obtain a four-year college degree or beyond, the commitment to job training for middle-skill jobs has waned. Between 1979 and 2007, overall direct expenditures by the federal government on education, training, and employment services fell from 8.8 percent of GDP to 4.3 percent.[29] Massive cuts in expenditures on training and employment ser-

Graph 5: Job skills breakdown

CHANGES IN OCCUPATIONAL EMPLOYMENT SHARES BY EDUCATION AND SEX, 1979-2007



Source: David Autor, "The Polarization of Job Opportunities in the U.S. Labor Market: Implications for Employment and Earnings" (Washington: Center for American Progress, 2010).

vices for adults and youth accounted for nearly the entire decline.

That said, merely continuing to increase high school and college graduation rates while reversing the disinvestment in job training for middle-skills jobs is unlikely to reduce income poverty substantially unless these steps are combined with major economic reforms that increase wages, nonwage benefits, and other components of job quality.

What happened?

Once we've established that the lack of progress on poverty reduction is largely explained by trends in unemployment, median wages, and poor wage dispersion among the bottom half of workers, we need to understand what drove these macroeconomic trends. Four factors are particularly important:

- A decline in unionization

- A decline in the real value of the minimum wage
- A widespread belief, at least before the late 1990s, that an unemployment rate below 6 percent would lead to dangerous levels of inflation
- A failure of the United States—unique among wealthy nations—to adopt basic standards that promote work-life balance

Let's look at each of these trends briefly in turn.

Unionization

In numerical terms, union membership peaked at nearly 21 million workers in 1980. Between 1979 and 2010, the percentage of workers who are covered by a collective bargaining agreement fell by just over 50 percent—going from 27 percent to 13 percent.[30]

Increasing unionization in low-wage occupations would increase compensation for the workers who hold these jobs. In a study of 15 major low-wage occupations, Schmitt and his colleagues find that unionization raised these typically poorly paid workers wages by just over 16 percent—about $1.75 per hour—compared to the wages of nonunion workers, and also increased the likelihood that a worker has employer-provided health insurance or an employer-sponsored retirement plan by 25 percentage points.[31]

Minimum wage

Adjusted for inflation, the value of the minimum wage today ($7.25 per hour) remains below its level at the end of the 1960s ($8.41 per hour) and the end of the 1970s ($8.12 per hour). Since 1980, there have been two long periods (1981-1989 and 1998-2006) in which there was no increase in the nominal value of the minimum wage. Studying trends in the growing wage gap between median earners and earners in the bottom tenth in one of these long periods (the 1980s), David Lee, an economist at Princeton University, concluded that the decline in the real value of the minimum wage accounted for most of the growth in gap over this period. Lee also found this conclusion to be the likely greatest impact on women workers.[32]

Full employment

When the economy is operating at full employment, nearly every worker who wants a job has one. Full employment doesn't mean an unemployment rate of zero—there is always some "frictional" unemployment as workers move between jobs. As economists Jared Bernstein and Dean Baker have shown, for much of the post-1973 period, the unemployment rate has been higher than the rate consistent with full employment.[33] By contrast, in both the 1950s and 1960s, unemployment levels were generally lower and closer to full employment.

Higher unemployment in the post-1973 period was driven in part by the widespread belief among economists and policymakers that an unemployment rate above roughly 6 percent would lead to accelerating levels of inflation.

The Federal Reserve can influence economic growth and employment through its control of interest rates, and in the late 1980s when employment dipped below 6 percent, the Fed raised interest rates sharply, a move that was a major factor of the 1990-1991 recession and pushed the poverty rate back above 15 percent.

In the latter half of the 1990s, the Federal Reserve switched gears and allowed unemployment to fall below 6 percent without raising interest rates—in fact, they even lowered rates in 1995 when unemployment was at 5.7 percent, but the economy was slowing. By 2000, unemployment had dropped to an average rate of 4 percent without much change in inflation.

Today, of course, with unemployment at over 9 percent, we are far from full employment and yet the Fed has little room to maneuver since they have pushed the Federal Funds rate to near zero.

Work-life balance

Among the most important employment trends over the past four decades is the increased role of women in the labor force who are married with children. Mothers are now the primary or co-equal breadwinners in nearly two-thirds of all families and they account for half of all workers on U.S. payrolls.[34] As Columbia University's Jane Waldfogel notes, this increase was accompanied by the implementation of various equal pay and anti-discrimination policies.

But the United States has done much less than most wealthy nations in the area of work-life and family policies.[35] Unlike all other wealthy countries, the United States does not require that employers provide workers with any paid time off, for illness, holiday or vacation (a few cities and states, including California, do require paid leave or time off).[36] The Family and Medical Leave Act of 1993 provides unpaid leave to approximately half the labor force, but it does not address the issue of how workers—especially low- and middle-wage workers who live paycheck to paycheck, can afford to take time off without pay.

Good jobs for low-income adults without a college degree

The vast majority of nonelderly adults living below the poverty line—almost three out of four—have a high school diploma.[37] Roughly one-third have attended at least some college, with one-tenth having a college degree or higher. Reducing the share of these adults who lack a high school degree and increasing the share with a college degree would increase the opportunities they have in the labor market.

Most jobs in the U.S. economy, however, don't require a four-year college degree. So helping low-income adults who have only a high school diploma obtain good jobs—ones that often require more than short-term on-the-job training and/or post-secondary training short of a four-year degree—is crucial to reducing poverty. In addition to overall job creation, this can be done by connecting these adults to good jobs that already exist in the

Fast facts: Transportation and job opportunities

- **The current transportation system does not meet changing workforce demands.** Historically, the majority of jobs in a metropolitan area were located in the central core business district. Today, more people work in the outlying areas than in central cities. By 2006, 45 percent of jobs in our 98 largest metro areas were located more than 10 miles from the urban core.[1]

- **Jobs in car-dependent areas are disproportionately inaccessible to people of color.** Nineteen percent of African Americans and 13.7 percent of Latinos lack access to cars, compared with only 4.6 percent of whites.[2] Households with incomes below $25,000 comprise 65 percent of households without vehicles.[3] Public transit riders save approximately $1,400 in gas per year.[4]

- **Transportation sector provides new opportunities for equitable job growth.** Investments in the transportation sector provide the dual impact of improving access to employment and creating jobs at the same time. More than 14 million jobs—about 11 percent of civilian jobs in our nation—are estimated to be transportation-related.[5] Of the roughly 8 million people employed in the transportation construction industry in 2008, African Americans comprised only 6 percent and women comprised less than 3 percent.[6]

- **The number of transportation construction job openings is growing.** This presents new opportunities for Americans living in poverty to obtain good jobs without displacing current workers.[7] The American Public Transportation Association estimates that 36,000 jobs are created or supported for every $1 billion invested in public transportation, and every $1 invested in public transportation generates almost $4 in economic benefits.[8]

1 Elizabeth Kneebone, "Job Sprawl Revisited: The Changing Geography of Metropolitan Employment" (Washington: Metropolitan Policy Program at Brookings, 2009), available at http://www.brookings.edu/~/media/Files/rc/ reports/2009/0406_job_sprawl_kneebone/20090406_ jobsprawl_kneebone.pdf.

2 Brookings Institution and UC-Berkeley, "Socioeconomic Differences in Household Automobile Ownership Rates," available at http://gsppi.berkeley.edu/faculty/sraphael/berubedeakenraphael.pdf; PolicyLink, "The Transportation Prescription: Bold New Ideas for Healthy, Equitable Transportation Reform in America," available at http://www.convergencepartnership.org/atf/cf/%7B245a9b44-6ded-4abd-a392-ae583809e350%7D/TRANSPORTATIONRX.PDF, p. at 16.

3 Federal Highway Administration, "Our Nation's Travel: 1995 NPTS Early Results Report" (1995).

4 American Public Transportation Association, "Public Transportation: Moving America Forward" (2010), available at http://www.apta.com/resources/reportsandpublications/Documents/APTABrochure_v28%20FINAL.pdf.

5 Transportation Research Board, "The Workforce Challenge: Recruiting, Training, and Retaining Qualified Workers for Transportation and Transit Agencies" (2003), available at http://www.nap.edu/openbook.php?record_id=10764 cited in PolicyLink, "All Aboard: Making Equity and Inclusion Central to Federal Transportation Policy," available at http://www.policylink.org/atf/cf/%7B97C6D565-BB43-406D-A6D5-ECA3BBF35AF0%7D/all_aboard.pdf.

6 U.S. Bureau of Labor Statistics, "Household Data Annual Averages, Table 11: Employed Persons by Detailed Occupation, Sex, Race, and Hispanic Origin" (2008).

7 Todd Swanstrom, "The Road to Good Jobs: Patterns of Employment in the Construction Industry" (St. Louis: Transportation Equity Network, 2008), available at http://www.transportationequity.org/images/stories/Road2GoodJobs-Final.pdf.

8 American Public Transportation Association, Job Impacts of Spending on Public Transportation: An Update" (2009), available at http://www.apta.com/gap/policyresearch/Documents/jobs_impact.pdf.

economy but don't require college, and turning existing low-wage jobs into good ones.

How this might be accomplished can be seen by taking a closer look at two major occupational categories that generally don't require education beyond high school: construction occupations and care work.

Construction occupations

The decline in manufacturing employment in the United States has reduced the number of middle-income jobs that don't require post-secondary education. Construction remains an important source of middle-skill, middle-wage jobs, one that, unlike many manufacturing jobs, is not likely to be "offshored" any time soon. Construction jobs generally require moderate- or long-term on-the-job training rather than a college degree.[38] In most of the largest construction occupations, the vast majority of workers have no education beyond high school.

The typical construction worker earns just slightly less than the median worker across all occupations. Several construction occupations pay the typical worker in them substantially more than the national median. Operating engineers and other construction equipment operators, for example, typically earn about 15 percent more than a worker at the median across all occupations.[39]

Although construction remains a middle-wage occupation, wages have fallen substantially over the last several decades. Average real wages for construction workers were 17 percent lower in 2006 than in 1973.[40]

About 14 percent of construction workers are union members. Their wages are substantially higher than the wages of nonunionized construction workers, and they are more likely to have health insurance and retirement benefits. In 2005, construction workers who were union members earned $22.20 per hour on average compared to $14.35 for nonunion construction workers.[41]

Although manufacturing jobs have declined steadily over the last several decades (from 28.4 percent to 10.4 percent), the share of jobs in the construction industry is roughly the same as it was in 1960. Among construction occupations, the largest projected growth is for construction laborers (256,000 jobs, a 20 percent increase). Although not a medium-wage job, it typically pays better than nearly all of the other high-growth occupations that require some training but less than a college degree.[42]

While the outlook for construction jobs over the next decade is good, workers in these occupations have been hit harder than most workers by the Great Recession and the still lingering housing construction crisis.[43] After peaking in 2007 at 7.5 million employees, construction employment declined by 2 million employees. The current level is the lowest since 1998. Of the more than 8 million jobs lost between December 2007 and December 2009, one out of every five was in the construction industry.[44]

Table 3: BLS, CPS tables, annual averages

Household data, 2010

	Median earnings as a ratio of median earnings for all occupations	Number of full-time wage and salary workers
Nursing, psychiatric, and home health aides	58%	1,329
Personal and home care aides	54%	499
Child care workers	54%	388

Source: BLS, Employment and Earnings, January 2011, Table 39, Current Population Survey.

Care work

Some 4.15 million workers are employed in four major care occupations—child care workers, nursing aides, personal and home care aides, and home health aides. Like most construction occupations, these jobs generally do not require a four-year college degree (although workers in the care occupations are generally more likely to have some college or a college degree).

In contrast to construction work, the care occupations generally pay much less than median earnings. Table 3 shows all of the major care occupations pay under 60 percent of median earnings.

The equity issues in care work occupations are basically the reverse of those in construction. The workforce is almost exclusively female, and African Americans are considerably overrepresented in these low-paying occupations—particularly in nursing and home health occupations, where they are employed at three times their rate in the overall work force.[46]

All four of the major care occupations are on the Bureau of Labor Statistics' list of the occupations with the largest projected job growth by 2018. Overall, the four care occupations are projected to grow by nearly 1.3 million jobs between 2008 and 2018, a 28 percent increase.[47]

Just as government pays an important role in the construction industry through its funding of public infrastructure projects, it also subsidizes much of the care provided by workers in care occupations. Medicare and Medicaid pay for services provided by nurse's aides, home health aides, and personal- and home-care aides.[48] Various federal and state child care funding streams as well as tax benefits subsidize the parents' purchase of child care.[49]

The importance of labor market inclusion and equity

While the conventional wisdom that poverty is almost exclusively due to single mothers with numerous children is incorrect—about 46 percent of nonelderly adults living below the poverty line are men[50]—women are still disproportionately poor. The single best way to track gender equity in the labor market is by the ratio of female-to-male earnings. Women's weekly earnings are currently 81.2 percent of men's, and there has been little progress in narrowing this gap in recent years.[51]

Another major equity issue involves the employment and earnings of people with disabilities. In 2010, the employment rate of people with disabilities 18.6 percent was one-third that of people with no disabilities 63.5 percent. People with disabilities account for a larger share of working-age adults living below the poverty line than other major demographic group with a heightened risk of poverty, including African Americans, Latinos, and single-mother households.[52] Poverty among people with disabilities is driven by a combination of labor market exclusion and inadequate social insurance.

Young adults in general are also much more likely to live below the poverty line than other adults. While poverty is a transitory phenomenon for many young people as they obtain an education or initial work experience, a significant share of young people are neither working or in school, and at heightened risk of economic security throughout their lives. In 2010, about 15 percent of youth ages 16 to 24 were not in work or enrolled in school.

Finally, it is important to note the extraordinary impact that the excessively punitive criminal justice system in the United States has on the labor market. The United States incarcerates a larger share of its people than any other country in the world. Federal, state, and local governments in the United States currently hold about 2.3 million people in prisons and jails, and supervise another 5.1 million people on parole or probation.[53]

John Schmitt and Kris Warner conservatively estimate the United States had between 12 million and 14 million ex-offenders of working age in 2008. A prison record or felony conviction greatly lowers ex-offenders' prospects in the labor market. Schmitt and Warner calculate that the large population of ex-offenders' lowered the total male employment rate that year by 1.5 to 1.7 percentage points. In GDP terms, these reductions in employment cost the U.S. economy between $57 billion and $65 billion in lost output.[54]

Innovative job training program in health care

Health care is one of the largest and fastest-growing industries in the United States. As our elderly population grows, the need for health care is also expected to increase—and with it the need for trained care workers. Between 2008 and 2018, health care is estimated to generate 3.2 million new jobs—more than any other industry.[1] The health care services industry is now poised to create employment opportunities for millions of Americans, and these much-needed jobs have the potential to lift many families out of poverty.

Partners HealthCare, a nonprofit health care system in Massachusetts, boasts an initiative to meet the need for qualified health care workers for its facilities and to provide important employment opportunities for local community residents interested in health care careers.[2] For 11 years, the Partners HealthCare Training and Employment Program has worked with several partner organizations to prepare low-income adults, many of whom are single mothers, for family-sustaining jobs at Partners hospitals. The program operates a free, full-time six-week program that includes 3.5 weeks of classroom instruction, a 2.5 week internship placement, and job search assistance, helping program participants find entry-level openings as laboratory aides, operating room assistants, and more.

Program participants learn medical terminology, communication, and customer service skills, and receive career counseling that includes resume guidance and interviewing preparation. Collaboration with government and nonprofit partners is part of what makes Partners HealthCare Training and Employment Program successful. The program works with the Massachusetts Department of Transitional Assistance to reach out to eligible clients who might be interested in health care work, as well as the Jewish Vocational Service, which assists in the assessment of potential participants and manages the direct instruction component of the program.

Project HOPE, a multiservice agency in Boston that provides assistance to low-income women with children, is also involved with Partners HealthCare Training and Employment Program outreach and assessment and provides case-management for participants during and one year after the program. These partnerships strengthen the capacity of the program to provide services and have enabled the program to serve more than 275 individuals since its inception.

The Partners HealthCare Training and Employment Program offers a model for effective collaboration between government agencies, health care providers, and community-based organizations to introduce low-income adults to a growing field.

1 Bureau of Labor Statistics, "Career Guide to Industries, 2010-11 Edition, Healthcare," available at http://www.bls.gov/oco/cg/cgs035.htm.
2 HealthCare Training and Employment Program, Partners HealthCare, available at http://www.partners.org/Community/Health-Care-Workforce/Partners-HealthCare-Training-and-Employment-Program.aspx.

Measuring our progress

Over this decade, Half in Ten will track eight indicators related to good jobs. Three of these indicators focus on educational attainment or participation of individuals:

- High school graduation
- Post-secondary education
- The share of young people (16-24) who are either working or in school

Four of the indicators focus on employment and job quality. They include:

- Employment
- Median wages
- The percentage of low-wage workers with paid sick leave
- The share of low-wage workers with employer-sponsored retirement benefits

The final indicator policymakers need to grasp the importance of good jobs to reducing poverty is:

- The gap between wage for women and men

Armed with these measures, policymakers can make the decisions necessary about creating good jobs to boost and broaden middle-class prosperity. But as our next chapter demonstrates, good jobs alone will not do the trick. Also needed are strong families and communities.

Endnotes

1 U.S. Census Bureau, Historical Poverty Tables, People, Table 2, available at http://www.census.gov/hhes/www/poverty/data/historical/people.html. Poverty rate for 1949 is from Christine Ross, Sheldon Danziger, and Eugene Smolensky, "The Level and Trend of Poverty in the United States, 1939-1979," Demography 24 (4) (1987): 587-600.

2 Elise Gould and Heidi Shierholz, "A Lost Decade: Poverty and Income Trends Paint a Bleak Picture for Working Families" (Washington: Economic Policy Institute, 2010).

3 In discussions of poverty trends in this essay we generally use the official poverty measure. Historical trend data for the SPM is not available and the research we cite on the relationship between the macroeconomy and poverty generally uses the official federal poverty measure. However, for the single-year estimates of the demographics of poverty, we use a version of the SPM calculated using the Census Bureau's Current Population Survey, or CPS, Table Creator II.

4 Ross, Danziger, and Smolensky, "The Level and Trend of Poverty in the United States, 1939-1979."

5 Hillary W. Hoynes, Marianne E. Page, and Ann Huff Stevens, "Poverty in America: Trends and Explanations," The Journal of Economic Perspectives 20 (1) (2006): 47-68. For similar results, see Kevin Lang, Poverty and Discrimination (Princeton: Princeton University Press, 2007). Researchers have also examined trends in California and New York City. Page and Stevens, looking the increase in California's poverty rate between 1977 and 2004, found that most of the increase was attributable to an increase in wage inequality. Three factors—wage inequality, unemployment, and median wage trends—explained about two-thirds of the increase in poverty. Marianne E. Page and Ann Huff Stevens, "Understanding the Relation between Labor Market Opportunity and Poverty Rates in California" (Report Prepared for California Department of Social Services, 2005). Similarly, Mark K. Levitan and Susan C. Wieler found that increased poverty in New York City between 1966-1999 was largely due to the growth in income inequality. Mark K. Levitan and Susan S. Wieler, "Poverty in New York City, 1969-99: The Influence of Demographic Change, Income Growth, and Income Inequality, Federal Reserve Bank of New York," Economic Policy Review (2008): 13-30.

6 Hoynes, Page, and Stevens, "Poverty in America" (2006).

7 Levitan and Wieler, "Poverty in New York City, 1969-99."

8 Their study also examined demographic changes, including increases in the share of households headed by women and people of color, and found that the impact of these changes on poverty was "dwarf[ed by the] … dramatic increase in income inequality driven by a widening disparity in wage rates."

9 For more on recent trends in productivity growth in the U.S. and other OECD countries since 1980, see Dean Baker and David Rosnick, "Usable Productivity" Growth in the United States: An International Comparison, 1980-2005" (Washington: Center for Economic and Policy Research, 2007).

10 Bureau of Labor Statistics, Computer and Internet Use at Work in 2003, Table A.

11 Low Wage Work in the Wealthy World, Jèrôme Gautié and John Schmitt, eds., 2010. The researchers found that in 2005, about one-quarter of U.S. workers were in low-wage jobs, a higher percentage than any of the five other nations in the study. At the low end, only about 8.5 percent of workers in Denmark and 11 percent in France held low-wage jobs, p. 37.

12 Heather Boushey and others, "Understanding Low-Wage Work in the United States" (Washington: Center for Economic Policy and Research, 2007).

13 There are also other important, but less quantifiable elements that affect overall job quality. As Beth Shulman noted of low-wage work: "Inadequate wages are only the beginning. Low-wage jobs also mean few or no benefits, rigid schedules, late-night shifts, unsafe and unhealthy conditions, and lack of respect." Beth Shulman, The Betrayal of Work (New York: The New Press, 2003), p. 25.

14 Civilian employment includes private industry workers and state and local government employees, and excludes workers in agricultural establishments, private households and the self-employed.

15 Health insurance coverage rates—including both private and public source of coverage—declined for all nonelderly workers between 1979 and 2008—from about 93.5 percent in 1979 to 83.3 percent in 2008. Although there have been expansion of public sources of coverage for low-income children and some adults during this period, the percentage of low-wage workers without coverage from any source more than doubled over this same period, reaching nearly 38 percent in 2008. John Schmitt and Hye Jin Rho, "Health Insurance Coverage Rates for U.S. Workers, 1979-2008" (WashingtonL Center for Economic and Policy Research, 2010). Passage of the Affordable Care Act will increase coverage generally, including among low-wage workers.

16 For someone who retired in 2010 at age 65 with a lifetime of earnings in the middle of the income distribution, Social Security would replace about 41 percent of their past annual earnings. National Academy of Social Insurance, "Social Security Benefits, Finances, and Policy Options: A Primer" (2011).

17 For more on 401(k) plans, see Rowland Davis, Nayla Kazzi, and David Madland, "The Promise and Peril of a Model 401(k) Plan" (Washington: Center for American Progress Action Fund, 2010).

18 Bureau of Labor Statistics, "National Compensation Survey: Employee Benefits in the United States" (2010), Table 8.

19 A related factor depressing participation is the requirement that employees "opt in" to defined contribution plans. Research suggests that participation could be increased by automatic enrollment of new workers.

20 Katherin Ross Phillips, "Getting Time Off: Access to Leave Among Working Parents" (Washington: Urban Institute, 2004).

21 See Joan C. Williams and Penelope Huang, "Improving Work-Life Fit in Hourly Jobs: An Underutilized Cost-Cutting Strategy in a Globalized World" (San Francisco: The Center for WorkLife Law, 2011); and Joan C. Williams and Heather Boushey, "The Three Faces of Work-Family Conflict: The Poor, the Professionals, and the Missing Middle" (Washington: Center for WorkLife Law and Center for American Progress, 2010).

22 John Schmitt, "The Good, The Bad, and the Ugly: Job Quality in the United States over the Three Most Recent Business Cycles" (Washington: Center for Economic and Policy Research, 2007).

23 John Schmitt, "How Good is the Economy at Creating Good Jobs?" (Washington: Center for Economic and Policy Research, 2005).

24 David Autor, "The Polarization of Job Opportunities in the U.S. Labor Market: Implications for Employment and Earnings" (Washington: Center for American Progress, 2010).

25 CEPR calculation from Bureau of Labor Statistics, "Employment Projections Program, Table 1.4, Occupations with Largest Job Growth, 2008 and projected 2018."

26 Bureau of Labor Statistics, "Employment Projections Program, Table 1.4."

27 On this point, see Harry Holzer and Robert Lerman, "America's Forgotten Middle-Skill Jobs: Education and Training Requirements in the Next Decade and Beyond" (Washington: The Workforce Alliance [now National Skills Coalition], 2007); and Harry Holzer and Robert Lerman, "The Future of Middle-Skill Jobs" (Washington: Brookings Center on Children and Families, 2009).

28 On the nonmarket benefits of education, see Barbara L. Wolfe and Robert H. Haveman, "Social and Nonmarket Benefits from Education in an Advanced Economy." In Education in the 21st Century: Meeting the Challenges of a Changing World (Boston: Federal Reserve Bank of Boston, 2002), available at http://www.bos.frb.org/economic/conf/conf47/conf47g.pdf. See also Sondra Beverly and Michael Sherraden, "Human Capital and Social Work" Working paper no. 97 (St. Louis: Center for Social Development, 1997).

29 Shawn Fremstad and Heather Boushey, "The (Mis)Measure of Prosperity: Morning in America and the Decline of the Social Wage," New Labor Forum 19 (1) (2010): 54.

30 Barry T. Hirsch and David A. Macpherson, Table 1 on Union Membership, Coverage, Density, and Employment Among All Wage and Salary Workers, available at www.unionstats.com.

31 John Schmitt, Margy Waller, Shawn Fremstad, Ben Zipperer, "Unions and Upward Mobility for Low-Wage Workers," Working USA 11 (2008): 337-348.

32 David S. Lee, "Wage Inequality in the United States During the 1980s: Rising Dispersion or Falling Minimum Wage," Quarterly Journal of Economics 114 (3) (1999): 977-1023.

33 Jared Bernstein and Dean Baker, "The Benefits of Full Employment: When Markets Work for People" (Washington: Economic Policy Institute 2003).

34 Heather Boushey, "The New Breadwinners." In Heather Boushey and Ann O'Leary, eds., The Shriver Report: A Women's Nation Changes Everything (Washington: Center for American Progress, 2009).

35 Jane Waldfogel, "Understanding the 'Family Gap' in Pay for Women with Children," Journal of Economic Perspectives 12 (1) (1998: 137-156.

36 For a comparison of paid sick day and paid sick leave policies in wealthy nations, see Jody Heymann and others, "Contagion Nation: A Comparison of Paid Sick Day Policies in 22 Countries" (Washington: Center for Economic and Policy Research, 2009). For a comparison of parental leave policies, see Rebecca Ray, Janet C. Gornick, and John Schmitt, "Parental Leave Policies in 21 Countries: Assessing Generosity and Gender Equality" (Washington: Center for Economic and Policy Research, 2008).

37 Author's analysis of Current Population Survey, March Supplement using CPS Table Creator II.

38 This is based on the Bureau of Labor Statistics' classification of occupations in one of 11 categories by the "most significant source of education or training." Jobs requiring moderate on-the-job training are ones in which the skills needed to become fully qualified can be acquired during 1 to 12 months of combined on-the-job experience and informal training. Jobs requiring long-term on-the-job training are ones that require more than 12 months of on-the-job training or combined work experience and formal classroom instruction. Long-term OJT includes apprenticeships that may last up to five years as well intensive occupation-specific, employer-sponsored programs that workers most complete. See Bureau of Labor Statistics, "Occupational Projections and Training Data, 2008-2009 Edition" (2008), p. 42.

39 Bureau of Labor Statistics, "Employment and Earnings" (2011), Table 39.

40 Construction Chart Book, Chapter 22.

41 Construction Chart Book, Chapter 24.

42 Bureau of Labor Statistics, "Employment Projections Program, Table 1.4."

43 See Adam Hadi, "Construction Employment Peaks Before the Recession and Falls Sharply Throughout It," Monthly Labor Review, April 2011.

44 Ibid.

45 Ibid.

46 For more on the demographics of the direct-care and child-care workforces, see PHI, "Who Are Direct-Care Workers?" (2011), and Kristen Smith and Reagan Baughman, "Low Wages Prevalent in Direct Care and Child Care Workforce" (Durham: Carsey Institute, University of New Hampshire, 2007).

47 CEPR calculation from BLS Table 1.4.

48 The federal Direct Care Job Quality Improvement Act would extend wage and overtime protections to home care workers who are currently denied these protections under a Nixon-era rule, establish data collection and reporting requirements to monitor the direct care workforce, and provide grants to states to expand and support recruiting, training, and retaining an adequate supply of direct care workers. For information on state and local policy initiatives to improve wages and benefits for direct care workers, see Dorie Seavey and Vera Salter, "Paying for Quality Care: State and Local Strategies for Improving Wages and Benefits for Personal Care Assistants" (PHI and AARP Public Policy Institute, 2006); and PHI and Direct Care Workers Association of North Carolina, "The 2007 National Survey of State Initiatives on the Direct-Care Workforce" (2009).

49 For information on federal and state policy initiatives that aim at increasing compensation of child care workers, see Center for the Study of Child Care Employment, "Compensation Initiatives for the Early Care and Education Workforce: A Chart of Current Activities at the National, State, and Local Levels" (2009).

50 Author's analysis of Current Population Survey using Census Table Creator II. Most nonelderly adult women with incomes below the poverty line—about 55 percent of them—do not have children. And about one-quarter of nonelderly women below the poverty line are married (with a spouse present) and another 4 percent are widowed. The number of married women living in poverty (with or without children) is greater than the number of single mothers living in poverty.

51 Institute for Women's Policy Research, "The Gender Wage Gap: 2010" (2011).

52 Gina Livermore, "Poverty and Hardship Among Working-Age People with Disabilities," Presentation for Disabilty and Poverty: What is the Connection and What Should We Do About It?, December 3, 2009, Mathematica Policy Institute, available at http://www.disabilitypolicyresearch.org/Forums/20091203/livermore.pdf. See also Shawn Fremstad, "Half in Ten: Why Taking Disability into Account is Essential to Reducing Income Poverty and Expanding Economic Inclusion" (Washington: Center for Economic and Policy Research, 2009).

53 John Schmitt and Kris Warner, "Ex-offenders and the Labor Market" (Washington: Center for Economic and Policy Research, 2010). Data on prison and jail inmates for 2008 from Sabol, West, and Cooper (2009). Data for probation and parole for 2008 from Glaze and Bonczar (2009).

54 Ibid.

Indicators

Summary

Boosting job preparation, employment and good jobs is a key way to help workers rise into the middle class.

	Job preparation	
1a	High school graduation rate	74.7%
1b	Youth not in work or school, ages 16 to 24	14.9%
1c	25 to 34-year-olds with associate's degrees or higher	37.5%
	Full employment	
2a	Unemployment rate, overall	9.6%
	Unemployment rate, Asian	7.5%
	Unemployment rate, Black	16.0%
	Unemployment rate, Hispanic/Latino	12.5%
	Unemployment rate, White	8.7%
2b	Unemployment rate, no college degree	10.7%
2c	Employment rate of people with disability	18.6%
	Good jobs	
3a	Median weekly earning of workers in service occupations	$479
3b	Workers in bottom quartile with paid sick leave	35%
3c	Workers in bottom quartile with retirement benefits	43%
3d	Full-time year median earnings by sex	78.6%

High school graduation

Increasing the number of students who graduate high school is a critical component of long-term poverty reduction.

1a

U.S. LEVEL

High school graduation rates

BY SCHOOL YEAR (%)

School year	%
1994-1995	71.8
1995-1996	71.0
1996-1997	71.3
1997-1998	71.3
1998-1999	71.1
1999-2000	71.7
2000-2001	71.7
2001-2002	72.6
2002-2003	73.9
2003-2004	74.3
2004-2005	74.7
2005-2006	73.4
2006-2007	73.9
2007-2008	74.7

Notes: These are averaged freshman graduation rates for US public secondary schools only.

Source: NCES (2011)

STATE LEVEL

High school freshman graduation rates for the 2007-2008 school year

BY STATE (%)

State	%	State	%
AL	69.0	MT	82.0
AK	69.1	NE	83.8
AZ	70.7	NV	51.3
AR	76.4	NH	83.3
CA	71.2	NJ	84.6
CO	75.4	NM	66.8
CT	82.2	NY	70.9
DE	72.1	NC	72.8
DC	56.0	ND	83.8
FL	66.9	OH	79.0
GA	65.4	OK	78.0
HI	76.0	OR	76.7
ID	80.1	PA	82.7
IL	80.4	RI	76.4
IN	74.1	SC	61.9
IA	86.4	SD	84.4
KS	79.0	TN	74.9
KY	74.4	TX	73.1
LA	63.5	UT	74.3
ME	79.1	VT	89.3
MD	80.4	VA	77.0
MA	81.5	WA	71.9
MI	76.3	WV	77.3
MN	86.4	WI	89.6
MS	63.9	WY	76.0
MO	82.4	**U.S.**	**74.7**

Notes: Notes: These are averaged freshman graduation rates for US public secondary schools only.

Source: NCES (2011)

Disconnected youth

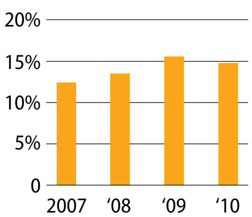
Increasing the number of youth who are in school or in the workforce will improve their earning potential later in life.

1b

U.S. LEVEL

Youth not in work or enrolled in school, ages 16 to 24

BY YEAR (%)



Source: BLS Labor Force Statistics

STATE LEVEL

Youth not in work or education, ages 16 to 19

BY STATE, 2009 (%)

State	%	State	%
AL	10	MT	11
AK	12	NE	6
AZ	11	NV	13
AR	10	NH	5
CA	8	NJ	7
CO	8	NM	11
CT	6	NY	8
DE	8	NC	10
DC	10	ND	7
FL	11	OH	7
GA	12	OK	9
HI	12	OR	9
ID	9	PA	8
IL	9	RI	8
IN	9	SC	10
IA	6	SD	7
KS	7	TN	10
KY	10	TX	10
LA	11	UT	9
ME	7	VT	7
MD	8	VA	7
MA	6	WA	9
MI	9	WV	15
MN	6	WI	6
MS	12	WY	9
MO	9	**U.S.**	**9**

Source: Kids Count Data Center

Higher education

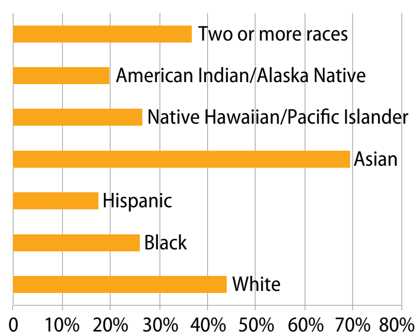
Increasing the number of young adults with higher education will increase earnings.

1c

U.S. LEVEL

Share of 25 to 34-year-olds with associate's degree or higher during 2006-2008

BY RACE/ETHNICITY



Source: United States Education Dashboard

STATE LEVEL

Share of 25 to 34-year-olds with an associate's degree or higher during 2006-2008 BY STATE (%)

State	%	State	%
AL	30.2	MT	37.5
AK	30.4	NE	43.4
AZ	31.6	NV	27.4
AR	27.0	NH	43.9
CA	35.6	NJ	45.2
CO	41.0	NM	29.0
CT	46.0	NY	47.3
DE	39.2	NC	36.1
DC	63.6	ND	48.9
FL	35.4	OH	36.2
GA	33.8	OK	30.3
HI	40.3	OR	35.4
ID	33.5	PA	42.4
IL	42.3	RI	42.1
IN	35.0	SC	33.7
IA	45.0	SD	42.0
KS	41.4	TN	30.6
KY	30.6	TX	30.4
LA	28.6	UT	38.2
ME	36.4	VT	42.3
MD	44.9	VA	41.9
MA	52.7	WA	40.3
MI	36.1	WV	28.8
MN	48.1	WI	40.5
MS	30.3	WY	35.4
MO	36.8		

Source: United States Education Dashboard

Indicators

Full employment

A key component of our efforts to cut poverty in half is to increase the number of workers who are employed. Increasing employment among people with disabilities will reduce the number of disabled people who fall into poverty.

2a

U.S. LEVEL

Unemployment rates by race and ethnicity (%)

	Overall	Asian	Black	Hispanic/ Latino	White
2000	4.0	3.6	7.6	5.7	3.5
2001	4.7	4.5	8.6	6.6	4.2
2002	5.8	5.9	10.2	7.5	5.1
2003	6.0	6.0	10.8	7.7	5.2
2004	5.5	4.4	10.4	7.0	4.8
2005	5.1	4.0	10.0	6.0	4.4
2006	4.6	3.0	8.9	5.2	4.0
2007	4.6	3.2	8.3	5.6	4.1
2008	5.8	4.0	10.1	7.6	5.2
2009	9.3	7.3	14.8	12.1	8.5
2010	9.6	7.5	16.0	12.5	8.7

Note: Categories are not mutally exclusive -- Hispanic/Latinos include workers who are White, Black, etc.

Source: BLS Labor Force Statistics

2b

U.S. LEVEL

Unemployment rates of workers by degree of education, ages 25 and older (%)

	Less than high school degree	High school degree, but no college attendance	No college degree
2000	6.3	4.2	3.8
2001	7.2	4.9	4.5
2002	8.4	6.1	5.7
2003	8.8	6.3	5.9
2004	8.5	5.9	5.5
2005	7.6	5.4	5.1
2006	6.8	4.9	4.6
2007	7.1	5.0	4.7
2008	9.0	6.5	6.0
2009	14.6	10.9	10.2
2010	14.9	11.4	10.7

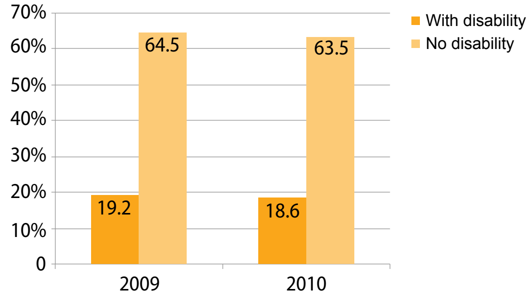
Notes: Includes workers with some college education but no college degree.

Source: BLS Labor Force Statistics

2c

U.S. LEVEL

Employment rate for workers, by disability status



Source: BLS Labor Force Statistics

Good-paying jobs

Increasing the weekly earnings of workers in service occupations is an important strategy to lower the number of people living in poverty.

3a

U.S. LEVEL

Median weekly real earnings of workers in service occupations, by occupation, 2010 ($)

	All services	Healthcare support	Protective services	Food preparation and serving	Personal care and service	Building and grounds cleaning and maintenance
2000	462	453	748	401	444	444
2001	475	470	735	410	465	453
2002	480	476	799	405	464	458
2003	478	474	747	414	463	462
2004	474	470	808	416	464	444
2005	461	458	757	398	457	440
2006	456	457	749	401	440	439
2007	477	477	756	405	456	444
2008	481	471	757	407	481	436
2009	478	480	759	405	447	451
2010	479	471	747	406	455	446

Notes: Earnings for full-time workers in services. Inflation adjusted using the CPI-U-RS, except for 2010, adjusted using the 2010-2009 CPI-U change applied to 2009 CPI-U-RS.
Source: BLS Labor Force Statistics, CPI-U-RS, CPI-U

Indicators

Employment benefits

Increasing the number of workers with access to sick leave and retirement benefits will create economic security for more working families.

3b U.S. LEVEL

Share of workers with access to paid sick leave, by wage percentile (%)

Wage percentile	2009	2010
Lowest 10 percent	22	22
Lowest 25 percent	37	35
Second 25 percent	68	70
Third 25 percent	77	80
Highest 25 percent	86	87
Highest 10 percent	88	90
All workers	66	67

Notes: Workers are civilian, non-farm, non-federal, and not self-employed.
Source: BLS National Compensation Survey

3c U.S. LEVEL

Share of workers with access to retirement benefits, by wage percentile (%)

Wage percentile	2009	2010
Lowest 10 percent	34	31
Lowest 25 percent	46	43
Second 25 percent	72	70
Third 25 percent	80	80
Highest 25 percent	88	88
Highest 10 percent	90	90
All workers	71	69

Notes: Workers are civilian, non-farm, non-federal, and not self-employed.
Source: BLS National Compensation Survey

Wages

Reducing the disparity in wages between men and women is a critical component to poverty reduction, as more women are entering the workforce and are now primary or co-breadwinners of their households.

3d STATE LEVEL

Full-time year round median earnings by sex, 2010

State	Men	Women	Ratio (%)	State	Men	Women	Ratio (%)
AL	$41,895	$31,321	74.8	MT	$41,339	$30,306	73.3
AK	$56,643	$42,376	74.8	NE	$41,929	$32,022	76.4
AZ	$43,594	$35,947	82.5	NV	$42,689	$35,363	82.8
AR	$39,082	$29,148	74.6	NH	$51,530	$40,185	78.0
CA	$49,453	$41,302	83.5	NJ	$57,978	$45,936	79.2
CO	$50,237	$39,638	78.9	NM	$41,023	$32,234	78.6
CT	$60,168	$46,004	76.5	NY	$50,228	$41,570	82.8
DE	$49,013	$39,508	80.6	NC	$41,138	$33,188	80.7
DC	$61,381	$56,127	91.4	ND	$42,214	$31,027	73.5
FL	$40,731	$32,762	80.4	OH	$45,859	$35,284	76.9
GA	$43,344	$34,709	80.1	OK	$40,458	$30,901	76.4
HI	$45,443	$36,242	79.8	OR	$45,685	$35,301	77.3
ID	$41,128	$30,403	73.9	PA	$47,038	$36,338	77.3
IL	$50,549	$38,638	76.4	RI	$50,567	$40,532	80.2
IN	$44,851	$32,221	71.8	SC	$41,381	$31,518	76.2
IA	$42,250	$33,186	78.5	SD	$37,442	$30,876	82.5
KS	$43,773	$32,204	73.6	TN	$41,415	$31,854	76.9
KY	$40,911	$31,628	77.3	TX	$42,044	$33,689	80.1
LA	$45,524	$30,600	67.2	UT	$46,609	$32,163	69.0
ME	$43,029	$33,873	78.7	VT	$42,562	$35,891	84.3
MD	$57,017	$47,175	82.7	VA	$51,597	$40,669	78.8
MA	$56,959	$46,213	81.1	WA	$52,080	$40,246	77.3
MI	$48,953	$36,413	74.4	WV	$42,126	$29,651	70.4
MN	$50,081	$39,289	78.5	WI	$45,523	$35,490	78.0
MS	$38,613	$28,879	74.8	WY	$50,854	$32,426	63.8
MO	$42,282	$32,481	76.8	**U.S.**	**$46,500**	**$36,551**	**78.6**

Source: Half in Ten calculations based on the ACS 2010 data http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml

CHAPTER THREE

Strengthening families and communities

Strategies to support all families so they can raise their children in safe, stable environments

By Joy Moses

Andrea Moore, 36, and her three-year-old daughter Ryan Moore, right, play at a park in North Las Vegas.

JAE C. HONG / THE ASSOCIATED PRESS

The family is a crucial institution in the campaign to cut poverty in half. Family members support one another financially and emotionally. They also help in numerous other ways that further employment and education goals. Providing love and encouragement, caring for children, rides to work, homework help, and healthy meals are just a few examples of the importance of family.

While families positively prevent individual members from falling into poverty, the reverse is also true—poverty causes family relationships to fray, often with devastating consequences. Financial stress and tension often cause parents to separate or divorce, which in turn often damages parent-child relationships. Families on the cusp of poverty or almost able to climb out of it often slip because of disintegrating relationships caused by poverty.

Historically, some government policies have also played a role in weakening families by creating disincentives for parents to marry or live together. Divided families share less in one another's financial and emotional resources, affecting children and making it more difficult to lift them out of poverty. Acknowledging and accounting for these dynamics is necessary when measuring progress toward the goals of creating opportunity and ending poverty. In short, effective anti-poverty efforts must support the family unit. This emphasis should be reflected in our policy approaches to work and income.

Poverty and families

In recent years policymakers have engaged in a national dialogue on the value of marriage. We've also debated how to equalize low-income families' access to parenting supports such as child care and flexible work schedules. And we have recognized the importance of extended family members and local communities in strengthening families. Tying all these strings together is a child-centered approach that focuses less on the structure of a family and more on the kinds of programs that will assist all types of family units where they live, and help them advance toward economic stability.

In America, far too many (13.2 percent of people in families) fall below the federal poverty line.[1] It is widely recognized that the official poverty line underestimates how much families actually require for the basics of living. That's why substitute measures, such as twice the official poverty level, are often used to identify families lacking in sufficient opportunities to achieve the American dream.

Single mothers are often at the center of debates about family poverty. Children in these families, with a poverty rate of 46.9 percent, are much more likely to be poor than those living with married parents (11.6 percent) or even those headed by a single father (28.1 percent).[2] There have also been steady increases in the number of single mothers over the last couple of decades, with 23 percent of children now living in such households.[3]

Single women raising children are only one part of the evolving nature of "family" in America. There are now more families headed by same-sex couples, a group that is simply not accounted for in much of the nation's antipoverty and other policies. And there are other social and economic forces that are placing a renewed importance on extended family connections.

Case in point: There are 2.3 million children living apart from their parents, either with grandparents or other relatives,[4] due to such factors as parental death, incarceration, and substance abuse. Additionally, over 400,000 children were in the foster care system in 2010. Poverty is often at the root of these problems. Another significant pattern is a lack of affordable housing and other economic hardship, which drives more than 795,000 families to live with extended family members.[5]

We divide our analysis of today's families struggling to join the middle class into four policy areas:

- Work and income
- Marriage and relationships
- Parenting
- Communities

We begin with work and income.

Work and income

The most direct way to lift families out of poverty is to ensure that parents have quality employment opportunities. For many families two full-time, year-round salaries are needed to support children adequately, which can only be achieved with child care and other work supports. Much could also be gained by efforts that reduce unmanageable costs, such as transportation and high housing costs, which also drain family incomes.

Ultimately, these steps would reduce financial pressures that can strain marriages and other relationships and ultimately divide families in ways that limit time, attention, and money that parents living outside the home provide to their children. So let's look at each in turn.

Value of full-time, year-round employment

U.S. Census Bureau data reflect a high rate of poverty for single mother families—40.7 percent compared to 8.8 percent for married

Table 1: The importance of work for a single mother and her family

The poverty rate of households led by single mothers, 2010

		Poverty rate of single-mother households (%)
All races	All employment statuses	40.7
	One, full-time, year-round worker	14
	Two or more full-time, year-round workers	4
White	All employment statuses	37.8
	One, full-time, year-round worker	12.9
	Two or more full-time, year-round workers	3.4
Black	All employment statuses	47.6
	One, full-time, year-round worker	16.9
	Two or more full-time, year-round workers	5.6
Hispanic	All employment statuses	50.3
	One, full-time, year-round worker	24.9
	Two or more full-time, year-round workers	5.9
Asian	All employment statuses	30
	One, full-time, year-round worker	8.9
	Two or more full-time, year-round workers	Unavailable

Source: U.S. Department of Commerce, Annual Social and Economic Supplement (Table POV07)" (Washington: Census Bureau, 2011).

couple families.[6] Single mothers with a full-time, year-round job have a poverty rate of just 14 percent, suggesting that it may be possible to gain a lot of ground in the fight against poverty by ensuring stable full-time year round employment for more single mothers.[7]

Taken even further, single mother-headed households with 2 or more full-time year round workers, such as teens and adult children, have even lower poverty rates.[8] This data provide some indication of the value to be gained from a second income that could come from a future spouse or fully contributing live-in partner. (See Table 1)

The tremendous value of having at least one full-time, year-round worker in a household (with greater benefit coming from two full-time year round incomes) suggests a need for family-oriented employment policies such as paid leave and health coverage that serve parents living in a home and directly contributing to household resources. Also included in these policies should be legally responsible parents who are living outside the home. Those with solid, full-time, year-round employment can pay child support—although less helpful to family income than marriage or cohabitating, child support still makes up 48 percent of the average income of mothers living in poverty and receiving the full amount of support owed to them.[9]

This requires a priority shift for government programs, which have tended to focus largely on mothers and their children. Couples who are co-parenting children (either living together or apart) could benefit from programs that provide for, and coordinate, their job training, education, and placement needs with the end goal of maximizing the financial resources available to their children. Third parties such as counselors may also be able to help couples discuss the family's financial goals and how couples will work together to reach them.

Paying child support is of uppermost importance for parents living apart because it can help reduce material hardship for their child or children. Other key factors could be one parent providing child care while the other attends training that will eventually lead to increases in income.

Finally, employment and financial education programs should explore whether it's worthwhile to include other adults who are living with children and their custodial parents. Adult children, grandparents, other relatives, and under circumstances, relative equivalents (such as parents' long-term intimate partners) may also be willing and able to contribute to household income and items that ultimately benefit children.

Causes of unemployment

In addition to government efforts that support parents' full-time, year-round employment, there is a need to examine and address the underlying reasons for unstable and limited employment. Although some would suggest that encouraging people to work is all that's needed, the data indicates that the problem is much more complicated.

Many poor adults with children who do not work for all of the year or who work only part of the year have good reasons for not doing so. In 2010, 18 percent of those with employment challenges indicated they were ill, disabled, or retired.[10] Fourteen percent could not find work, raising questions about the availability of work, access to education or training for the jobs available, and for some, other barriers such as a criminal history.[11]

Significantly, 35 percent had home or family reasons for not working all or part of the year (women are more likely to be affected in this area).[12] These reasons could include a sick child or parent, needing to take off for maternity leave, or disruptions in child care that prevent work. Some of the remaining individuals were in school.[13]

In reducing poverty, one goal should be to reduce the number of people who face employment barriers. To the extent that's not possible, policymakers should ensure a proper safety net prevents them and their families from falling into poverty due to their health or caregiving requirements.

Unmanageable costs

Unmanageable costs are a big drain on family income. These are big-ticket items that strain budgets and create financial havoc no matter how hard families work. In recent decades, these types of costs usually were housing and child care.

Housing is unaffordable for a significant number of families. There is no jurisdiction in the United States where a minimum wage earner can afford a two-bedroom apartment.[14] Two-thirds of low-income families with children spend more than half their income on housing.[15] An increasing number have been falling into homelessness, living in shelters, in crowded conditions with other families, or in vehicles and other places not suitable for habitation.[16]

Child care is a necessity for working parents. Those who lack safe and suitable informal arrangements must find a way to enroll their children in care that can severely weigh down their budgets. Full-time child care costs can range from $3,582 to $18,773 per year.[17] Multiple children needing care multiplies the costs. A single mother living at the poverty line with two children in need of full-time care would have to spend 41 percent of her income just to afford the absolute cheapest possible care arrangement.[18]

Marriage and relationships

Marriage is an important institution that ties families together, tends to offer greater stability and outcomes for children, and comes with beneficial legal and tax statuses. Marriage can also be a sensitive topic that provokes intense debate. What we know is that poverty makes marriage less likely, and also contributes to strains in relationships that may cause break-ups and divorces.

Economic assistance, job training, and other work supports can play a positive role in ensuring relationship stability that allows parents to continue to pool their resources and achieve the dreams that they have for their families. For some couples, it may be useful to supplement economic supports with social supports such as relationship skills education or family counseling.

Additional supports are needed for low-income couples who stay together without marrying. Evidence from the "Fragile Families" studies shows that a large majority of unwed parents have close and loving relationships at the time of their child's birth. A little more than half of the unmarried couples were living together when their child was born, and an additional 32 percent were in dating relationships.[19]

Jenni McGlaun, single mother of three who has been on and off welfare, reads a book to her children Julia, left, and Tiffany in their Milwaukee home.

THE ASSOCIATED PRESS FILE PHOTO

Marriage promotion and relationship education

Marriage, and partnering in general, is a potential solution to the problem of family poverty. One reason is that children in married-couple families are less likely to be poor than those with single parents. This data, however, presents a chicken-and-egg question: Are people poor because they aren't married or are they not married because they are poor?

Some studies suggest that if poor women married partners it would help in lifting them out of poverty.[20] Certainly two adults with consistent earnings would be better off pooling their incomes and sharing expenses.

Other evidence suggests that causation works in the opposite direction, with poverty causing fewer people to get married. There is evidence that many low-income people desire marriage but are more likely to think financial stability is a necessary quality for a good marriage prospect, which means they often postpone marriage for this reason.[21] On the back end, these couples cite financial stress as a leading cause of marital problems.[22] This suggests that effectively connecting couples to employment and work supports, the most direct way of addressing poverty, would help relationships.

It is within this context that Congress, through the Deficit Reduction Act of 2005, created the federally funded Healthy Marriage Initiative, which featured marriage-education courses and promotional campaigns advertising the benefits of marriage. This approach was met with some real world barriers and questions. Given the role of economics in marital decisions and outcomes, for example, can the government successfully encourage people to get and stay married without fully addressing their work-and-income challenges?

Although there is no definitive answer to that question, existing evaluations of the Healthy Marriage Initiative indicate that it has failed in getting more couples to marry, with no evidence that the program has reduced poverty.[23]

Despite these results, it remains reasonable to suggest that expanding services to improve parenting and relationship skills may be valuable as a supplement to larger efforts to improve employment and income outcomes. Working with couples on conflict resolution and other methods of building healthy relationships could have several potential benefits, including reducing conflict witnessed by children, building mutually supportive environments that advance couples' poverty reduction goals, and generally improving quality of life.

But there remains one noteworthy issue about whether increasing marriage would be an appropriate role for government—some argue that it is a private matter involving personal decisions that should be free of government interference. These divisions over making marriage the goal of the program alongside existing failures to reach that goal suggest the need for continued experimentation. Policymakers should consider new aims for these kinds of services, such as evidence of improved communication, reduced conflict, joint problem solving (especially when it comes to childrearing), or relationship satisfaction.

Marriage disincentives

While marriage promotion remains controversial, there appears to be greater consensus around the idea that government should not hinder marriage. Historically, various social safety net programs created disincentives to marry or even just live together, largely by dropping families from programs, slashing the amount of assistance they receive, or creating rules that make it difficult for two parent families to participate.[24]

This issue also arises in the world of tax breaks. The earned income tax credit traditionally provides fewer benefits for married couples than single individuals filing separately. Although it is somewhat unclear whether marriage and cohabitation decisions are actually influenced by these kinds of disincentives,[25] reducing them would eliminate the possibility of their influence.

Domestic violence

Domestic violence policy also falls within the category of marriage and relationships. In addition to strengthening the Violence Against Women Act and other existing legal protections, there is an ongoing need to ensure that other policies focused on marriage, relationships, and families properly identify incidences and situations of domestic violence and protect those at-risk of harm. Also, greater attention should be paid to the prevention of domestic violence through programs that support fathers and work with men on violence issues.[26]

Nontraditional couples and families

In most areas of our country, same-sex couples are unable to marry, and their relationships may not be recognized by programs focused on marriage, relationships, and families. Yet the same range of issues examined in this report may apply to these couples, too. There is a need to ensure that all programs are inclusive of non-traditional families, which may require altering practices and policies.

Separated couples

Finally, the area of marriage and relationships should also include government initiatives to help parents when things don't work out and there are children involved. These families have legal issues related to custody, visitation, and child support, as well as concerns about how to effectively co-parent. But low-income families often don't have easy access to legal assistance or the courts to help resolve these issues.[27]

Greater investments in free legal services providers and the federal Access and Visitation program are needed along with evidence-based methods of helping people represent themselves in legal matters. Mediation programs and other alternative dispute-resolution methods are also useful. These efforts can minimize conflict between parties who must continue to co-parent after their legal issues are resolved. These same couples may also benefit from continued, periodic dispute resolution services that could be offered.

Parenting

Parents' relationships with one another can have a significant impact on their children, but the direct connections between parents and their children also hold obvious importance. Future achievements can frequently be linked to the types of adult supervision and support received as a child.

Consequently, helping parents foster positive outcomes for children is a critical factor in strengthening families and there are multiple avenues for achieving that goal. Support for parenting should begin with family planning but also should encompass a range of support for mothers, fathers, and other caregivers.

Family planning

The earliest stage of parenting is addressed by family planning. Men and women should have access to the education, information, and services necessary to help them plan when they will take on the financial, emotional, and other responsibilities associated with parenting.

Teens represent a special population because the vast majority of their pregnancies (about 82 percent) are unintended.[28] Education and services that help teens and young adults in their choices to delay childbirth to an age where they are emo-

Marquricia Murray, 21, walks with her daughter Eleana Orta, while looking for work at a jobs fair. Murray is an unemployed single mother living with her parents.

LYNNE SLADKY /THE ASSOCIATED PRESS

tionally and economically prepared prevent many long-term negative consequences. Chief among these are a greater likelihood of poverty, mothers dropping out of high school and never finishing, low-birth weights and premature births, and children having academic and behavioral problems.[29] Teen pregnancy rates have declined since 1990. A good body of evidence is available that demonstrates what works in this area.[30]

Parenting supports

Families with greater financial means have access to various parenting supports. These include:

- Quality health insurance and prenatal care
- Parenting classes
- Private child care facilities that work with them in nurturing their child's development
- The ability to purchase books and other enrichment materials.

Low-income parents face greater barriers to accessing such supports.

The inability to directly pay for them is an obvious concern. A selection of government-funded social services reach some of these needs. Examples include parenting education programs such as the Nurse-Family Partnership, which provides support and guidance to first-time, low-income parents and other home-visiting programs. There are also fatherhood programs available to help expecting fathers prepare for their new responsibilities.

Then there are the programs devoted directly to children, such as the Head Start program, and the Child Care and Development Block Grant, which provides affordable child care options, and health care provisions for children in our nation's Medicaid program. Yet many of these programs reach only a fraction of those who could benefit from them.

In addition, some parents need to overcome personal challenges that impair their ability to parent and otherwise have healthy relationships. Mental health services, drug and alcohol treatment, anger management, and prisoner re-entry services are examples that would fit into this category. Again, far too few actually get help.

For some families, unaddressed personal challenges plus poverty lead to involvement in two significant systems—child welfare and criminal justice. Existing family challenges and dysfunctions often become exaggerated by the physical separation and trauma that go along with involvement in criminal justice and child welfare systems. The number of families involved in these systems, which disproportionately include low-income people, and their outcomes are reflective of how the nation is doing on poverty.

Fathers

In recent years, there has been growing grassroots and policy interest in supporting fatherhood. One reason is the knowledge of the positive role that fathers can, and do, play in their children's development. Another is the growing recognition that some low-income men and fathers have great unmet employment and social services needs that can hurt their ability to financially and emotionally care for their children, suggesting a need for comprehensive service models.[31]

These concerns led to the creation of a federal Responsible Fatherhood Initiative,[32] followed by an ongoing dialogue about how to include more men in a range of government-funded parenting supports (and other social services) that were created for families but that largely serve women and children. Within designated fatherhood programs, parents gain access to a broad range of services, including employment help, child support payment information, parenting skills classes, and dispute resolution services that help with co-parenting.

Child-support enforcement is another program with significant ties to fathers and their families. It provides a valuable service but could benefit from some reforms. Some men have obligations that are too high given their income, while others face barriers adjusting their child-support orders when employment changes cause their incomes to drop.[33] As a result, men (and especially those with the lowest incomes) accrue significant amounts of debt that is difficult to repay with the harshest consequences of default, including losses of driver's licenses and imprisonment.

Poor men are disproportionately represented among those not fully meeting their child support obligations—they account for half of the debtors and owe 70 percent of all arrears.[34] Finally, the child-support system's focus on collecting money far outstrips any efforts to develop visitation arrangements. All of these challenges discourage the engagement of fathers and some mothers who don't want men they care about involved in the system, undermining the program's ability to collect money for children.

Mothers

When it comes to mothers, there are various services available through programs such as public housing assistance, Temporary Assistance for Needy Families, and nutritional assistance for women and infants known as the WIC program. Much can be gained from efforts to better coordinate services so that administrators from different programs such as these are communicating with one another and working together. Working together, the administrators can share information and generally apply model practices for simplifying application processes, conducting outreach, and providing culturally appropriate services.

Greater service integration for individual mothers is also important, offering case planning and a package of needed services rather than just enrollment in individual programs that only address one of a family's needs. If a mother applies for unemployment insurance, for example, she may also benefit from gaining simultaneous access to SNAP or a homelessness prevention program that can temporarily help with rent as she completes the final stages of her employment search.

Finally, we should explore whether there are services offered through some fatherhood programs that should be extended to more mothers. This could come in multiple forms. It may be advisable for the programs to directly involve more women in their services—a program teaching men about relationship skills may want to invite greater participation of female partners in order to achieve greater outcomes. Or replicating models may be useful—a community that has a fatherhood community center may see equal benefit in opening a women's center that offers centralized access to new and existing services.

Other caretakers

In addition to mothers and fathers, there are other adults involved in directly raising children, including stepparents or other intimate partners of their parents, grandparents, other relatives, or foster parents. Efforts should be aimed at ensuring that these individuals are included and accounted for within family-oriented services and, where appropriate, they should have access to parenting supports.

For some programs, this may require a mental shift from thinking that mothers or parents are the only ones that matter to the child. Other programs may not be accustomed to thinking creatively in identifying all the individuals who could help in achieving the desired outcomes. The problem of resource limitations also can't be ignored.

This approach requires human resources or time spent working with more adults connected to each child. It also could involve more direct expenditures, providing these additional adults with services such as employment help. Importantly, we can find ways to overcome these barriers through such means as retraining and targeted, increased investments.

Strengthening communities

Although the value of a strong family cannot be underestimated, the world in which families meet when they walk outside their front door is also significant. Far too many children are growing up in high-poverty neighborhoods, defined by extreme levels of racial and economic segregation. These neighborhoods often lack such resources as high performing schools, grocery stores, banks, parks and safe places to play, and adequate public transportation. These community factors put families at higher risk for a range of negative outcomes—poor employment opportunities, academic achievement, physical and mental health, amongst other things. [35]

Crumbling communities have significant consequences for residents, but also the larger society, which is deprived of the economic and social contributions of individuals who are unable to reach their full potential, and unnecessarily spending resources on systems of last resort such as prisons, homeless shelters, and child welfare.

Community stakeholders and poverty advocates are addressing these problems in two significant ways. The first is a new type of cross-system collaboration that breaks down the fragmentation in services delivery in poor communities.[36] This involves effectively leveraging public and private resources such as the business community and academic institutions to develop community-focused service models.

The Harlem Children's Zone and federally funded Promise Neighborhoods, for example, target entire communities. They aim to improve neighborhood resources and provide supports that strengthen all the families living within their boundaries.[37] The Community Schools model has also shown some success in helping to bridge gaps by providing a range of services including family support and health care services to vulnerable youth.[38]

A second approach to helping families living in crisis communities is to provide them with opportunities to move to different communities. The Moving to Opportunity program, a five-city experiment with this approach, found that participants had improved physical health outcomes as well as significant decreases in psychological distress and depression.[39] Another study focused on movers found improved educational outcomes, greater rates of employment, and higher incomes amongst participants.[40]

The primary means available for low-income families to move out of communities in crisis is the Housing Choice Voucher program (formerly known as Section 8), which provides families with rent subsidies that allow them to pay below market rates for rent. The Housing Choice Voucher program is in high demand with many regions having long waiting lists for services.

Communities with limited resources, as well as those that are economically isolated or plagued with crime, create additional stress on families that can lead to fractured families. Expanding the types of resources and supports that target community factors that contribute to poverty is critical to strengthening families and improving childhood outcomes. Communities with more supports provide outlets for families and activities for children.

Measuring our progress

Over the next decade the Half in Ten campaign will pursue efforts to support families and build healthier communities. We will examine measures to increase family income, build stronger family connections, and improve access to safe affordable health services. Specifically, we will measure:

- Dual income families
- Individuals without health insurance coverage
- Teen birth rate
- Permanency rate among foster care youth

With the results of these measures in hand, policymakers will be able to gauge some of the progress made in strengthening families and communities, though as our next chapter demonstrates, family income security will also play a role in cutting poverty in half in 10 years.

Endnotes

1 Carmen DeNavas-Walt, Bernadette D. Proctor, and Jessica C. Smith, "Income, Poverty and Health Insurance in the United States: 2010" (Washington: U.S. Census Bureau, 2011), available at http://www.census.gov/prod/2011pubs/p60-239.pdf.

2 U.S. Census Bureau, "Annual Social and Economic Supplement (Table POV03)" (2011), available at http://www.census.gov/hhes/www/cpstables/032011/pov/new03_100_01.htm.

3 U.S. Census Bureau, "America's Families and Living Arrangements: 2010" (2011), available at http://www.census.gov/population/www/socdemo/hh-fam/cps2010.html.

4 Ibid.

5 National Alliance to End Homelessness, "Economy Bytes: Doubled Up in the United States" (2010), available at http://www.endhomelessness.org/content/general/detail/3024.

6 U.S. Census Bureau, "Annual Social and Economic Supplement (Table POV07)" (2011), available at http://www.census.gov/hhes/www/cpstables/032011/pov/new07_100_01.htm.

7 Ibid.

8 Ibid.

9 Timothy S. Grall, "Custodial Mothers and Fathers and Their Child Support: 2007," (Washington: U.S. Census Bureau, November 2009), available at http://www.census.gov/prod/2009pubs/p60-237.pdf

10 U.S. Census Bureau, "Annual Social and Economic Supplement (Table POV24)," (2011), available at http://www.census.gov/hhes/www/cpstables/032011/pov/new24_100_01.htm

11 Ibid.

12 Ibid.

13 See Heather Boushey and Ann O'Leary, "Our Working Nation: How Working

Women Are Reshaping America's Families and Economy and What It Means for Policymakers" (Washington: Center for American Progress, 2010), available at http://www.americanprogress.org/issues/2010/03/pdf/our_working_nation.pdf.

14 National Low Income Housing Coalition, "Out of Reach 2011" (2011), available at http://www.nlihc.org/oor/oor2011/oor2011pub.pdf.

15 Joint Center for Housing Studies of Harvard University, "The State of the Nation's Housing 2011" (2011), available at http://www.jchs.harvard.edu/publications/markets/son2011/son2011.pdf

16 Ibid.

17 National Association of Child Care Resource & Referral Agencies, "Child Care In America: 2010 State Fact Sheets" (2010), available at http://www.naccrra.org/publications/naccrra-publications/publications/State_Fact_Bk_2010_All_070710.pdf.

18 Based on NACCRRA's bottom range childcare expenditure of $3,582 and the 2009 U.S. Census Poverty Threshold for a family with one adult and two children ($17,285).

19 Sara McLanahan and others, "Strengthening Fragile Families: Policy Brief" (Princeton: The Future of Children, Fall 2010), available at http://futureofchildren.org/futureofchildren/publications/docs/20_02_PolicyBrief.pdf.

20 Adam Thomas and Isabel Sawhill, "For Love and Money? The Impact of Family Structure on Family Income," The Future of Children 15 (2): 2005, available at http://www.princeton.edu/futureofchildren/publications/journals/article/index.xml?journalid=37&articleid=106.

21 Pew Research Center, "The Decline of Marriage and Rise of New Families" (2010), available at http://pewresearch.org/pubs/1802/decline-marriage-rise-new-families.

22 National Healthy Marriage Resource Center, "Frequently Asked Questions: Finances and Marriage," available at http://stage.healthymarriageinfo.org/docs/faqfinances.pdf; John Dakin and Richard Wampler, "Money Doesn't Buy Happiness, but It Helps: Marital Satisfaction, Psychological Distress, and Demographic Differences Between Low- and Middle-Income Clinic Couples," The American Journal of Family Therapy 36 (4) (2008): 300-311, available at http://www.flipflopranch.com/VVC-intro-to-psych/money-doesnt-buy-happiness-.pdf.

23 Robert G. Wood, Quinn Moore, and Andrew Clarkwest, "BSF's Effects on Couples Who Attended Group Relationship Skills Sessions: A Special Analysis of 15-Month Data" (Princeton: Mathematica Policy Research, 2011), available at http://www.acf.hhs.gov/programs/opre/strengthen/build_fam/reports/bsf_relationships/bsf-relationships.pdf.

24 Sheena McConnell, Robert Wood, and Barbara Goldman, "Marriage Disincentives Facing Low-Income Parents: Designing and Testing Policies to Reduce Them" (Princeton: Mathematica Policy Research and Manpower Demonstration Research Corporation, 2004); Gregory Acs and Elaine Maag, "Irreconcilable Differences" (Washington: Urban Institute, 2005), available at http://www.urban.org/UploadedPDF/311162_B-66.pdf.

25 Paula Roberts and Mark Greenberg, "Rethinking Welfare Rules From a Marriage-Plus Perspective" (Washington: Center for Law and Social Policy, 2005), available at http://www.policyarchive.org/handle/10207/bitstreams/13930.pdf.

26 See Jacquelyn Boggess and Jill Groblewski, "Safety and Services: Women of Color Speak About their Communities" (Washingto: United States Department of Justice, 2011)

27 Joy Moses, "Parenting with a Plan," (Washington: Center for American Progress, 2009), available at http://www.americanprogress.org/issues/2009/11/pdf/tanfpaper; Joy Moses, "Grounds for Objection," (Washington: Center for American Progress, 2011), available at http://www.americanprogress.org/issues/2011/06/pdf/objection.pdf.

28 Emily Holcombe, Kristen Peterson, and Jennifer Manlove, "Ten Reasons to Still Keep the Focus on Teen Childbearing," (Washington: Child Trends, 2009), available at http://www.childtrends.org/Files//Child_Trends-2009_04_01_RB_KeepingFocus.pdf.

29 Ibid.

30 Victoria Ball and Kristin A. Moore, "What Works for Adolescent Reproductive Health: Lessons from Experimental Evaluations of Programs and Interventions" (Washington: Child Trends, 2008), http://www.childtrends.org/Files/Child_Trends-2008_05_20_FS_WhatWorksRepro.pdf.

31 Joy Moses, "Low-Income Fathers Need to Get Connected: Helping Children and Families by Addressing Low-Income Fathers' Disconnections from Employment, Society, and Housing" (Washington: Center for American Progress, 2010), available at http://www.americanprogress.org/issues/2010/06/connecting_fathers.html; William Doherty, Edward Kouneski, and Martha Farrell Erickson, "Responsible Fathering: An Overview and Conceptual Framework" (Washington: U.S. Department of Health and Human Services, 1996), available at http://fatherhood.hhs.gov/concept.htm.

32 Both the Bush and Obama administrations provided federal funding in their annual budgets to develop comprehensive programs to engage, prepare, and support men to be more involved in the lives of their children.

33 Rebecca May and Marguerite Roulet, "A Look at Arrests of Low-Income Fathers for Child Support Nonpayment" (Madison: Center for Family Policy and Practice, 2005), available at http://www.cpr-mn.org/Documents/noncompliance.pdf; Vicki Turetsky, "Realistic Child Support Policies for Low Income Fathers" (Washington: Center for Law and Social Policy, 2000), available at http://www.policyarchive.org/handle/10207/bitstreams/13984.pdf.

34 Elaine Sorensen, Liliana Sousa, and Simon Schaner, "Assessing Child Support Arrears in Nine Large States and the Nation" (Washington: Urban Institute, 2007), available at http://aspe.hhs.gov/hsp/07/assessing-CS-debt/; U.S. Department of Health and Human Services, "Minority Families and Child Support: Data Analysis" (2007), available at http://www.acf.hhs.gov/programs/cse/pol/DCL/2007/dcl-07-43a.pdf.

35 Susan J. Popkin, Gregory Acs, and Robin Smith, "The Urban Institute's Program on Neighborhoods and Youth Development: Understanding How Place Matters for Kids" (Washington: Urban Institute, 2009), available at http://www.urban.org/UploadedPDF/411974_place_matters.pdf; Rhonda Tsoi-A- Fatt, "A Collective Responsibility, A Collective Work: Supporting the Path to Positive Life Outcomes for Youth in Economically Distressed Communities" (Washington: Center for Law and Social Policy, 2008), available at http://www.clasp.org/admin/site/publications/files/0412.pdf; John A. Powell and others, "Communities of Opportunity: A Framework for a More Equitable and Sustainable Future for All (Columbus: Kirwan Institute for the Study of Race and Ethnicity, 2007), available at http://www.kirwaninstitute.org/wp-content/themes/Theme/cudazi_open/docs/Comm_of_Opportunity_Jan_2007.pdf.

36 See Peter Edelman, "The Next War on Poverty," Democracy Journal 15 (2010), available at http://www.democracyjournal.org/15/6727.php?page=6.

37 Emily E. Page and Alayna M. Stone, "From Harlem Children's Zone to Promise Neighborhoods: Creating the Tipping Point for Success" (Washington: Georgetown Public Policy Institute, 2010), presented at Family Impact Seminar featuring Kate Shoemaker, available at http://www.familyimpactseminars.org/s_dcfis36report.pdf.

38 Saba Bireda, "A Look at Community Schools" (Washington: Center For American Progress, 2009). http://www.americanprogress.org/issues/2009/10/community_schools.html.

39 Kami Kruckenberg and others, "Connecting Families to Opportunity: A Resource Guide for Housing Choice Voucher Program Administrators" (Washington: Poverty & Race Research Action Council, 2009), available at http://www.prrac.org/pdf/connectingfamilies.pdf.

40 John A. Powell and others., "Communities of Opportunity."

Indicators

Health insurance coverage

Increasing the number of people with health insurance coverage will reduce both economic and health risks for low-income families, factors that contribute to keeping families poor.

1 *Individuals without health insurance coverage*

State	Population	Number of people without health insurance	Percentage of uninsured	State	Population	Number of people without health insurance	Percentage of uninsured
AL	4,666,970	686,592	14.6	MT	964,509	168,981	17.3
AK	696,822	136,840	19.9	NE	1,776,166	207,653	11.5
AZ	6,272,686	1,065,132	16.9	NV	2,666,662	603,700	22.6
AR	2,839,798	500,613	17.5	NH	1,276,614	145,013	11.1
CA	36,593,372	6,824,913	18.5	NJ	8,626,524	1,151,158	13.2
CO	4,934,178	789,109	15.9	NM	2,024,716	398,558	19.6
CT	3,466,977	320,133	9.1	NY	18,879,810	2,277,382	11.9
DE	874,321	85,801	9.7	NC	9,304,553	1,569,837	16.8
DC	570,953	45,164	7.6	ND	651,415	64,535	9.8
FL	18,436,788	3,941,060	21.3	OH	11,224,969	1,398,943	12.3
GA	9,446,906	1,875,566	19.7	OK	3,646,849	693,551	18.9
HI	1,326,373	103,764	7.9	OR	3,765,919	651,504	17.1
ID	1,541,860	275,404	17.7	PA	12,298,955	1,271,180	10.2
IL	12,543,457	1,745,556	13.8	RI	1,012,200	126,184	12.2
IN	6,294,417	947,920	14.8	SC	4,493,865	795,275	17.5
IA	2,950,251	279,811	9.3	SD	788,226	98,886	12.4
KS	2,775,355	389,446	13.9	TN	6,195,120	898,561	14.4
KY	4,215,643	647,041	15.3	TX	24,652,927	5,875,474	23.7
LA	4,413,890	790,987	17.8	UT	2,730,176	421,924	15.3
ME	1,293,012	133,065	10.1	VT	600,850	49,880	8.0
MD	5,643,821	640,861	11.3	VA	7,780,635	1,020,130	13.1
MA	6,333,611	285,717	4.4	WA	6,615,922	945,589	14.2
MI	9,656,449	1,207,384	12.4	WV	1,799,960	266,161	14.6
MN	5,189,200	476,259	9.1	WI	5,535,803	529,200	9.4
MS	2,875,594	528,095	18.2	WY	551,120	82,836	14.9
MO	5,817,852	773,894	13.2				

Source: Bureau of the Census, ACS 2010 Data

Youth in foster care

Increasing the number of youth who transition from foster care to safe permanent living arrangements is an important factor in cutting economic risk for youth.

2 *Permanency rate among foster care youth*

Number of children in foster care 2009		423,773
Number of children in foster care 2010		408,425
Number of children entering foster care 2009		255,418
Number of children entering foster care 2010		254,375
Primary placement arrangement 2010		
Foster family home (non-relative)	48%	194,900
Foster family home (relative)	26%	103,943
Institution	9%	36,607
Group home	6%	25,066
Adoptive home	4%	14,886
Average length of stay for 2010 exiters		**21.7 months**
Children adopted from foster care		52,891
Children reunited with parents or caregiver		128,913
Emancipated		27,854
Race/ethnicity of children in foster care 2010		
White	41%	165,135
Black	29%	117,610
Hispanic (of any race)	21%	84,727
Alaska Native/American Indian	2%	7,839
Asian	1%	2,469

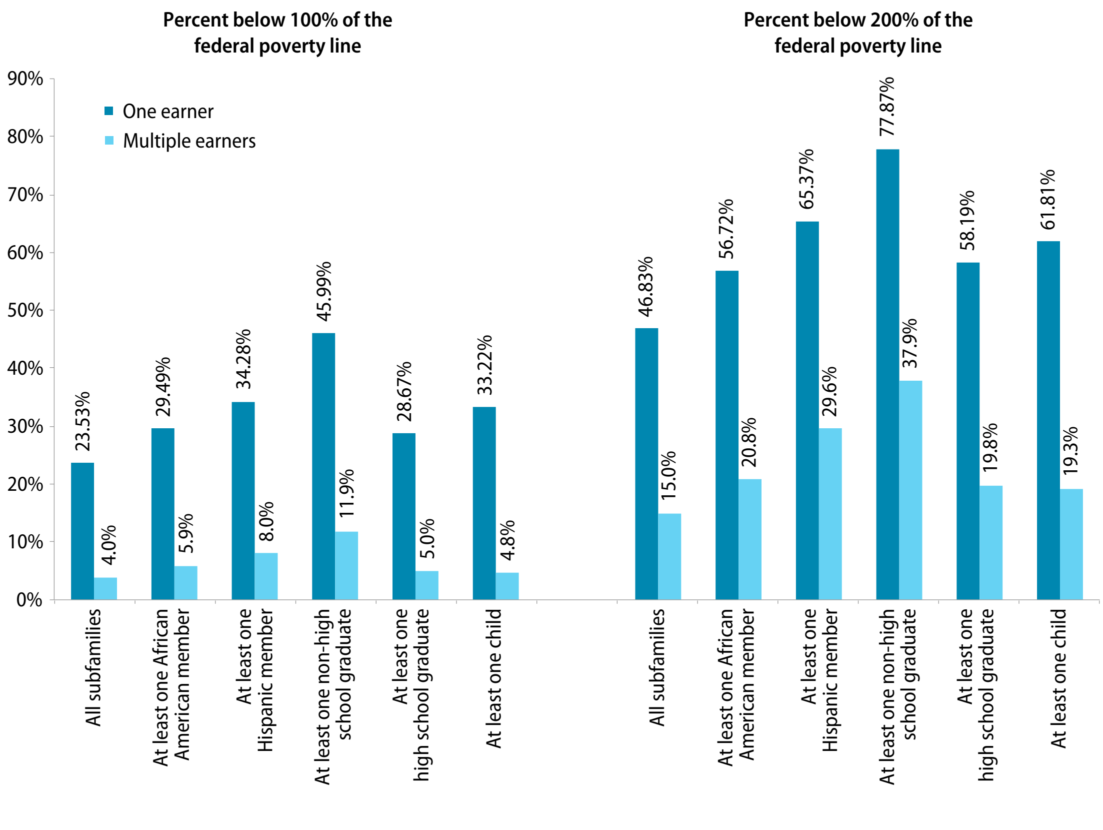
Source: Administration on Children and Families, The AFCARS Report- Preliminary FY 2010 Estimates as of June 2011- Department of Health and Human Services, 2011. Available at http://www.acf.hhs.gov/programs/cb/stats_research/afcars/tar/report18.pdf

Indicators

Dual-income households

Increasing the number of dual-income households will reduce the number of children living in poverty.

3 *Poverty Status of Subfamilies by Number of Earners and Demographic Characteristics*



Source: CAP analysis of Center for Economic and Policy Research. 2011. March CPS Uniform Extracts, Version 0.9.4 . Washington, DC.

Teen births

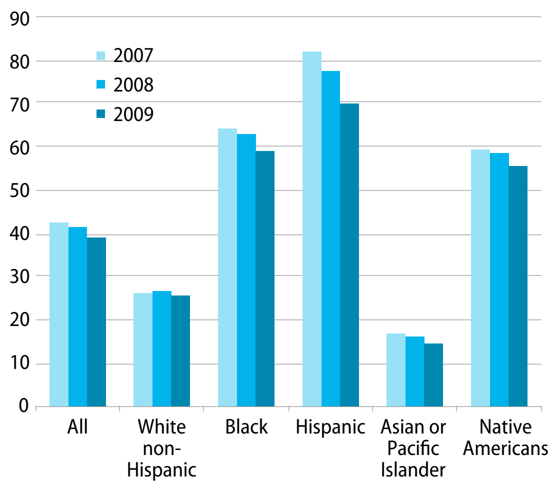
Reducing the number of teen pregnancies will lower the long-term economic challenges faced by teen parents.

4a

U.S. LEVEL

Teen birth rates, ages 15-19

Per 1,000 births



Source: Births: Preliminary Data 2009- National Vital Statistics Reports, CDC, December 2010. http://www.cdc.gov/nchs/data/nvsr/nvsr59/nvsr59_03.pdf

4b

STATE LEVEL

Teen birth rates (2008)

Per 1,000 births

State	All races	State	All races
AL	52.9	MT	40.7
AK	46.9	NE	36.5
AZ	56.2	NV	53.5
AR	61.8	NH	19.8
CA	38.4	NJ	24.5
CO	42.5	NM	64.1
CT	22.9	NY	25.5
DE	40.4	NC	49.4
DC	50.9	ND	28.6
FL	42.8	OH	41.0
GA	52.0	OK	61.6
HI	42.1	OR	37.2
ID	41.2	PA	31.5
IL	38.1	RI	28.5
IN	43.7	SC	53.0
IA	33.9	SD	40.0
KS	45.6	TN	55.6
KY	55.6	TX	63.4
LA	54.1	UT	35.1
ME	26.1	VT	21.3
MD	32.8	VA	33.5
MA	20.1	WA	34.6
MI	33.2	WV	48.8
MN	27.2	WI	31.3
MS	65.7	WY	49.2
MO	45.5	**U.S.**	**41.5**

Source: Centers for Disease Control and Prevention,State Disparities in Teenage Birth Rates in the United States, Department of Health and Human Services, 2010. http://www.cdc.gov/nchs/data/databriefs/db46.pdf

CHAPTER FOUR

Family economic security

Building the base upon which to arrive and stay in the middle class

By Nancy Cauthen

Juan Carlos Rojas holds his 2-year-old son, Juan Pablo Rojas, after being laid off from his job, as he fill out paperwork for unemployment benefits at the employment help center Workforce One in Miami, Florida.

GETTY FILE PHOTO

Americans are united in the belief that hard work and opportunity are the keys to making a better life for oneself and one's family. Likewise, Americans believe that people who work hard should earn enough to keep themselves and their families out of poverty. In an ideal world, hard work would be sufficient to enable workers not only to avoid destitution but also to meet their basic family needs, save for emergencies, and provide new opportunities for the next generation.

But today's economy poses new challenges to this ideal. Low wages are pervasive and employment is less and less stable. Unemployment is particularly high among young people and workers without a college degree, and the Great Recession resulted in unprecedented levels of long-term unemployment that persist today.

Our federal and state safety nets are ragged and were never designed to deal with these economic realities. It is time to think anew about how to reduce poverty and increase family economic security among working-age adults and their children.

Promoting family economic security: The challenge defined

A family is economically secure when it is able to meet its financial needs in ways that promote the health and well-being of parents and children. Economic security means that families don't fall into poverty when they cannot work or work is unstable. It means that when workers lose their jobs, they have time to look for another or upgrade their education and skills without suffering severe hardship.

Economic security also means that no child in America is hungry or homeless, and that families have personal savings as well as a strong public safety net to help regain their footing in the economy when they face challenging economic times. There are two fundamental building blocks to family economic security and opportunity—an adequate and stable income alongside savings and other assets that can sustain families in times of economic stress and enable them to invest in the future. Here we look at each in turn.

Adequate and stable income

Income is the most basic building block of family economic security. It provides the means through which families pay for their everyday needs, such as housing, food, transportation, health care, and child care. Yet prior to the Great Recession, more than 40 million Americans—a third of the U.S. labor force—worked in jobs that paid low wages, often without basic health and retirement benefits.[1] Even full-time work is not always sufficient to keep families above the official poverty line, let alone provide enough income to cover basic necessities or set anything aside for emergencies.

With its stringent work requirements, the now-15-year-old legislation that created the Temporary Assistance for Needy Families program brought much-needed policy attention to the fact that employment is not always sufficient to lift a family out of poverty.[2] In an effort to "make work pay," federal and state policymakers expanded work support benefits such as refundable earned income tax credits, child care subsidies, and health insurance.[3]

These benefits increase the disposable income of low-income families while also increasing their access to medical services and reliable child care. Expanded access to work supports in combination with higher rates of employment among single mothers, made possible in part by the booming economy of the late 1990s, contributed to a steady decline in child poverty, which by 2000 reached its lowest level since 1978.[4]

Since 2000 child and family poverty have increased, with the Great Recession resulting in the worst labor market since the 1930s. Although state governments tackled the crisis in different ways, with some going to great lengths to protect the most vulnerable, the recession resulted in widespread cutbacks in child care assistance and public health insurance. The American Recovery and Reinvestment Act of 2009 temporarily made up for some of the state-level cuts in benefits and supplemented family incomes with additional tax credits, but most of the assistance was designed to expire by the end of this year. Only the increase to the Supplemental Nutrition Assistance Program, or SNAP, formerly the food stamp program, does not expire at the end of this year.

In the meantime, stubbornly high unemployment rates, especially among young adults without a college degree, have spotlighted the insecurity for working-age families of sole dependence on earnings. In 2010, 14 percent of children with high-school-educated parents were in a household that experienced unemployment, as were 16 percent of children of parents without a high school diploma.[5]

Some of these unemployed parents qualified for unemployment insurance while others did not. But as of August 2011, 43 percent of the unemployed had been out of work for six months or more.[6] There are few options for the unemployed who can't find jobs.

Many unemployed workers at the lower end of the income scale fall through the cracks of existing income-support programs. Fortunately, food assistance through SNAP was temporarily expanded. This made a tremendous difference during the recession. And many unemployed parents have been able to obtain public health insurance coverage for their children through the State Children's Health Insurance Program or Medicaid.

Nonetheless, the recession highlighted a number of gaping holes in our nation's patchwork of safety net programs for low-wage workers who lose their jobs or are underemployed. Later in this chapter we will return to the inadequacies of these safety net programs.

Savings help families invest in the future, whether providing training to increase a parent's earnings potential, financing a college education for the next generation, buying a home, or preparing for retirement.

THE ASSOCIATED PRESS FILE PHOTO

Savings and assets

For families to be economically secure, they need more income than is necessary to simply "get by" in order to accumulate savings and acquire other assets. A lack of savings and assets is often what prevents low-income families from getting ahead. Savings help families weather a crisis such as the loss of a job or an extended illness. But assets can also open up new possibilities.

Just having a reliable car, for example, might enable a family member to get a better-paying job that would otherwise be inaccessible. Savings help families invest in the future, whether providing training to increase a parent's earnings potential, financing a college education for the next generation, buying a home, or preparing for retirement.

But most low-income families have little money to save, so they are unable to benefit from the tax deductions that subsidize asset accumulation among the nation's middle- and upper-income families. The home mortgage interest deduction, for example, cost the federal government $73 billion in reduced tax revenues in fiscal year 2005, but only 3 percent of these benefits went to the bottom half of wage earners. Federal tax subsidies for employer-sponsored and individual retirement accounts totaled $116 billion, with most of these benefits accruing to the highest-income families.[7]

Given such tax deductions—along with the tax code's favorable treatment of wealth, which is taxed at lower rates than income—the rich are by far the greatest beneficiaries of government policies that encourage and reward asset building.

Research makes clear that assets can improve outcomes for low-income families and children. For instance, savings and homeownership are associated with better academic achievement among school-age children, high school graduation, and college attendance.[8] Savings and asset accumulation may help create and reinforce a more forward-looking, future orientation in parents and children alike.[9] In short, helping families accumulate assets can increase their long-term financial stability, improve economic mobility, and reduce longstanding racial and ethnic disparities.[10]

But the road ahead is steep, as rates of asset poverty in the United States are much, much higher than the rates for income poverty. Prior to the recession, 52 percent of the nation's families with children were considered "asset poor," meaning they had liquid assets (such as money held in bank accounts and mutual funds) equivalent to less than three months of income at the poverty level ($5,162 in 2007 dollars.) In 2007, 80 percent of African American families and 77 percent of families headed by single mothers were asset poor.[11]

The flip side of family asset building is keeping debt manageable. Expensive debt that carries high interest rates and imposes excessive penalties for missed or late payments can eat away at earnings and become a barrier to asset accumulation.

The rest of this chapter analyzes three ways that policymakers can promote family economic security among working-age adults and their children:

- Strengthen work supports for low-wage earners
- Provide adequate income support to the unemployed
- Promote savings and asset development

We begin with work supports for low-wage workers.

Work supports for low-wage earners

A low work effort does not explain the high poverty rate among families with children in the United States. Low-income parents work more hours than those in many other developed countries.[12] And yet those working full time (40 hours a week, 50 weeks a year) earning $10 an hour bring home only $20,000 annually—less than the official federal poverty level for a family of four and not nearly enough to pay for decent housing, food, child care, transportation, and health care. Many jobs pay less than $10 an hour. The federal minimum wage is only $7.25 and the highest state minimum wage is $8.67. Most low-wage jobs don't provide paid time off or benefits such as health insurance and few offer prospects for advancement and wage growth.

That's why "work support" benefits such as earned income tax credits, child care assistance, and public health insurance coverage are a critical component of policy efforts to reduce poverty. Work supports help low-wage workers close the gap between insufficient earnings and basic expenses. There is now abundant research evidence that work supports positively affect employment outcomes and family incomes, which in turn benefit children.[13]

Refundable income tax credits

The federal earned income tax credit reduces the income tax liabilities of low- to moderate-income working families and serves as a wage supplement. Since the tax credit is refundable, any amount of the credit that exceeds a family's tax liability is received as a cash payment. By definition, only families with earnings are eligible for the benefit.

The federal earned income tax credit is one of the nation's most effective antipoverty programs. In 2009, the tax credit lifted 6 million people–half of them children–out of poverty. The child poverty rate would have been nearly a third higher without it.[14] Research shows that the credit also serves as a powerful work incentive among single parents. Between 1984 and 1996 labor force participation rates among single mothers increased from 73 percent to 82 percent, with more than 60 percent of the increase attributed to expansion of the earned income tax credit.[15] The child tax credit is also partly refundable. Improved as part of the American Recovery and Reinvestment Act in 2009, the child tax credit provides a parent with two children who works full time at the minimum wage with about $1,800. Combining this with the improvements in the EITC is estimated to lift millions of children and adults out of poverty. [16]

Child care assistance

For many low-income working families, child care is by far their largest work-related expense. The primary program that subsidizes child care for low-income families is the Child Care and Development Fund block grant. Child care subsidies pay providers directly for child care services provided to low-income families, and parents are required to make co-payments as earnings increase.

The Child Care and Development Fund block grant was created by the same welfare reform legislation that created Temporary Assistance for Needy Families in 1996. Over the next few years, spending on child care assistance increased substantially, but in recent years, and especially since the Great Recession, funding for child care subsidies has declined. The reason: Child Care and Development Fund subsidies are funded with a fixed federal block grant, which means that funding does not expand when demand increases. This means that low-income working families who have never received cash assistance, even if eligible under the state's rules, are the least likely applicants to receive child care assistance.

Most states deal with this limitation by prioritizing cash assistance recipients and those transitioning to employment for child care subsidies.

Innovative outreach and asset building—a San Antonio solution

The federal earned income tax credit program is one of the largest and most effective antipoverty policies currently in place in the United States, providing more than $40 billion in supplemental income to low-income workers with children.[1] In 2007, 25 million families and individuals received the tax credit, which provides a refundable federal income tax credit to low- to moderate-income working individuals and families. The Center on Budget and Policy Priorities estimates that the tax credit was responsible for lifting 6.6 million people, including 3.3 million children, out of poverty in 2009.[2]

Every year, however, many eligible filers fail to claim their credit, and their families do not receive the benefit of the additional income that it provides. San Antonio, the nation's seventh-largest city, boasts a 10-year-old initiative to address this issue of lost income and help low-income families get on the path to financial security through outreach and asset-building assistance.

The Alamo City Coalition for Family Economic Self Sufficiency developed as a partnership between financial institutions, government service providers, nonprofit organizations, faith groups, and universities. The cornerstone of its efforts is the Volunteer Income Tax Assistance program, or VITA, which trains volunteers to provide tax preparation services to low- and moderate-income families and individuals.[3] Through the VITA program, people making less than $55,000 receive free assistance filing their income tax returns and claim valuable tax credits like the EITC and child tax credit.

In 2011, VITA volunteers completed over 37,000 tax returns, returning more than $63 million worth of refunds to program participants. The results of an economic impact assessment found the program to have significant benefits for the local economy, returning $288 million to residents through the earned income tax credit alone, creating 752 jobs, and generating an additional $2 million in sales tax revenue for the city.[4]

The coalition has also launched an Individual Development Account program to assist low-income people build long-term assets and financial stability for their future. Program participants set up savings accounts with partner financial institutions and make monthly deposits, which the City of San Antonio matches with four dollars for every one dollar deposited, up to $1,000.[5] Participants can use their savings to make a down payment on a home or attend college. The program also offers financial literacy classes to help working families develop a strong understanding of personal finance that can help them build financial security.

This initiative is a cost-effective way to encourage job creation and economic development by increasing low-income families' access to important income support and financial services. Through the innovative collaboration between government, business, and nonprofit partners, the program has been successful in generating much-needed revenue for the city and improving the lives of community members in need.

1 Elizabeth Kneebone, "Economic Recovery and the EITC: Expanding the Earned Income Tax Credit to Benefit Families and Places" (Washington: Brookings, 2009), available at http://www.brookings.edu/~/media/Files/rc/papers/2009/0129_eitc_kneebone/20090126_eitc_kneebone.pdf.
2 Center on Budget and Policy Priorities, "Policy Basics: The Earned Income Tax Credit" (2009), available at http://www.cbpp.org/files/policybasics-eitc.pdf.
3 Volunteer Income Tax Assistance, available at http://www.vitasa.org/.
4 EITC Funders Network, "Evaluating EITC-Related Programs: Five Case Studies" (2010), available at http://www.eitcfunders.org/documents/EITCBrief12-10final.pdf
5 Financial Assistance Services: IDA-Individual Development Account, City of San Antonio Community Initiatives, available at http://www.sanantonio.gov/comminit/FinancialAssistanceIndividualDevelopmentAccount.aspx.

The result is that only a fraction of eligible families receive child care assistance, putting them at a greater disadvantage as they seek to find and hold onto a job.

In contrast, research demonstrates that low-income mothers who receive child care subsidies are more likely to be employed, to work more hours, and to work standard schedules compared to low-income mothers without subsidies. Child care subsidies are also associated with greater employment stability and higher earnings, with particularly strong consequences for women without a high school degree and for single mothers.[17]

Public health insurance

Two major federal-state policies subsidize health insurance for low-income children and families: Medicaid and the State Children's Health Insurance Program, or SCHIP. As a result of Medicaid expansions and the implementation of SCHIP (passed in 1997), eligibility for public health insurance for children has dramatically increased. Most states now provide health insurance coverage for children with family incomes up to 200 percent of poverty and several states have limits at or above 300 percent of poverty.

This coverage protects families who are on the nearest rungs of the ladder into the middle class—with incomes between roughly $40,000 and $60,000—from financial setbacks if their children need medical attention. Recent policy change in health care reform also increased health coverage among young adults. Among those aged 18 to 24 in 2010, the uninsured rate decreased to 27.2 percent from 29.3 percent in 2009.[18]

For adults, too, access to Medicaid is key, especially given the continued decline in employer-based health coverage. An important recent study based on the experience of Oregon's health insurance program demonstrates that when people in poverty have medical insurance, they have better access to doctors, see them more often than the uninsured, feel better, are less depressed, and are better able to maintain financial stability. These findings are based on a new, large-scale study that provides the first rigorously controlled assessment of the impact of Medicaid.[19]

Limitations of current work-support programs

In the wake of welfare reform and the creation of SCHIP in 1997, the United States began to build a work support system that could potentially make it possible for low-income workers to combine low-wage work with tax credits, public health insurance coverage, and subsidized child care to make ends meet. But the two weakest links in the system are the outsized demand for child care compared to available subsidies and the inadequate availability of health insurance for working-age adults with incomes above the Medicaid eligibility levels.

Further, the economic crisis has made clear that another limitation of child care and

Jay Kober, 60, of Portland, who has been unemployed for 10 months, waits in line with others during a job fair.

RICK BOWMER /THE ASSOCIATED PRESS

health care assistance is the programs' inability to expand automatically when state budgets contract and the demand for benefits increases. And finally, both federal and state policy changes are necessary to increase coordination of benefits and address the so-called "cliff effects" that can result when recipients of work supports increase their earnings. Sometimes a small increase in earnings can cause a family to lose benefits whose value far outweighs the pay increase. This can discourage workers from taking promotions and working extra hours by unfairly penalizing advancement in the work force.[20]

Income support when work is unavailable

Even in more stable economic times, spells of unemployment as well as chronic underemployment are common among low-wage workers. Some jobs are seasonal or temporary. Many low-wage jobs are part time and have unstable hours. Countless workers who are on a company's payroll and therefore technically "employed" are not guaranteed that they will be scheduled to work every week.[21] And because so many low-wage jobs are inflexible, missing work because of illness, to care for a sick child, or due to a failed child care arrangement, can lead to dismissal.

The United States needs a comprehensive income support system that addresses these inadequacies in the job market, accommodates the needs of workers with caregiving responsibilities, and protects those unable to work. Instead, we have a series of individual programs that are largely uncoordinated and collectively allow large numbers of families to fall through the cracks. This section examines wage replacement for dislocated workers, including unemployment insurance and cash assistance, as well as programs that subsidize the cost of food and housing.

Benefits for the unemployed

Unemployment insurance provides partial wage replacement to workers who are jobless through no fault of their own. In 2009 these benefits kept 3.5 million people above the poverty level.[22] The program helps families pay the bills when parents are out of work and provides an important boost to the economy during economic downturns because unemployed workers typically spend their benefits quickly.

An estimated 1.8 million job losses were averted during the recent recession because of spending attributable to unemployment benefits, which kept the unemployment rate approximately 1.2 percentage points lower than it would have been.[23] Yet low-wage workers who lose their jobs are far less likely to receive unemployment benefits than higher-income workers. In 2006 only 22 percent of unemployed workers in low-income working families reported receiving these benefits compared to 34 percent in moderate-income families and 39 percent in higher-income families.[24]

One reason for this low level of benefit receipt among low-wage workers is outmoded eligibility requirements. The unemployment insurance program was created in the midst of the Great Depression and was designed to meet the needs of full-time workers who were subject to temporary layoffs. Although the program has been modified over time and the rules vary by state, unemployment insurance has not kept up with dramatic changes in the labor force over the last 75 years, including the increase in employment among mothers and the increased prevalence of part-time and temporary work and self-employment.

New entrants to the labor force are sometimes ineligible for unemployment benefits because they don't have sufficient work experience or meet minimum earnings requirements. Until recently, most states did not provide these benefits to part-time workers.

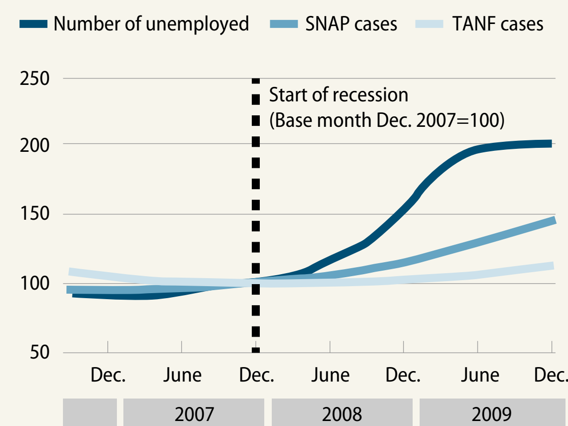
The good news is that the American Recovery and Reinvestment Act of 2009 created financial incentives for states to modernize their unemployment programs. The law made $7 billion available to states that adopted certain reforms designed to increase access to unemployment insurance benefits to groups such as low-wage workers that have previously been disadvantaged by outdated rules. Although some states had implemented some or all of these reforms prior to the incentive program, the last two years have brought tremendous progress toward modernizing the benefits in ways that will help low-wage workers and further reduce poverty.

The other challenge facing the unemployed, however, is that federal benefit extensions often end before workers are able to find new employment. Three years ago, the federal government started providing emergency unemployment benefits for workers who had been unemployed for more than 26 weeks. Since nearly half the unemployed have been out of work more than 26 weeks, and a third for more than a year,[25] the federally funded emergency and extended benefits programs have provided a critical lifeline to families of the long-term unemployed. But both programs are scheduled to expire at the end of 2011 when the unemployment rate will almost certainly still be quite high.

Cash assistance for families with children

Unlike unemployment insurance, where eligibility is based on job loss, the purpose of the Temporary Assistance for Needy Families program is to provide income support for children in very poor (typically single-parent) families. The original program, which like unemployment insurance was created as part of the Social Security Act in 1935, was designed to assist families without a male breadwinner. The program was premised on the assumption that single mothers should stay home with their children and not work.[26] Yet even 75 years ago, the majority of single mothers receiving cash assistance engaged in some amount of wage labor.

Nationally, TANF has responded only modestly to rising unemployment



Source: CBPP analysis

Cash assistance benefits have always been quite low and inadequate to meet a family's most basic subsistence needs. And now, even though most single mothers are employed, at least sporadically, the program still isn't adequate to their needs.

Cash assistance, commonly known as welfare, is one of our nation's most misunderstood and unfairly vilified public programs. Temporary Assistance for Needy Families and its predecessor program, Aid to Families with Dependent Children, have always served a diverse population, from families facing a temporary rough patch to deeply poor families in which parents have multiple barriers to employment such as low education, limited skills, mental health issues, substance abuse, or other problems. Missed in the policy debates about welfare is the fact that most recipients of this assistance are unemployed low-wage workers.

Kris Fallon holds her 4-month-old daughter Addison, as her 15-year-old son Gared, left, and husband Jim Fallon look on. The Fallon family has been living in poverty for nearly two years.

ROBERT RAY /THE ASSOCIATED PRESS

Recent research conducted in Minnesota shows that the overwhelming majority of the state's cash assistance recipients have work experience. Among families applying for cash assistance in three different years over the last decade, 80 percent were employed at some point in the two years before applying for assistance, and most importantly, 50 percent were working in the same quarter in which they applied for assistance.[27]

Temporary Assistance for Needy Families has done little to alleviate the economic hardship caused by the Great Recession. Why? Because it does not automatically expand when economic downturns and rising unemployment lead to increased demand for benefits. The program was created as a block grant, which means that the federal funding allocated to the program is the same regardless of economic conditions.

A recent analysis found that in 22 states, Temporary Assistance for Needy Families responded minimally or not at all to the increase in poverty caused by the recession. Between December 2007 and December 2009, caseloads increased by less than 10 percent in 16 states, and caseloads actually declined in six states.

In contrast, caseloads increased by more than 20 percent in 15 other states. The authors of this analysis note that whether state Temporary Assistance for Needy Families programs expanded during the crisis bore little relationship to the severity of the state's unemployment rate.[28]

Although there are many ways this cash assistance program can be improved, the biggest challenge is that it is not functioning as an effective safety net for the families it was designed to aid. In 1995, when the previous Aid to Families with Dependent Children program did expand and contract according to need, the program provided benefits to 75 percent of families with children with incomes below the official poverty line. In contrast, in 2009 Temporary Assistance for Needy Families assisted just 28 percent of such families.[29]

The program has been level-funded since 1996, when the program was converted to block grant financing, which means the share of funding devoted to basic cash assistance for families declined dramatically during that time.

The families served by Temporary Assistance for Needy Families are very poor. Income eligibility levels are well below the official poverty level, and in the majority of states, eligibility is below half of the federal poverty level. In more than half the states, the maximum monthly benefit level for a family of three is less than $400 a month.[30] Despite the meagerness of these benefits, they can make a tremendous difference in the lives of the poorest families. But the program now serves fewer than half the number of people it did 15 years ago.

Temporary Assistance for Needy Families has become less effective at fighting deep poverty over time. In 1995 its predecessor program lifted 62 percent of children who would otherwise have been below half the official poverty line out of deep poverty. But by 2005 the comparable figure for the current program was only 21 percent. Over the same 10-year period, the number of children living in families with income below half the poverty line rose from 1.4 million to 2.4 million, an increase of 71 percent.[31]

Subsidies for food and housing

The Supplemental Nutrition Assistance Program (formerly the food stamp program), and other nutrition programs have been quite effective in reducing severe hunger in the United States. Roughly 80 percent of food stamp recipients live in households with children. The Supplemental Nutrition Assistance Program targets the lowest-income families. About 90 percent of recipient households have incomes below the official poverty line and more than a third have incomes below half of the poverty line.[32]

The Supplemental Nutrition Assistance Program is completely federally funded except for administrative costs. The program expands during economic downturns. Enrollment in SNAP increased by 5.6 million households, or 45 percent, between December 2007 and December 2009. The program helped keep 3.8 million families out of poverty in 2009.[33]

Federal Housing Choice Vouchers (sometimes referred to as Section 8 vouchers) and public housing units are the principal federal housing subsidies that directly benefit low-income families. The trend over time has been away from providing individuals with publicly owned units to subsidizing rentals in the private market. In 2006 just more than 1 million households lived in public housing units and about 2 million received housing vouchers.[34]

Because the number of families eligible for housing vouchers is many times larger than the number of subsidies available, most applicants, especially in urban areas, are placed on a waiting list when they apply. In some places the waiting lists are closed. As with so many safety net programs, the voucher program assists only a fraction of eligible households.

Asset development and protection

Low-income families have a hard time accumulating assets for a simple reason: They already struggle to pay the essential monthly bills and typically have little, if anything, left over. They also struggle with debt. In the decade leading up to the recession, families increasingly turned to credit cards and loans to make up the difference between stagnating wages and the higher cost of essentials, using debt to cover basic living expenses, medical bills, and car and home repairs.[35]

Current asset promotion policies favor middle- and especially high-income households. In the last decade or so, advocates and policymakers have begun to develop asset-building program models that specifically target low-income families. Individual Development Account programs, for example, help participants save for specific purposes, such as higher education, homeownership, or starting a business, by matching their contributions. Other mechanisms have been proposed to promote savings and to help families accumulate savings for short-term emergencies as well as long-term goals such as higher education, homeownership, and secure retirement,[36] but it remains to be seen if such models can be brought to scale and produce meaningful results.

At the very least, policies should not create disincentives to save and invest. Asset eligibility provisions in means-tested public assistance programs such as the Temporary Assistance for Needy Families program and public health insurance programs place restrictions on the amount of savings or the value of vehicles a family can have and still qualify for assistance. Such limits can discourage savings and prevent families from making investments. Restrictions on vehicles are particularly counterproductive since most people need a reliable car to commute to work.

Asset tests ignore household debt, so a family with a small amount of savings but a lot of liabilities may actually be worse off than a family with no savings or debt.[37] Fortunately, there has been growing recognition that asset limits can do more harm than good and some have been relaxed or even eliminated over the past decade.

Another threat to asset accumulation among low-income families is a phenomenon that has been referred to as the "high cost of being poor."[38] Lower-income families often pay more than higher-income families for basic financial services such as cashing checks, tax preparation, mortgages, wiring money, and short- and long-term loans. They also pay more for some consumer goods such as cars and furniture. Families without a bank account may resort to expensive alternatives to access cash such as check-cashing outlets, pawnshops, and payday lenders.

For a combination of reasons, including poor credit histories, insufficient knowledge and information, predatory practices, and a lack of alternatives, low-income families tend to pay more to borrow money in the form of higher interest rates, unfavorable terms, and expensive fees and penalties. These higher prices drain wealth from low-income families and whole communities.

As we have seen with the foreclosure crisis, African American and Latino families are much more likely than white families to be steered to subprime mortgages even when they would have qualified for regular loans.[39] The Center for Responsible Lending estimates that during the first three years of the foreclosure crisis, from January 2007 through the end of 2009, 2.5 million foreclosures were completed, with African American and Latino borrowers disproportionately represented: Nearly 8 percent of African Americans and Latinos lost their homes to foreclosures, compared to 4.5 percent of whites.[40]

Addressing the widespread nature of the phenomenon of lower-income families paying more to access cash and credit will require stronger regulation and cracking down on unscrupulous and predatory practices by lenders and alternative financial services, as well as increased financial literacy among consumers.

Measuring our progress

To achieve the goal of cutting poverty in half over the next decade, Half in Ten will track five indicators to gauge the nation's progress in helping more families become economically secure. They are:

- SNAP participation rate among eligible population
- Percentage of eligible children receiving child care subsidy
- Percentage of unemployed in receipt of unemployment insurance
- Housing affordability gap
- Percentage of population that is unbanked (without checking and savings accounts)

With these last 5 of our 18 measures of poverty detailed in this chapter, we now turn to our set of recommendations—policy suggestions that we believe would ensure all of these measures trend increasingly positive over the course of this decade.

Endnotes

1 Heather Boushey and others, "Understanding Low-Wage Work in the United States" (Washington: Inclusion, 2007), available at http://www.inclusionist.org/files/lowwagework.pdf. This analysis defined a low-wage job as paying less that two-thirds of the median wage, or $11.11 an hour in 2006.

2 Nancy K. Cauthen, "Looking Forward, Looking Back: Reflections on the 10th Anniversary of Welfare Reform" (New York: National Center for Children in Poverty, 2006), available at http://nccp.org/publications/pdf/text_675.pdf.

3 For a comprehensive assessment of work support policies, see: Nancy K. Cauthen, "Improving Work Supports: Closing the Financial Gap for Low-Wage Workers and Their Families" (Washington: Economic Policy Institute, 2007), available at http://www.sharedprosperity.org/bp198.html.

4 Carmen DeNavas-Walt, Bernadette D. Proctor, and Jessica C. Smith, Income, Poverty and Health Insurance Coverage in the United States: 2010 (Department of Commerce, 2011), table B-2, available at http://www.census.gov/prod/2011pubs/p60-239.pdf.

5 Annie E. Casey Foundation, "America's Children, America's Challenge: Promoting Opportunity for the Next Generation" (2011), available at http://www.aecf.org/~/media/Pubs/Initiatives/KIDS%20COUNT/123/2011KIDSCOUNTDataBook/2011KCDB_FINAL_essay.pdf.

6 U.S. Bureau of Labor Statistics, "The Employment Situation – August 2011," News release, September 2, 2011, available at http://www.bls.gov/news.release/pdf/empsit.pdf.

7 Lillian Woo and David Buchholz, "Subsidies for Assets: A New Look at the Federal Budget" (Washington: CFED, 2006), available at http://www.community-wealth.org/_pdfs/articles-publications/individuals/paper-woo-bucholz07.pdf.

8 William Elliott III, Mesmin Destin, and Terri Friedline, "Taking Stock of Ten Years of Research on the Relationship between Assets and Children's Educational Outcomes: Implications for Theory, Policy and Intervention" (St. Louis, MO: Center for Social Development, 2011), available at http://csd.wustl.edu/Publications/Documents/WP11-08.pdf.

9 Michael Sherraden, Assets and the Poor: A New American Welfare Policy (Armonk, NY: M. E. Sharpe, Inc, 1991).

10 Meizhu Lui, "Laying the Foundation for National Prosperity: The Imperative of Closing the Racial Wealth Gap" (Oakland, CA: Insight Center for Community and Economic Development, 2009), available at http://www.newdeal20.org/wp-content/uploads/2009/11/executive-summary.pdf.

11 Yumiko Aratanti and Michelle Chau, "Asset Poverty and Debt Among Families with Children," (New York: National Center for Children in Poverty, 2010), available at http://www.nccp.org/publications/pub_918.html.

12 Timothy Smeeding, "Poor People in Rich Nations: The United States in Comparative Perspective," Journal of Economic Perspectives 20 (1) (2006): 69–90.

13 Nancy K. Cauthen, "Improving Work Supports: Closing the Financial Gap for Low-Wage Workers and Their Families" (Washington: Economic Policy Institute, 2007), available at http://www.sharedprosperity.org/bp198.html.

14 The official poverty measure does not take the EITC into account; these figures are based on an alternative measure that does.

15 Bruce D. Meyer and Dan T. Rosenbaum, "Making Single Mothers Work: Recent Tax and Welfare Policy and Its Effects." In Bruce Meyer and Douglas Holtz-Eakin, eds., Making Work Pay: The Earned Income Tax Credit and Its Impact on America's Families (New York: Russell Sage Foundation, 2002)

16 CBPP: http://www.cbpp.org/cms/index.cfm?fa=view&id=2547 Recovery Agreement Temporarily Expands Child Tax Credit for Large Numbers of Children in Every State Together With Other Credits, Will Keep an Estimated 1 Million Children in Working Families Out of Poverty

17 Note that researchers caution that child care and employment decisions are interdependent and that there is limited evidence of a one-way linear relationship. Stephanie A. Schaefer and others, "Parent Employment and the Use of Child Care Subsidies" (New York: National Center for Children in Poverty, 2006), available at http://www.nccp.org/publications/pdf/text_709.pdf.

18 DeNavas-Walt, Proctor, and Smith, Income, Poverty and Health Insurance Coverage in the United States: 2010.

19 Amy Finkelstein and others, "The Oregon Health Insurance Experiment: Evidence from the First Year" (Cambridge, MA: National Bureau of Economic Research, 2011), available at http://www.nber.org/papers/w17190.

20 Nancy K. Cauthen, "When Work Doesn't Pay: What Every Policymaker Should Know" (New York: National Center for Children in Poverty, 2006), available at http://nccp.org/publications/pdf/text_666.pdf.

21 Nancy K. Cauthen, "Scheduling Hourly Workers: How Last Minute, 'Just-In-Time' Scheduling Practices Are Bad for Workers, Families and Business" (New York: Dēmos, 2011), available at http://www.demos.org/pubs/Scheduling_Hourly_Workers.pdf.

22 Arloc Sherman, "Despite Deep Recession and High Unemployment, Government Efforts — Including the Recovery Act — Prevented Poverty from Rising in 2009, New Census Data Show" (Washington: Center on Budget and Policy Priorities, 2011), available at http://www.cbpp.org/cms/index.cfm?fa=view&id=3361.

23 U.S. Department of Labor, "Summary: The Role of Unemployment as an Automatic Stabilizer During a Recession," Press release, November 16, 2010, available at http://www.dol.gov/opa/media/press/eta/eta20101615fs.htm.

24 Margaret C. Simms, "Weathering Job Loss: Unemployment Insurance" (Washington: Urban Institute, 2008), available at http://www.urban.org/UploadedPDF/411730_job_loss.pdf.

25 Pew Charitable Trusts, "A Year or More: The High Cost of Long-Term Unemployment" (2011), available at http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Reports/Economic_Mobility/long_term_unemployment_update_january_2011.pdf.

26 Nancy K. Cauthen, "From Quiet Concern to Controversy: The Transformation of Aid to Dependent Children, 1935-1967," Unpublished doctoral dissertation, New York University, 1998.

27 Affirmative Options Coalition, "Is 'welfare' the only unemployment safety net available to some workers?" (St. Paul, MN), available at http://www.affirmativeoptions.org/index.php?option=com_content&view=article&id=109:welfare-as-safety-net&catid=80:welfare-to-work&Itemid=138

28 LaDonna Pavetti and Liz Schott, "TANF'S Inadequate Response to Recession Highlights Weakness of Block-Grant Structure" (Washington: Center for Budget and Policy Priorities, 2011), available at http://www.cbpp.org/files/7-14-11tanf.pdf.

29 Ibid.

30 50-State Policy Wizard. National Center for Children in Poverty, Columbia University.

31 Arloc Sherman. Safety Net Effective at Fighting Poverty But Has Weakened for the Very Poorest. Center on Budget and Policy Priorities, July 6, 2009

32 Dottie Rosenbaum and Zoe Neuberger, "Food and Nutrition Programs: Reducing Hunger, Bolstering Nutrition" (Washington: Center for Budget and Policy Priorities, 2005), available at http://www.cbpp.org/cms/?fa=view&id=510.

33 Arloc Sherman, "Despite Deep Recession and High Unemployment, Government Efforts — Including the Recovery Act — Prevented Poverty from Rising in 2009, New Census Data Show" (Washington: Center on Budget and Policy Priorities, 2011), available at http://www.cbpp.org/cms/index.cfm?fa=view&id=3361.

34 Will Fischer, "Public Housing Squeezed Between Higher Utility Costs and Stagnant Funding: Low-Income Families Will Bear Brunt of Shortfalls" (Washington: Center for Budget and Policy Priorities, 2006), available at http://www.cbpp.org/files/10-11-06hous.pdf; Barbara Sard and Douglas Rice, "President's 2007 Budget Renews Same Number of Housing Vouchers Funded in 2006, But Many Local Programs Could Face Cuts Due to Flawed Funding Formula" (Washington: Center for Budget and Policy Priorities, 2006), available at http://www.cbpp.org/files/3-13-06hous.pdf.

35 José García and Tamara Draut, "The Plastic Safety Net: How Households Are Coping in a Fragile Economy" (New York: Demos, 2009), available at http://www.demos.org/pubs/psn_7_28_09.pdf.

36 Reid Cramer and others, "The Assets Agenda 2011: Policy Options to Promote Savings and Asset Development" (Washington: New America Foundation, 2010), available at http://assets.newamerica.net/sites/newamerica.net/files/policydocs/Assets_Agenda_2011.pdf.

37 Henry Chen and Robert I. Lerman, "Do Asset Limits in Social Programs Affect the Accumulation of Wealth?" (Washington: Urban Institute, 2005), available at http://www.urban.org/UploadedPDF/311223_asset_limits.pdf.

38 Douglas Nelson, "The High Cost of Being Poor: Another Perspective on Helping Low Income Families Get Buy and Get Ahead" (Baltimore: Annie E. Casey Foundation, 2003), available at http://www.aecf.org/upload/PublicationFiles/DA3622H5040.pdf.

39 Debbie Gruenstein Bocian, Wei Li, and Keith S. Ernst, "Foreclosures by Race and Ethnicity: The Demographics of a Crisis" (Washington: Center for Responsible Lending, 2010), available at http://www.responsiblelending.org/mortgage-lending/research-analysis/foreclosures-by-race-and-ethnicity.pdf.

40 Ibid.

Indicators

Nutrition assistance

Increasing the share of eligible individuals receiving Supplemental Nutrition Assistance Program benefits means more people can access assistance when they need it and can see their income lifted above poverty.

1

Supplemental Nutrition Assistance Program

Average monthly participation (persons)

State/Territory	FY 2007	FY 2010	State/Territory	FY 2007	FY 2010
Alabama	545,955	805,095	Montana	79,969	113,570
Alaska	56,161	76,445	Nebraska	120,634	162,817
Arizona	544,688	1,018,171	Nevada	122,224	278,105
Arkansas	379,768	466,598	New Hampshire	59,101	104,375
California	2,048,185	3,238,548	New Jersey	414,503	622,022
Colorado	250,704	404,679	New Mexico	233,918	356,822
Connecticut	212,562	336,064	New York	1,801,984	2,757,836
Delaware	67,185	112,513	North Carolina	882,946	1,346,495
District of Columbia	86,519	118,493	North Dakota	45,122	59,888
Florida	1,232,803	2,603,185	Ohio	1,076,764	1,607,422
Georgia	950,038	1,591,078	Oklahoma	421,316	582,492
Guam	26,614	36,926	Oregon	438,498	705,035
Hawaii	89,629	138,166	Pennsylvania	1,135,146	1,574,783
Idaho	87,068	194,033	Rhode Island	76,315	138,966
Illinois	1,246,400	1,645,722	South Carolina	545,293	797,110
Indiana	587,156	813,403	South Dakota	60,246	95,336
Iowa	238,349	340,304	Tennessee	864,870	1,224,023
Kansas	182,407	269,710	Texas	2,422,198	3,551,581
Kentucky	602,022	778,114	Utah	123,475	247,405
Louisiana	650,357	825,918	Vermont	52,612	85,538
Maine	162,602	229,731	Virginia	515,032	786,157
Maryland	317,825	560,848	Virgin Islands	13,281	20,328
Massachusetts	456,192	749,121	Washington	536,333	956,004
Michigan	1,204,409	1,776,368	West Virginia	269,343	341,156
Minnesota	276,414	430,346	Wisconsin	382,770	715,213
Mississippi	426,116	575,674	Wyoming	22,608	34,799
Missouri	671,397	901,349	**TOTAL**	**26,316,045**	**40,301,878**

Source: Food and Nutrition Service, SNAP Average Monthly Participation, USDA, 2011. Available at http://www.fns.usda.gov/pd/15SNAPpartPP.htm

Unemployment benefits

Increasing the number of unemployed workers who gain access to unemployment insurance benefits will lift more families out of poverty.

2

Percentage of unemployed receiving any unemployment benefits

Past 12 months (average monthly)

State	Total unemployed (in thousands)	All progs recip rate (%)	State	Total unemployed (in thousands)	All progs recip rate (%)
AL	202.15	53.25	NE	45.44	72.25
AK	28.93	79.39	NV	200.77	63.06
AZ	316.19	57.04	NH	45.1	60.06
AR	106.55	54.8	NJ	425.74	99.47
CA	2,259.94	63.34	NM	80.2	63.42
CO	239.68	59.87	NY	824.08	78.22
CT	173.41	82.31	NC	476.43	74.54
DE	36.1	71.82	ND	14.61	50.66
DC	32.96	36.31	OH	594.54	58.2
FL	1,064.69	54.59	OK	123.77	40.55
GA	479.99	83.72	OR	214.95	80.09
HI	41.62	72.16	PA	548.97	96.39
ID	70.62	69.12	PR	208.69	57.36
IL	681.3	67.78	RI	66.96	55.84
IN	319.57	61.88	SC	241.8	59.6
IA	102.61	68.18	SD	21.5	28.9
KS	105.76	61.71	TN	297.46	55.27
KY	218	51.16	TX	994.48	47.45
LA	155.18	47.16	UT	105.97	48.71
ME	55.27	57.6	VT	22.47	76.02
MD	222.55	55.36	VA	289.15	36.18
MA	297.06	85.39	WA	339.51	67.51
MI	596.83	70.49	WV	71.27	55.86
MN	216.91	72.76	WI	255.34	89.21
MS	137.1	49.76	WY	20.46	55.36
MO	288.78	52.22	**US**	**14,825**	**66.05**
MT	36.06	75.53			

Source: Employment and Training Administration, Unemployment Insurance Data Summary Department of Labor, 2011

Affordable housing

Increasing the availability of safe and affordable housing reduces economic hardship among low-income families.

3

State housing gap (2009)

Affordable and available units per 100 tenants at or below income threshold

State	ELI	VLI	State	ELI	VLI
AL	42	77	MT	49	76
AK	39	72	NE	46	82
AZ	25	54	NV	19	38
AR	43	76	NH	47	62
CA	22	36	NJ	34	53
CO	27	68	NM	45	68
CT	38	67	NY	36	56
DE	35	55	NC	39	72
DC	37	53	ND	51	106
FL	24	38	OH	36	78
GA	39	68	OK	41	80
HI	34	47	OR	21	48
ID	27	65	PA	40	71
IL	32	63	RI	44	66
IN	34	76	SC	45	76
IA	41	87	SD	60	92
KS	40	79	TN	40	70
KY	48	83	TX	30	59
LA	44	68	UT	30	66
ME	49	66	VT	41	62
MD	41	66	VA	45	72
MA	49	71	WA	31	60
MI	28	61	WV	48	79
MN	44	71	WI	30	72
MS	47	71	WY	36	92
MO	40	77			

ELI- Extremely low income
(0-30% of State Median Family Income)

VLI- Very low income
(0-50% State Median Family Income)

Source: National Low Income Housing Coalition 2009 ananysis

Indicators

Affordable banking

Increasing access to affordable banking is an important component in helping families save and build assets.

4

Percentage of population that is unbanked

Without checking and savings accounts (numbers in thousands)

All U.S. households
Number: 118,574
Number unbanked: 9,085
Percent unbanked: 7.7

Black number unbanked: 3,356
Percent unbanked: 21.7
Hispanic number unbanked: 2,549
Percent unbanked: 19.3

White number unbanked: 2,774
Percent unbanked: 3.3
Other number unbanked: 406
Percent unbanked: 6.4

	Number	Number unbanked	Percent unbanked		Number	Number unbanked	Percent unbanked
Midwest				**Northeast**			
Illinois	4,911	304	6.2*	Connecticut	1,374	73	5.3*
Indiana	2,445	180	7.4	Maine	5	14	2.6*
Iowa	1,229	57	4.7*	Massachusetts	2,637	108	4.1*
Kansas	1,147	73	6.4	New Hampshire	524	12	2.2*
Michigan	3,938	265	6.7	New Jersey	3,141	233	7.4
Minnesota	2,131	56	2.6*	New York	7,749	761	9.8*
Missouri	2,473	204	8.2	Pennsylvania	4,958	251	5.1*
Nebraska	708	38	5.4*	Rhode Island	423	26	6.2
North Dakota	275	13	4.8	Vermont	256	11	4.2*
Ohio	4,596	328	7.1	**South**			
South Dakota	332	16	4.8*	Alabama	1,911	222	11.6*
Wisconsin	2,322	99	4.3*	Arkansas	1,135	115	10.1
West				Delaware	341	19	5.6*
Alaska	250	11	4.3*	District of Columbia	301	37	12.2*
Arizona	2,630	197	7.5	Florida	7,567	527	7.0
California	13,094	1,013	7.7	Georgia	3,765	457	12.2*
Colorado	2,000	138	6.9	Kentucky	1,754	208	11.9*
Hawaii	439	13	2.9*	Louisiana	1,769	155	8.7
Idaho	566	38	6.7	Maryland	2,169	121	5.6*
Montana	419	16	3.8*	Mississippi	1,118	184	16.4*
Nevada	981	67	6.9	North Carolina	3,749	306	8.2
New Mexico	780	89	11.4*	Oklahoma	1,445	141	9.8
Oregon	1,558	88	5.7*	South Carolina	1,790	182	10.2*
Utah	902	15	1.7*	Tennessee	2,517	249	9.9*
Washington	2,643	103	3.9*	Texas	8,891	1,040	11.7*
Wyoming	221	9	4.0*	Virginia	2,996	153	5.1*
				West Virginia	756	47	6.3

Note: Figures do not always reconcile with totals because of rounding of household weights to represent population totals
*Estimates for this sample were statistically different from the national average at 10%

Source: FDIC National Survey of Unbanked and Underbanked Households, FDIC, 2009. Available at http://www.fdic.gov/householdsurvey/Full_Report.pdf

Affordable child care

Increasing safe and affordable child care options will allow more families to increase their income through work.

5

Child care income eligibility limits for a family: 2010

State	As annual dollar amount	As percent of poverty	As percent of state median income		As annual dollar amount	As percent of poverty	As percent of state median income
Alabama	$23,808	130%	47%	Montana	$27,468	150%	52%
Alaska	$46,248	253%	69%	Nebraska	$21,972	120%	37%
Arizona	$30,216	165%	54%	Nevada	$43,248	236%	75%
Arkansas	$28,345	155%	62%	New Hampshire	$45,775	250%	61%
California	$45,228	247%	70%	New Jersey	$36,620	200%	45%
Colorado	$23,803-54,108	130-296%	37-85%	New Mexico	$36,620	200%	82%
Connecticut	$61,556	336%	75%	New York	$36,620	200%	56%
Delaware	$36,624	200%	55%	North Carolina	$37,476	205%	69%
District of Columbia	$45,775	250%	84%	North Dakota	$29,556	161%	52%
Florida	$27,465	150%	49%	Ohio	$27,468	150%	46%
Georgia	$35,200	192%	61%	Oklahoma	$35,100	192%	73%
Hawaii	$47,124	257%	66%	Oregon	$33,874	185%	60%
Idaho	$23,184	127%	46%	Pennsylvania	$36,620	200%	58%
Illinois	$36,624	200%	56%	Rhode Island	$32,958	180%	47%
Indiana	$23,256	127%	40%	South Carolina	$27,465	150%	53%
Iowa	$26,556	145%	45%	South Dakota	$38,150	208%	70%
Kansas	$33,876	185%	58%	Tennessee	$31,044	170%	60%
Kentucky	$27,468	150%	53%	Texas	$27,465-44,524	150-243%	52-85%
Louisiana	$37,896	207%	73%	Utah	$31,992	175%	58%
Maine	$45,775	250%	81%	Vermont	$36,600	200%	59%
Maryland	$29,990	164%	37%	Virginia	$27,468-45,780	150-250%	40-67%
Massachusetts	$39,207	214%	50%	Washington	$36,624	200%	56%
Michigan	$23,880	130%	38%	West Virginia	$27,468	150%	58%
Minnesota	$32,994	180%	47%	Wisconsin	$33,876	185%	54%
Mississippi	$34,999	191%	79%	Wyoming	$48,175	263%	79%
Missouri	$23,520	128%	42%				

Source: National Women's Law Center

The income eligibility limits shown in the table represent the maximum income families can have when they apply for child care assistance. Some states allow families, once receiving assistance, to continue receiving assistance up to a higher income level than that initial limit. Changes in income limits were calculated using raw data, rather than the rounded numbers shown in the table. Further detailed analysis of this table is available on National Women's Law Center's website at www.NWLC.org

Conclusion: A call to action

By John D. Podesta, Deborah Weinstein, and Wade Henderson

Stephanie Buckley, of Boston, left, has her resume reviewed by Shelly Piper, of Cape Ann, Mass., at the BostonHires job fair. Buckley is searching for employment in the non-profit sector.

STEVEN SENNE /THE ASSOCIATED PRESS

"There is nothing new about poverty. What is new, however, is that we have the resources to get rid of it." — Rev. Dr. Martin Luther King Jr.

What would it mean to cut poverty in half across the United States? In concrete terms it would mean 23 million fewer Americans living in poverty. It would mean more consumers for American goods and services to help us rebuild our economy from the bottom up. It would mean more children going to school well fed and ready to learn. It would mean a healthier population, less crime, and a major decline in the racial inequities and disparities that plague our nation. And it would mean a more competitive America with greater opportunity for all its citizens.

During these challenging economic times, it is easy to believe that poverty is a permanent and unalterable feature of our society—that elevated levels of unemployment and diminishing opportunity are the "new normal." In fact, a May 2011 Gallup poll suggests that for the first time a majority of Americans believe their children will not be better off or have the same opportunities as their own generation. And it's undeniable that the American Dream is at risk for the more than one in three Americans struggling to make ends meet on low incomes alongside the 46.2 million Americans in poverty.

We have the resources

It doesn't have to be this way.

In fact, throughout our history there have been periods when we significantly reduced poverty, periods when a strong economy at near full employment combined with government and private initiatives to enable millions of Americans to find paths of opportunity into the middle class. Our past experiences teach us a great deal and we now boast more effective strategies for poverty reduction. We know it is possible to reduce poverty and expand the middle class. What we need more than anything is the will to do so.

We are today, as we were in Dr. King's time, at a crossroads—a pivotal moment that will test our collective ability to spur our great nation to reach its highest ideals. The overall picture of the American economy is gloomy, with the lingering effects of the mortgage crisis, persistent unemployment, and falling median income all undermining Americans' economic security.

Since the beginning of the Great Recession, the number of poor people in America has grown by 9 million.[1] And that number is likely to continue to grow if nothing is done. We cannot expect prosperity to trickle down without intentional steps to increase and share the economic growth so that all Americans move forward together.

Ending poverty is in the national interest. Our nation cannot continue to lead the world while ignoring widespread poverty and economic insecurity that paralyzes families, destabilizes communities, and closes doors of opportunity to our children. To compete in the 21st century, we must be a nation that nurtures and deploys the talents of all of our citizens. And while poverty affects every race and nationality in our nation, we must also be brutally honest about the racial disparities that continue to separate blacks and Hispanics from whites. While the 2010 poverty rate among whites was 13 percent, 27.4 percent of blacks and 26.6 percent of Latinos lived in poverty.

Our growing population and growing diversity as a nation is a source of strength in the international economic arena. But we need to provide economic opportunities to all Americans to capitalize on these important demographic trends—not least because these future taxpayers will be providing the fiscal resources for our own aging population in the coming decades.

Rising inequality among these emerging groups is unhealthy for our democracy, too, both in terms of economic growth and social conflicts. Escalating rates of poverty rob the United States of one of its fundamental values—the belief that one can achieve success through hard work.

Thankfully, it's not too late for us to act. This report lays out concrete steps our nation can and should take today to turn the tide on this crisis. By providing access to good jobs that honor the dignity of work and pay a decent wage, policies that strengthen families, and opportunities to promote economic security, we can chart a new course for America's future—one based on the hard-won recognition that stable economic growth requires shared prosperity.

America has never shied away from big challenges. Whether it was rebuilding Europe after World War II or venturing into the heavens to put an American on the moon, our nation has succeeded by committing itself to grand goals with the focus and determination to achieve what many thought was impossible. Our organizations—the Center for American Progress Action Fund, the Coalition on Human Needs, and The Leadership Conference on Civil and Human Rights—believe that the same focus, fearlessness, and determination that brought stability to post-war Europe and put a man on the moon in less than 10 years can be marshaled to slice poverty in half in the next decade and expand opportunity for all.

This is a vision of society worth fighting for. At critical points in our history, Americans from different backgrounds and political beliefs came together to solve our nation's most pressing problems. Today we enjoy the fruits of those victories that were once thought to be out of reach. Whether we consider the Civil Rights Act of 1964 or the recent expansion of health coverage to 30 million Americans, these hard-fought victories all came because of a national effort to build a better country.

It is time once again for all of us to join together to reignite America's can-do spirit and tackle the great challenge of this generation—cutting poverty and economic inequality in our country. Our political leaders will not take the necessary steps to build this vision of shared prosperity unless we the people work together to demand it. It is time that we recognize our collective strength and come together to fight for that brighter, more prosperous America.

Half in Ten campaign 2012 policy priorities

The protracted congressional debate this year over how to raise the federal debt ceiling was a tough blow for struggling Americans. In the end, the deal is likely to force cuts to programs that will affect those hit hardest by the Great Recession and the slow, uneven recovery. The federal debt ceiling debate further distracted policymakers from addressing critical needs of our nation: 25 million Americans in need of a full-time job, a shrinking middle class, and the lack of economic mobility in too many communities.

The Half in Ten campaign strongly believes it is possible to rebuild a nation of shared and stable prosperity. We can do it by investing in programs to grow the middle class and reduce economic hardship. Without such investments our efforts to reduce the deficit will fail, because the stalled economy will not produce enough revenue and the needs of a struggling population will be costly. A plan to create jobs, raise revenues from those who have gained the most from our economy, and make savings without harming the vulnerable will reduce the deficit and set us on a path of shared growth.

In this report we examine the current economic challenges facing the middle class and low-income families across the United States. The section below calls on policymakers to take immediate action to ensure that, as a nation, we move forward with the appropriate policies to expand economic opportunities for all Americans.

To that end, the Half in Ten campaign will work with its partners to urge policymakers to advance the following sets of progressive policy priorities in 2012 for a better America:

- Create more good jobs.
- Strengthen families and communities.
- Promote family economic security.

Create more good jobs

A comprehensive jobs plan

Record unemployment and underemployment has caused millions of Americans to fall behind. Unemployment damages individual families and neighborhoods and is a driving force behind our national deficit and rising poverty rates. Higher unemployment means fewer people paying taxes and more people requiring social services. Targeted investments to tackle the jobs deficit are a critical component of a strategy to get our nation's budget deficits under control. The Half in Ten campaign supports the essential components of President Obama's American Jobs Act, which takes important steps to target job creation strategies to reach low-income people and communities.

The Half in Ten campaign supports policies to promote equitable job growth among all sectors of the U.S. economy. We urge policymakers to approve a comprehensive jobs strategy that includes investing in jobs for low-skilled and long-term unemployed workers in distressed communities and in infrastructure projects to rebuild America's aging bridges, roads, and schools, while also creating jobs for skilled construction workers. The Half in Ten campaign also supports federal aid to states and localities to prevent layoffs and allow for the hiring of teachers, public safety, and human services workers in low-income communities.

Increase the minimum wage

Too many American families continue to live in poverty even though they work full-time jobs. The minimum wage must be updated to allow more workers to earn a family-sustaining wage.

The Half in Ten campaign supports increasing the minimum wage and indexing it annually to keep pace with the increasing expenses that families face.

Reform our nation's workforce development system

The American Recovery and Reinvestment Act made significant investments to the nation's workforce development system, adding new funds for job training to the Workforce Investment Act and providing resources for the Temporary Assistance for Needy Families Emergency Fund that were in part used to subsidize 260,000 temporary jobs. These programs provided targeted training and employment services for low-income youth and adults. The Half in Ten campaign supports building on the successful experience of the Temporary Assistance for Needy Families jobs program by providing additional federal funds to create more subsidized jobs, taking care not to displace existing positions and ensuring the temporary workers are fully protected by labor laws.

In addition, the Half in Ten campaign supports summer and year-round programs aimed at connecting disadvantaged youth to education and work experience as part of a comprehensive jobs initiative to put Americans back to work. Expanded investment in supported work can help people with significant barriers to employment make a successful entry into the labor force.

Finally, reforms are needed to our nation's employment and training system to ensure more dislocated workers and youth are prepared to enter the workforce once the economy starts to grow. Specific investments must be made to connect workers to growth sectors such as transportation, health care, and energy.

Support for paid sick leave

Workers should not have to make a choice between taking care of their health and keeping a job. Yet according to the U.S. Department of Labor, nearly 40 million private-sector workers are not offered a single paid sick day to recover from an illness.

The Half in Ten campaign supports efforts to expand paid sick leave to more low-income workers. These workers should be allowed to earn job-protected, paid sick days each year to address their own illness or the health care needs of a family member. These policies should include a simple formula to calculate sick days to protect both workers and employers from abuse.

Strengthen families and communities

Protect our nation's family and community supports

Protecting funding for critical support programs must be a critical component of our nation's efforts to grow the economy and expand the middle class. Programs such as home energy assistance; the Women, Infants, and Children food-and-health assistance program; housing subsidies; and child care all play a key role in helping low-income families make ends meet. At a time when most states are facing budget shortfalls, with many cutting back on their own funding for child care and other family supports, the federal government should help states continue to serve vulnerable families; it should not make things worse.

The Half in Ten campaign urges policymakers to protect these vital supports in annual spending bills. These programs help families get a foothold in the middle class. The shrinking of the discretionary spending pot already approved as part of deficit reduction plans will further squeeze the funding sources for programs that support families during crisis and help them get on a path to economic stability. Congress and the president should spare programs that provide vital assistance for low-income and vulnerable people, and should reject proposals to cut domestic appropriations even more deeply.

Reform Temporary Assistance for Needy Families

This year marks the 15th anniversary of the Temporary Assistance for Needy Families. Over the past decade and a half, this program has failed during the toughest economic times to provide the poorest families with support. Its predecessor program, Aid to Families with Dependent Children, aided 75 families with children for every 100 such families in poverty; Temporary Assistance for Needy Families provided help to only 28 out of 100 poor families in 2009, according to the Center on Budget and Policy Priorities.

During the strong economy of the 1990s, many parents found work and left this program, and some were helped by its increased funding for child care and other work supports. But during the Great Recession, when the number of the unemployed doubled, the Temporary Assistance for Needy Families caseload rose only modestly—13 percent—compared to the Supplemental Nutrition Assistance Program for food stamps, which rose by 45 percent in response to the spike in need.

Most of the gains in employment among single mothers since the beginning of the Temporary Assistance for Needy Families program have been wiped out by the bad economy. The reauthorization of the program provides an opportunity to reform it to make it more responsive to the needs of low-income families, to better respond to economic downturns so families can gain support during periods when they are most in need, and to help more low-income parents gain access to training and better-paying jobs.

The Half in Ten campaign urges policymakers to reform Temporary Assistance for Needy

The Half in Ten campaign supports targeted investments in struggling communities to spur economic growth, rebuild crumbling infrastructure, and create jobs.

THE ASSOCIATED PRESS FILE PHOTO

Families to focus on real outcome measures such as improved access to education and training, job placement, and wage advancement. Specifically, we call for the creation of a national poverty reduction goal that would include regular measurements of progress as part of the program's core goals.

Build stronger communities

Far too many children are growing up in high-poverty communities, defined by extreme levels of racial and economic segregation. These neighborhoods often lack resources such as high-performing schools, adequate public transportation, banks, parks, and other safe places for children to play. These community factors put families at a higher risk of remaining in poverty or slipping back into poverty.

The Half in Ten campaign supports efforts to address these challenges through targeted investments in struggling communities to spur economic growth, rebuild crumbling infrastructure, and create jobs. We also call for better cross-system collaboration by government agencies to break down the fragmentation in service delivery to vulnerable families.

Promote family economic security

Support tax credits for low-income workers

The earned income tax credit is one of the nation's most effective work promotion and poverty reduction programs. In fact, this tax credit kept more than 3 million children out of poverty in 2010. Congress recognized the power of the earned income tax credit and the child tax credit and improved both through the American Recovery and Reinvestment Act of 2009.

These reforms increased earned income tax credit benefits to families with three or more children and reduced the marriage penalty by allowing married couples to receive larger earned income tax credit refunds. The child tax credit was substantially improved, allowing a parent of two children working full-time at the minimum wage to receive nearly $1,500 more than under the original law.

The Half in Ten campaign urges policymakers at least to continue these improvements to the earned income tax credit and child tax credit, which will otherwise expire at the end of 2012. Half in Ten also supports increasing the earned income tax credit for childless adults and young workers. We also urge policymakers to make the child tax credit fully refundable so more vulnerable working families can benefit.

Protect nutrition assistance programs
In 2011 more than 45 million low-income individuals utilized Supplemental Nutrition Assistance Program (food stamps) benefits. The program helped 3.9 million more low-income families buy nutritious food in 2010 than in 2009, responding to the growing need after the onset of the recession. In 2012 Congress will update the program as part of the larger Farm Bill reauthorization.

The Half in Ten campaign urges policymakers to maintain the integrity and responsiveness of the Supplemental Nutrition Assistance Program in the 2012 Farm Bill reauthorization and in any deficit reduction plans. Unlike block-grant programs, the Supplemental Nutrition Assistance Program was able to quickly respond to the nutritional needs of families hard hit by the recession and slow economic recovery. Congress should continue to strengthen the nation's nutrition safety net by restoring the $2.2 billion removed from the program in 2010 to pay for the Hunger-Free Kids Act of 2010. The Hunger-Free Kids Act improved nutritional standards in school meals and expanded access to school lunch and other nutrition programs for low-income children, important steps that should not have been funded by reducing Supplemental Nutrition Assistance Program benefits starting in 2013.

Extend unemployment insurance coverage
Unemployment across our country is hovering around 9 percent, with low-income communities, youth, less-educated workers, and communities of color facing disproportionately higher rates of joblessness. Recognizing the ongoing hardship faced by unemployed workers, Congress and the Obama administration have provided additional support to dislocated workers in the form of Emergency Unemployment Compensation and Extended Benefits, both federally funded programs that provide benefits to individuals who have exhausted their regular, state benefits (usually six months).

Emergency Unemployment Compensation, or EUC, is a fully federally funded program that Congress has implemented on an ad hoc basis. The most recent extension of EUC occurred in December 2010, which extended benefits through 2011. The Extended Benefits, or EB program, is a permanent program that provides up to an additional 20 weeks of benefits that trigger on when unemployment rises and is generally funded 50-50 by the states and the federal government. The American Recovery and Reinvestment Act and subsequent extensions of the EUC program provided full federal funding of the EB program to state that implemented triggers that turned on faster.

The Half in Ten campaign urges policymakers to continue to extend both the EUC and the EB programs to vulnerable jobless workers as they continue to search for employment in this slow economic recovery. Since the introduction of unemployment benefits in 1938, Congress has never failed to act on extending benefits for the long-term unemployed while the national unemployment rate remains above 7.2 percent. Unemployment insurance is an effective safety net and economic engine– the program kept some 3.5 million Americans out of poverty in 2009[2] – and provides the additional benefits of driving demand among small business, which according to the Department of Labor averted an estimated 1.8 million job losses during the recession and kept the unemployment rate approximately 1.2 percentage points lower than it would have been.[3] These programs should be extended until the employment rate falls to pre-recession levels.

Expand needed child care assistance

Safe and affordable child care is an essential component of expanding employment among low-income parents. Without child care, parents face great obstacles to preparing for employment, finding a job, and staying employed. Without adequate and safe child care, too many parents must make the difficult choice between employment and taking care of their children. These decisions often force many parents out of the workforce, pushing them and their children further into poverty.

The Half in Ten campaign urges policymakers to protect and expand critically needed child care funding in fiscal year 2012. Congress recognized the critical need for additional child care and invested $2 billion as part of the American Recovery and Reinvestment Act of 2009 to create additional child care opportunities. According to the U.S. Department of Health and Human Services, states have spent these funds to provide care for an estimated 314,000 children.[4] States have used these funds to reduce parents' copays, as well as shorten, eliminate, or avoid waiting lists. These investments not only support employment among low-income parents but they also promote healthy child development.

Expand efforts to protect and build assets

Our government's current asset-promotion policies favor middle- and especially high-income households by subsidizing asset building, largely through the tax code. By lowering the family tax bill, these policies provide strong incentives for upper-income people to buy a home or save for retirement. One of the biggest barriers that low-income families face to improving their economic situation is a lack of money to invest in these assets. Savings and other assets provide critical protection for families during short-term crises, such as job loss, extended illness, or family breakup.

The Half in Ten campaign supports policies to increase assets and savings among low-income Americans. Policies to help low-income families build assets must recognize the daily financial challenges these families face. Policies should not discourage savings by stripping access to safety net programs if a family accumulates limited savings or owns a car. Additionally, policies and regulations are needed to protect low-income families and communities from predatory financial practices that rob them of their limited resources.

The goals are clear, the targets achievable

The moral case that Dr. King so eloquently framed—we have the resources to fight poverty—is even more compelling today. Poverty and near poverty can be found in every state and region of our nation, in our cities, our suburbs, and our rural communities. As we have seen over the past few years, many families that felt comfortably middle class were in reality just one layoff away from losing their homes, their retirement savings, and their ability to afford college or a career education for their children. For more and more Americans, the distance between economic security and economic despair is narrowing at an alarming rate.

Our policy recommendations in this concluding chapter of this report can increase opportunities for families to lift themselves out of poverty and reduce the threat of falling out of the middle class. And the key poverty indicators we outlined at the end of each of the preceding chapters will measure our success toward cutting poverty in half in 10 years. The American Dream will remain only if we work at it individually and as a nation. It's time to get down to business.

Endnotes

1 Carmen DeNavas-Walt, Bernadette D. Proctor, and Jessica C. Smith, Income, Poverty and Health Insurance Coverage in the United States: 2010 (Department of Commerce, 2011), table B-1, available at http://www.census.gov/prod/2011pubs/p60-239.pdf. The poverty rate was 37.3 million in 2007 and 46.2 million in 2010.

2 Arloc Shermon, "Despite Deep Recession and High Unemployment, Government Efforts — Including the Recovery Act — Prevented Poverty from Rising in 2009, New Census Data Show" (Washington: Center on Budget and Policy Priorities, 2011), available at http://www.cbpp.org/cms/index.cfm?fa=view&id=3361.

3 U.S. Department of Labor, "Summary: The Role of Unemployment as an Automatic Stabilizer During a Recession," News release, 2009, available at http://www.dol.gov/opa/media/press/eta/eta20101615fs.htm.

4 As of March 31, states and territories reported spending $1.77 billion or 90 percent of their ARRA allocations for 2011.The majority of the reported ARRA expenditures were on direct services (or $1.44 billion). Through March 31, 2011, states spent ARRA child care funds on direct services for an estimated 314,000 children. See: "Recovery Act Funds for Child Care – Data Summary as of 03/31/2011," available at http://www.acf.hhs.gov/programs/ccb/initiatives/arra/arra_data/summary_110331.htm.

About the Authors

Melissa Boteach is the Half in Ten Manager at the Center for American Progress Action Fund. In this capacity she coordinates "Half in Ten: The Campaign to Cut Poverty in Half in Ten Years," a project designed to build the political and public will to reduce poverty in the United States. Prior to joining the Center for American Progress, Melissa worked as a senior policy associate and the poverty campaign coordinator at the Jewish Council for Public Affairs, or JCPA.

Desmond Brown is a consultant for the Half in Ten campaign at the Center for American Progress Action Fund. He came to the Half in Ten campaign after serving as senior director for government affairs at Catholic Charities USA, where he represented CCUSA to Congress, the administration, and in coalition on issues related to low-income people.

Shawn Fremstad is a Senior Research Associate at the Center for Economic and Policy Research, and consultant to several national non-profits on social and economic issues. He has previously worked at the Center on Budget and Policy Priorities in Washington, DC, and as an attorney and policy specialist for civil legal services programs in Minnesota.

Joy Moses is a Senior Policy Analyst at the Center for American Progress. She produces reports and analyses focused on alleviating, preventing, and ending poverty. Her work has covered a broad spectrum of issues including federal safety net programs, access to justice, and family strengthening policy. She was previously a staff attorney at the National Law Center on Homelessness & Poverty and the NAACP Legal Defense Fund.

Nancy K. Cauthen is a political sociologist with 20 years of experience researching and analyzing federal and state policies. Currently working as a consultant to nonprofit organizations and foundations, Nancy's areas of expertise include: low-wage work and work supports, family economic status and children's chances for success, Social Security, welfare reform, workplace flexibility, and measures of poverty and economic security.

About the Half in Ten partners

The Coalition on Human Needs is an alliance of national organizations working together to promote federal policies that address the needs of low-income and other vulnerable populations in the United States. The coalition's members include service providers, religious, labor, civil rights, and professional organizations as well as those concerned with the well-being of children, women, the elderly, and people with disabilities.

The Leadership Conference on Civil and Human Rights is the nation's premier civil and human rights coalition, consisting of more than 200 national organizations working together to build an America that's as good as its ideals.

The Center for American Progress Action Fund transforms progressive ideas into policy through rapid response communications, legislative action, grassroots organizing and advocacy, and partnerships with other progressive leaders throughout the country and the world. The Action Fund is also the home of the Progress Report and ThinkProgress.

Acknowledgements

The Half in Ten partners would like to thank the individual authors of the chapters of this report:

Desmond Brown, Melissa Boteach, (Poverty in the United States Today); Shawn Fremstad, (More Good Jobs); Joy Moses (Strengthening Families); and Nancy Cauthen, (Family Economic Security). The chapter authors would like to thank the Half in Ten partners and staff at The Leadership Conference on Civil and Human Rights and the Coalition on Human Needs. The authors would also like to thank the editorial team at CAP for its expert work in shaping this report as well as CAP's art team for their design and layout work. Finally, the authors would like to thank Arloc Sherman, Indivar Dutta-Gupta, Ben Zipperer, John Schmidtt and Peter Edelman for their technical assistance during the drafting of this report as well as the many advocates who provided guidance in helping the Half in Ten partners develop the original framework for this report and the many partners who participated in roundtable discussions during the development of this project. We look forward to our ongoing work together to cut poverty in half over the next 10 years.

This report was supported in part by grants from the Annie E. Casey Foundation and the Ford Foundation.

Center for American Progress Action Fund

The Leadership Conference

Coalition on Human Needs

The Half in Ten campaign is a project of the Center for American Progress Action Fund, the Coalition on Human Needs, and The Leadership Conference on Civil and Human Rights. It is dedicated to building the political and public will to cut the U.S. poverty rate in half in 10 years. The campaign builds on the work of the Center for American Progress's 2007 Task Force on Poverty, combining evidence-based policy recommendations with strategic building of networks, spokespeople, and opinion leaders in communities to amplify the call to reduce poverty in America. Our approach is grounded in four fundamental principles: creating good jobs, promoting economic security, strengthening families, and cutting poverty in half in 10 years.

HALF in TEN 10

1333 H STREET, NW, 10TH FLOOR, WASHINGTON, DC 20005 • TEL: 202-682-1611 • FAX: 202-682-1867 • WWW.HALFINTEN.ORG