

INFORM. INSPIRE. DEVELOP CIVIC LEADERS.

THE POLICY CIRCLE

POVERTY IN AMERICA





POVERTY IN AMERICA



MOST AMERICANS AGREE THAT THE GOVERNMENT HAS A MORAL OBLIGATION TO HELP THOSE IN POVERTY, AND TODAY A VARIETY OF DIFFERENT GOVERNMENT PROGRAMS AND POLICIES AFFECT POVERTY. BUT AMERICANS DIFFER IN OPINIONS REGARDING WHAT MEASURES THE GOVERNMENT SHOULD TAKE.

NEW DEAL PROGRAMS IN RESPONSE TO THE GREAT DEPRESSION LAID THE FOUNDATION FOR TODAY'S ANTIPOVERTY PROGRAMS, WHICH WERE EXPANDED IN THE 1960S WHEN PRESIDENT LYNDON JOHNSON DECLARED THE WAR ON POVERTY.

TWO CENTURIES AGO, MOST AMERICANS WERE DESPERATELY POOR BY TODAY'S STANDARDS. BY THE 1970S, POVERTY HAD DECLINED TO ABOUT 12%, AND HAS RANGED BETWEEN 11% AND 15% SINCE.

POVERTY HAS A HUMAN AND FINANCIAL PRICE TAG. MANY PEOPLE FOR WHOM POVERTY IS A STARK REALITY ARE LESS ABLE TO ENGAGE IN LIFE, LIBERTY, AND THE PURSUIT OF HAPPINESS, AS IT CREATES BARRIERS TO A BETTER LIFE.

POVERTY ALSO COSTS BIG MONEY, WHICH AFFECTS THE ENTIRE POPULATION, FROM UNDERSTANDING HOW TAX DOLLARS GO TO SOCIAL SAFETY NET PROGRAMS TO ACCOUNTING FOR THE MASSIVE DEBT CAUSED IN PART BY PUBLIC SPENDING AND ANTI-POVERTY PROGRAMS.

➤ FACTS TO KNOW ◀


AN ESTIMATED 59 MILLION PEOPLE (19% OF THE POPULATION) RECEIVE ASSISTANCE FROM AT LEAST ONE OF SIX MAJOR SAFETY NET PROGRAMS. DATA FROM THE ORGANIZATION OF ECONOMIC DEVELOPMENT (OECD) SHOW THE U.S. IS THE SECOND HIGHEST SOCIAL SPENDER (30% OF GDP) ACROSS MEMBER COUNTRIES, JUST BEHIND FRANCE (32% OF GDP)

ANTIPOVERTY PROGRAMS PROVIDE AID TO RECIPIENTS THE FORM OF EITHER CASH TRANSFERS OR IN-KIND BENEFITS. THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP) WHICH GIVES FAMILIES FUNDS TO BUY GROCERIES IS A CASH BENEFIT. FREE OR REDUCED PRICE SCHOOL LUNCHEAS ARE AN EXAMPLE OF IN-KIND BENEFITS, WHERE THE GOVERNMENT DIRECTLY PROVIDES A GOOD LIKE FOOD TO RECIPIENTS, RATHER THAN MONEY TO BUY FOOD.


POVERTY IN THE U.S. IS MEASURED ACCORDING TO THRESHOLDS THAT REPRESENT THE MINIMUM AMOUNT OF CASH INCOME REQUIRED TO SUPPORT HOUSEHOLDS. THE OFFICIAL POVERTY MEASURE (OPM) DOES NOT INCLUDE BENEFITS NOT IN THE FORM OF CASH, SUCH AS PUBLIC HOUSING. THE SUPPLEMENTAL POVERTY MEASURE (SPM) DOES INCLUDE SUCH BENEFITS. IN 2020, THE OPM WAS 11.4%, WHILE THE SPM WAS 9.1%.

POVERTY IS AN INDIRECT MEASUREMENT OF ASSETS, DEBTS, AND INCOME. THE VALUE OF ASSETS (SUCH AS HOUSES AND STOCKS) MINUES DEBTS IS WEALTH. DEBT HAS BECOME A BURDEN FOR MANY AMERICANS, DRASTICALLY AFFECTING WEALTH; IN 2019, CONSUMER DEBT CLIMBED TO \$4 TRILLION. STUDENT DEBT TOTALED \$1.5 TRILLION. AS OF 2019, THE BOTTOM HALF OF ALL U.S. HOUSEHOLDS HAVE JUST BEGUN TO REGAIN THE WEALTH LOST IN THE FINANCIAL CRISIS.


GOVERNMENT INVOLVEMENT




FEDERAL ANTIPOVERTY PROGRAMS INVOLVE OVERLAPPING RESPONSIBILITIES AMONG DIFFERENT AGENCIES AND DEPARTMENTS, AS WELL AS MANY DIFFERENT PROGRAMS WITH THE SAME PURPOSE. THERE ARE 32 DIFFERENT FEDERAL HOUSING PROGRAMS RUN BY FIVE DIFFERENT CABINET DEPARTMENTS, AND NINE DIFFERENT HEALTH INSURANCE ASSISTANCE PROGRAMS RUN BY FOUR DIFFERENT DEPARTMENTS OF THE FEDERAL GOVERNMENT.



SINCE PRESIDENT LYNDON B. JOHNSON DECLARED THE WAR ON POVERTY IN 1965, THE FEDERAL GOVERNMENT HAS SPENT ROUGHLY \$23 TRILLION ON OVER 100 ANTIPOVERTY PROGRAMS. IN 2020, THE FEDERAL GOVERNMENT SPENT \$847 BILLION ON 13 WELFARE PROGRAMS, AMOUNTING TO 13% OF THE BUDGET. STATE AND LOCAL GOVERNMENTS SPENT AN ADDITIONAL \$288 BILLION ON ANTIPOVERTY PROGRAMS.



IMPROPER PAYMENTS AND BILLING ERRORS ARE AN AREA WITH POTENTIAL FOR MAJOR IMPROVEMENTS IN FEDERAL ANTIPOVERTY PROGRAMS. IN 2019, MEDICARE MADE \$57.36 BILLION IN IMPROPER PAYMENTS, THE SOCIAL SECURITY ADMINISTRATION IMPROPERLY PAID SUPPLEMENTAL SECURITY INCOME PAYMENTS TOTALING \$5.65 BILLION, AND THE DEPARTMENT OF LABOR IMPROPERLY PAID OUT \$2.85 BILLION IN UNEMPLOYMENT INSURANCE.



SOME FAVOR A GOVERNMENT APPROACH THAT EMPHASIZES IMPROVING THE MATERIAL LIVING CONDITIONS OF PEOPLE IN POVERTY AND REDUCING INCOME DIFFERENCES, SUCH AS BY INCREASING THE MINIMUM WAGE OR EXTENDING OR EXPANDING BENEFITS. OTHERS BELIEVE GOVERNMENT POLICIES MUST ENCOURAGE PEOPLE IN POVERTY TO SEEK WORK TO IMPROVE THEIR LIVES AND INCENTIVIZE ECONOMIC GROWTH, SUCH AS BY INSTITUTING WORK REQUIREMENTS AS PART OF ANTIPOVERTY PROGRAMS.

➤ FRAMING THE ISSUE ◀

ANTIPOVERTY PROGRAMS SUFFER FROM DUPLICATION AND OVERLAP ACROSS AGENCIES, WHICH CAUSE INEFFICIENCIES AND WASTE. PARTICULARLY FOR OVERLAPPING PROGRAMS, STAFF OFTEN SPEND TIME ON DUPLICATIVE WORK. UNNECESSARY STEPS ADD TO ADMINISTRATIVE AND OPERATING COSTS, LEADING TO MISTAKES THAT INCREASE BOTH OVERPAYMENTS AND UNDERPAYMENTS.

THE CURRENT FEDERAL MINIMUM WAGE IS \$7.25, AND THE POTENTIAL EFFECTS OF RAISING THE MINIMUM WAGE ARE HOTLY DEBATED AMONG THE POLICY'S SUPPORTERS AND OPPONENTS. A STUDY BY THE CONGRESSIONAL BUDGET OFFICE FOUND THAT RAISING THE FEDERAL MINIMUM WAGE TO \$15 BY 2025 COULD INCREASE THE PAY OF 27 MILLION AMERICAN WORKERS AND RAISE ONE MILLION AMERICANS OUT OF POVERTY, BUT COULD ALSO LEAD TO THE LOSS OF 1.4 MILLION JOBS.

MEANS-TESTING IS DESIGNED TO ENSURE BENEFITS ONLY GO TO QUALIFYING AMERICANS, BUT THIS CREATES A "POVERTY TRAP" THAT MAKES IT DIFFICULT TO TRANSITION OUT OF THESE PROGRAMS. FOR INSTANCE, AN AMERICAN WHO MAKES \$25,000 A YEAR AND RECEIVES A \$1,000 RAISE COULD END UP WITH A TAKE HOME INCOME THAT IS LOWER THAN IT WAS BEFORE THEY RECEIVED A RAISE DUE TO REDUCED BENEFITS THEY NO LONGER QUALIFY FOR. REDESIGNING BENEFITS PROGRAMS TO GRADUALLY TAPER OFF AS PEOPLE EARN MORE CAN AVOID THE MARGINAL TAX RATES THAT BENEFIT CUTOFFS IMPOSE.

WEALTH INEQUALITY IS HEAVILY INFLUENCED BY THE DIFFERENT TYPES OF ASSET OWNERSHIP. FOR THE WEALTHIEST 1% OF AMERICANS, 85% OF THEIR WEALTH IS HELD IN THE FORMS OF STOCKS AND BONDS. REAL ESTATE ACCOUNTS FOR ABOUT HALF OF THE TOTAL WEALTH HELD BY THE BOTTOM HALF OF AMERICANS IN TERMS OF WEALTH. THE PREVALENCE OF STUDENT DEBT AMONG MILLENNIAL AND GEN Z AMERICANS, WHO ARE LIKELY TO ATTEND COLLEGE THAN PREVIOUS GENERATIONS, INCREASES MEASURES OF WEALTH INEQUALITY BY REDUCING THE NET WORTH OF YOUNGER AMERICANS.

➤ SOLUTIONS ◀

INCREASE ECONOMIC OPPORTUNITY

PUBLIC POLICY, THE BUSINESS SECTOR, AND NONPROFITS CAN EXPAND ECONOMIC OPPORTUNITIES. THE EARNED INCOME TAX CREDIT PROVIDES CASH ASSISTANCE WITHOUT DISINCENTIVIZING WORK. THE OPPORTUNITY ZONES PROGRAM ENCOURAGES BUSINESS AND ENTREPRENEURSHIP OPPORTUNITIES IN COMMUNITIES IN NEED.

REDUCING BARRIERS TO ENTREPRENEURSHIP LIKE OVERREGULATION, IMPROVING EDUCATIONAL OPPORTUNITY, AND MENTORSHIP PROGRAMS TARGETING SPECIFIC POPULATIONS, SUCH AS THE FORMERLY INCARCERATED, LED BY NONPROFITS AND BUSINESS LEADERS CAN HELP PEOPLE TO ESCAPE POVERTY.

ENABLE LOCAL-LEVEL EFFORTS

CUSTOM PROGRAMS TAILORED TO A SPECIFIC COMMUNITY'S PROBLEMS CAN BE FAR MORE EFFECTIVE AT CREATING LASTING CHANGE THAN ONE-SIZE FITS ALL STATE AND FEDERAL LEVEL ANTI-POVERTY PROGRAMS. GREATER LOCAL LEVEL INPUT OVER HOW RESOURCES ARE SPENT AND PROGRAMS ARE IMPLEMENTED CAN ADDRESS THE KNOWLEDGE GAP BETWEEN PEOPLE IN POVERTY AND FEDERAL OR STATE OFFICIALS IN CHARGE OF ANTI-POVERTY PROGRAMS.

FOR EXAMPLE, THE WOODSON INSTITUTE PROVIDES TECHNICAL SUPPORT AND TRAINING TO 2,600 COMMUNITY LEADERS IN 39 DIFFERENT STATES WORKING TO ADDRESS PROBLEMS LIKE SUBSTANCE ABUSE, JOBLESSNESS, AND HOMELESSNESS.

PARTNERSHIPS

PARTNERSHIPS BETWEEN VARIOUS LEVELS OF GOVERNMENT, NONPROFITS, AND COMMUNITY OR RELIGIOUS GROUPS CAN HELP TO ADDRESS SPECIFIC SOURCES OF POVERTY MORE EFFECTIVELY. FOR INSTANCE, PEOPLE FLEEING DOMESTIC VIOLENCE, VETERANS, AND PEOPLE SUFFERING FROM HOMELESSNESS MAY ALL REQUIRE HOUSING ASSISTANCE. COMMUNITY GROUPS AND NONPROFITS CAN PARTNER WITH HOUSING ASSISTANCE PROGRAMS TO CONNECT AMERICANS IN NEED WITH RESOURCES AND PROGRAMS FOCUSED ON ADDRESSING THE PROBLEMS THEY FACE.

➤ WHAT YOU CAN DO ◀

MEASURE -

FIND OUT WHAT YOUR STATE AND DISTRICT ARE DOING ABOUT POVERTY. DO YOU KNOW HOW PREVALENT POVERTY IS IN YOUR COMMUNITY OR STATE?
WHAT ARE YOUR STATE'S LAWS REGARDING ANTI-POVERTY POLICIES?
HOW MUCH DOES YOUR STATE SPEND ON ANTI-POVERTY PROGRAMS?
IS THERE A COALITION OR TASK FORCE TO ADDRESS POVERTY, OR DOES ONE NEED TO BE FORMED?



IDENTIFY -

WHO ARE THE MEMBERS OF BOARDS OR COMMITTEES IN YOUR STATE?
WHAT STEPS HAVE YOUR STATE'S/COMMUNITY'S ELECTED/APPOINTED OFFICIAL TAKEN?



REACH OUT -

ALL IT TAKES IS A SMALL TEAM OF TWO OR THREE PEOPLE TO SET A PATH FOR REAL IMPROVEMENT. FIND ALLIES IN YOUR COMMUNITY OR IN NEARBY TOWNS AND ELSEWHERE IN THE STATE.
FOSTER COLLABORATIVE RELATIONSHIPS WITH: FAITH-BASED ORGANIZATIONS, LOCAL HOSPITALS, COMMUNITY ORGANIZATIONS, SCHOOL BOARDS, AND LOCAL BUSINESSES.

PLAN -
SET MILESTONES BASED ON YOUR STATE'S LEGISLATIVE CALENDAR OR LOCAL COMMUNITY CALENDAR.



EXECUTE -

TAKE OPPORTUNITIES WHEN RELATED ARTICLES (ON ECONOMIC DECLINE, INEQUALITY, LACK OF ACCESS TO LOANS FOR ENTREPRENEURS ETC.) APPEAR IN YOUR LOCAL PAPER TO WRITE A LETTER TO THE EDITOR AND SHARE WITH FRIENDS AND COLLEAGUES.
VOLUNTEER WITH A LOCAL COMMUNITY ORGANIZATION, SUCH AS A FOOD BANK OR AN AFTER-SCHOOL PROGRAM, OR HIGHLIGHT A SUCCESS STORY IN YOUR LOCAL PAPER.
ASK WHAT THE STATE OF JOB CREATION AND EMPLOYMENT APPLICATIONS ARE.
FIND OUT WHERE OPPORTUNITY ZONES ARE IN YOUR STATE.
HOLD YOUR ELECTED OFFICIALS ACCOUNTABLE FOR WHAT TAX DOLLARS ARE BEING SPENT ON, AND WHETHER THIS SPENDING IS PRODUCING ACCEPTABLE OUTCOMES.