



WAR ON POVERTY AT 50: LARGE POSITIVE IMPACT, BUT MORE WORK REMAINS

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Center on Budget and Policy Priorities

Shining a Light on Poverty Series:
Vermont Office of Economic Opportunity (OEO)

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Outline

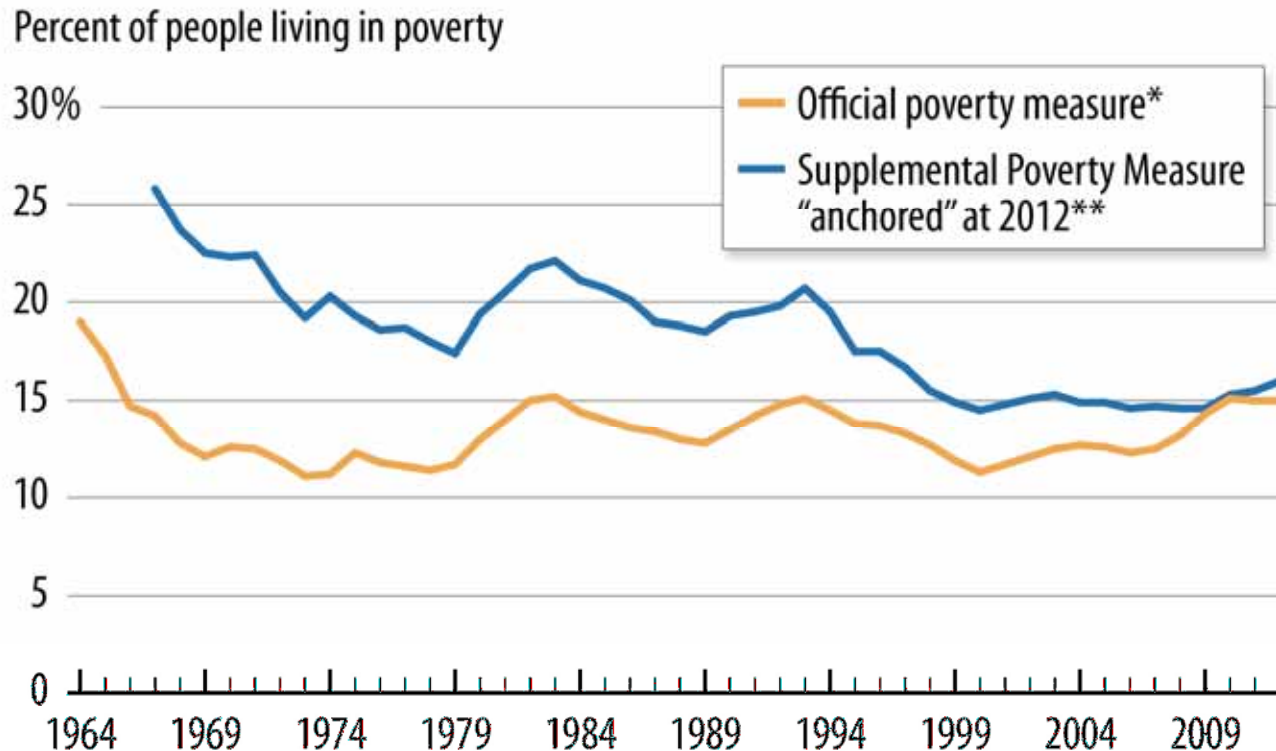
1. Poverty and Income Trends Since 1960s
2. Factors That Have Impacted Poverty Trends
3. Accomplishments of Safety Net Today
4. Many Challenges Remain
5. Areas Where We Can Make Further Progress



(1) Poverty and Income Trends



Poverty Has Fallen Significantly Since the 1960s Under the “Anchored” Supplemental Poverty Measure



*Counts cash income only and uses the official poverty line

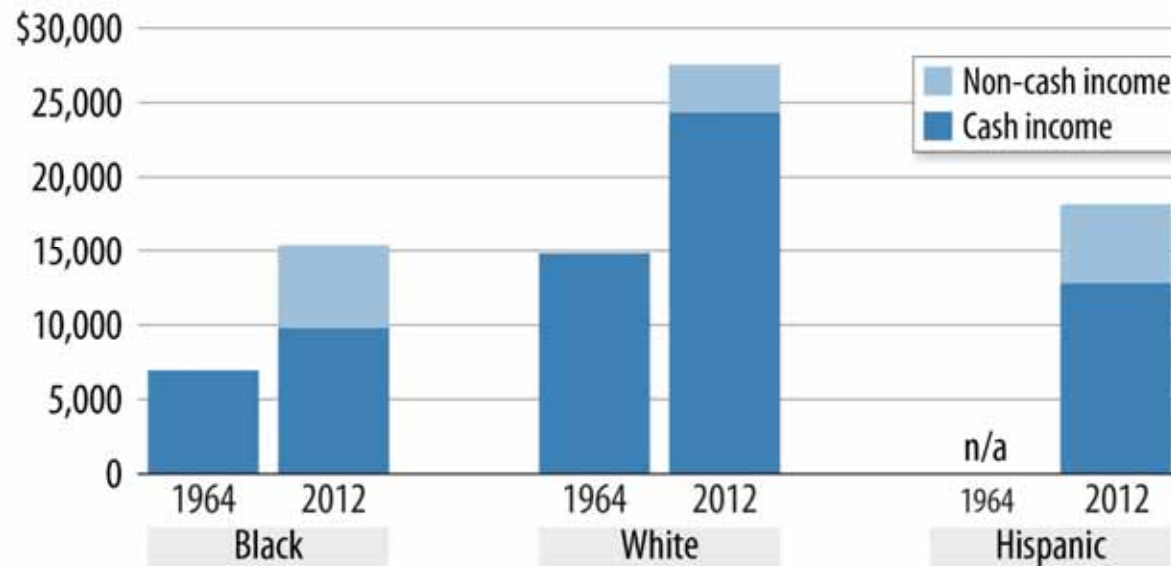
**Counts cash income plus non-cash benefits, reflects the net impact of the tax system, subtracts certain expenses from income, and uses a poverty line based on today's cost of certain necessities adjusted back for inflation

Source: Christopher Wimer et al., “Trends in Poverty with an Anchored Supplemental Poverty Measure,” Columbia Population Research Center, December 2013.



Income Grew Among Poorest Whites and African Americans But Large Disparities Remain

Average size-adjusted income of poorest fifth of black, white, and Hispanic population, in 2012 dollars



Note: Household incomes are weighted by number of persons. Size-adjusted incomes (income divided by the square root of household size) are scaled for a four-person household and adjusted for inflation with the Consumer Price Index research series.

Average income from non-cash benefits in 1964 was close to \$0. The white and black figures for 2012 exclude Hispanics. In 1964, data for Hispanics is unavailable and the figures for whites and blacks include a small number of Hispanics. Although data on Hispanics is unavailable prior to the 1970s, this difference in classification appears to have very little effect on the results. In 1972, the first year for which Census publishes figures on the incomes of the poorest fifth of households by ethnicity, excluding Hispanics from the white figures raises those figures by six-tenths of one percent.

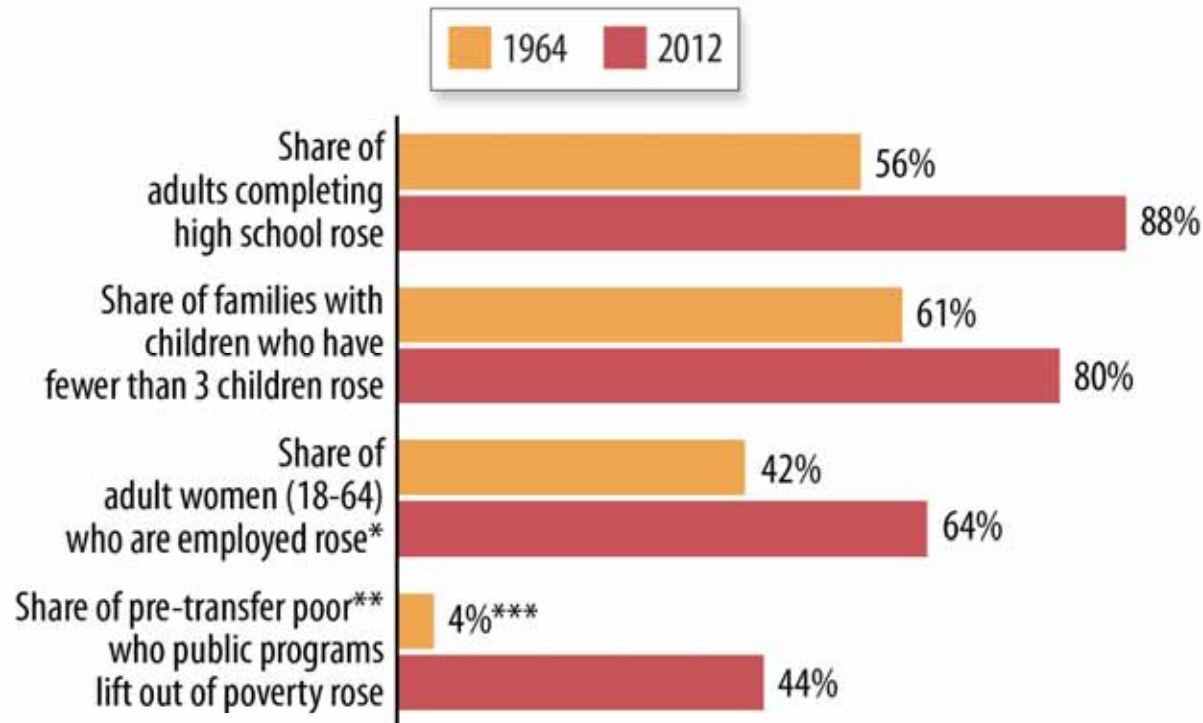
Source: CBPP analysis of March 1965 and March 2013 Current Population Survey



(2) Factors Impacting Poverty Trends



Some Factors Pushing Poverty Down



*Data reflect employment in March 1964 and March 2012.

**Pre-transfer poor=People below poverty line before considering government benefits.

***4% figure reflects 1967, not 1964, as this is the first year data are available. 1964 figure likely would be smaller since inflation-adjusted benefit spending was lower in 1964 than in 1967.

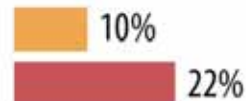
Sources: CBPP analysis of March 1964 and March 2012 Current Population Survey; safety net measure uses anchored SPM data from Wimer et al (2013).



Some Factors Keeping Poverty High



Share of national income going to top 1% rose



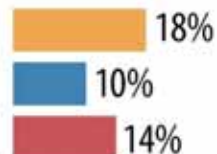
Share of families with children headed by single parent rose



Share of adult men (18-64) who are employed* fell



Share of adult men (18-64) who work year-round and earn less than the poverty line for a family of 4 has increased since 1973



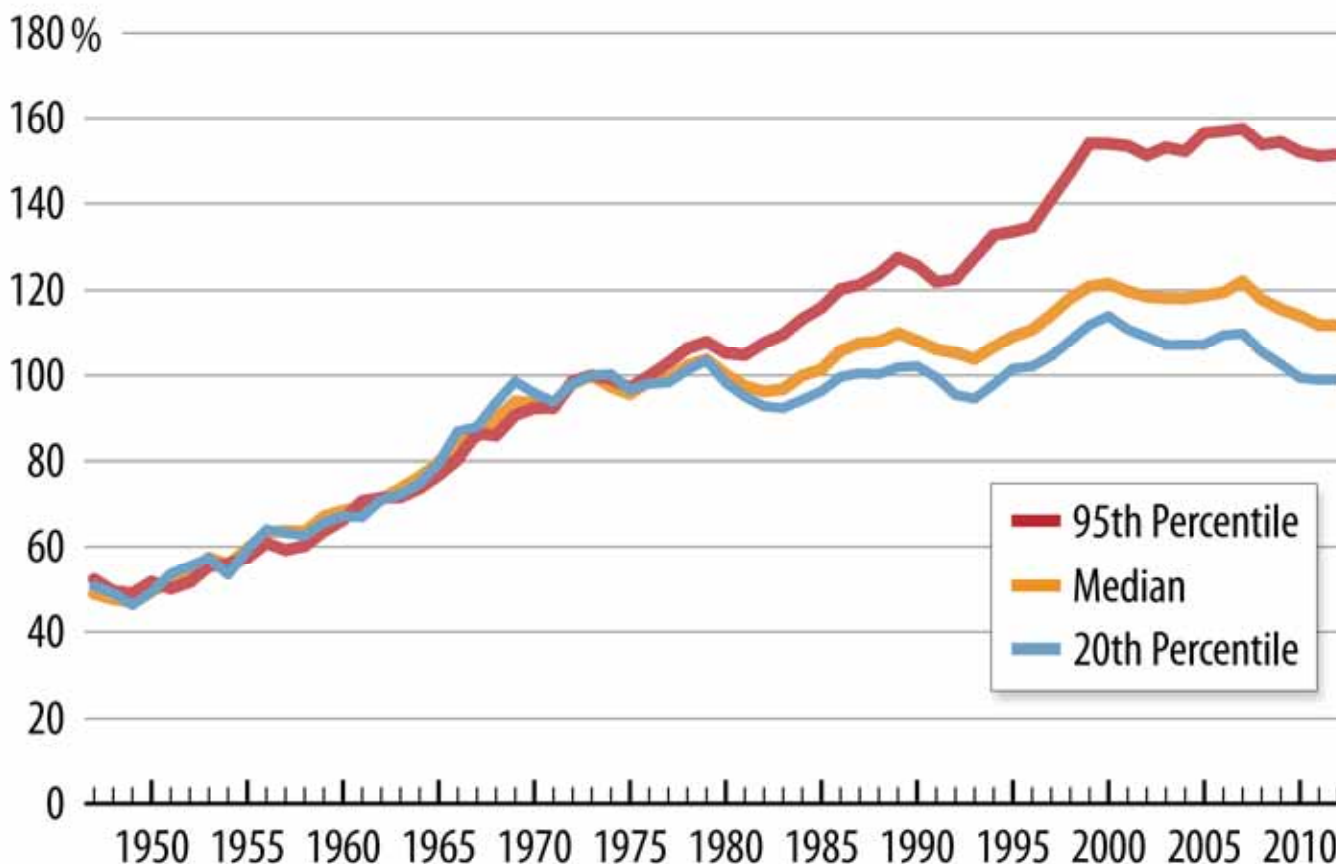
*Data reflect employment in March 1964 and March 2012.

Sources: CBPP analysis of March Current Population Survey from 1964, 1965, 1974, 2012, and 2013; Emmanuel Saez, based on IRS data.



Income Gains Widely Shared in Early Postwar Decades -- But Not Since Then

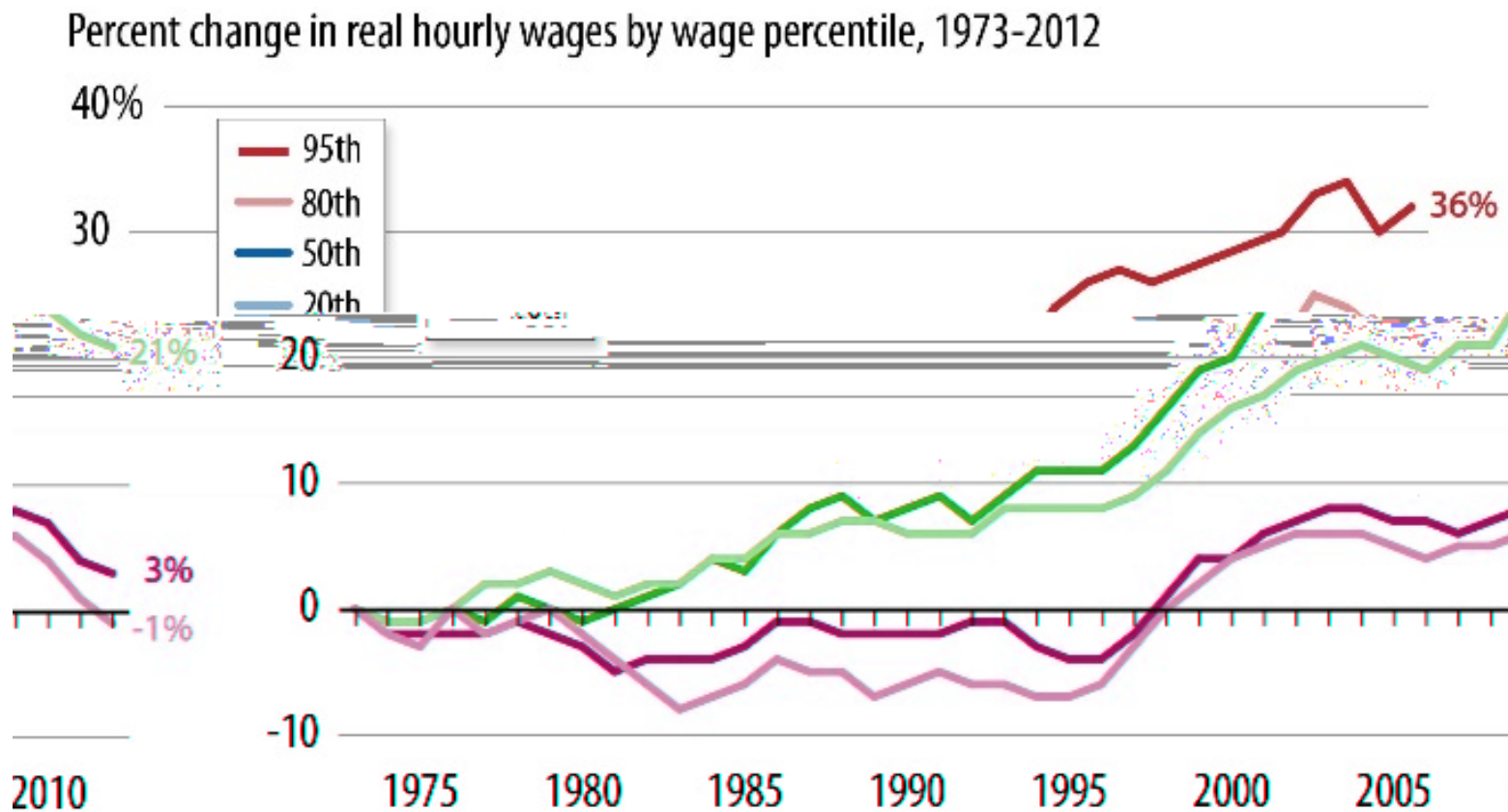
Real family income between 1947 and 2012, as a percent of 1973 level



Source: CBPP calculations based on U.S. Census data.



Wages Have Been Flat for Workers at Bottom and Middle of the Wage Distribution, Risen at the Top



Source: CBPP Analysis of March CPS Data

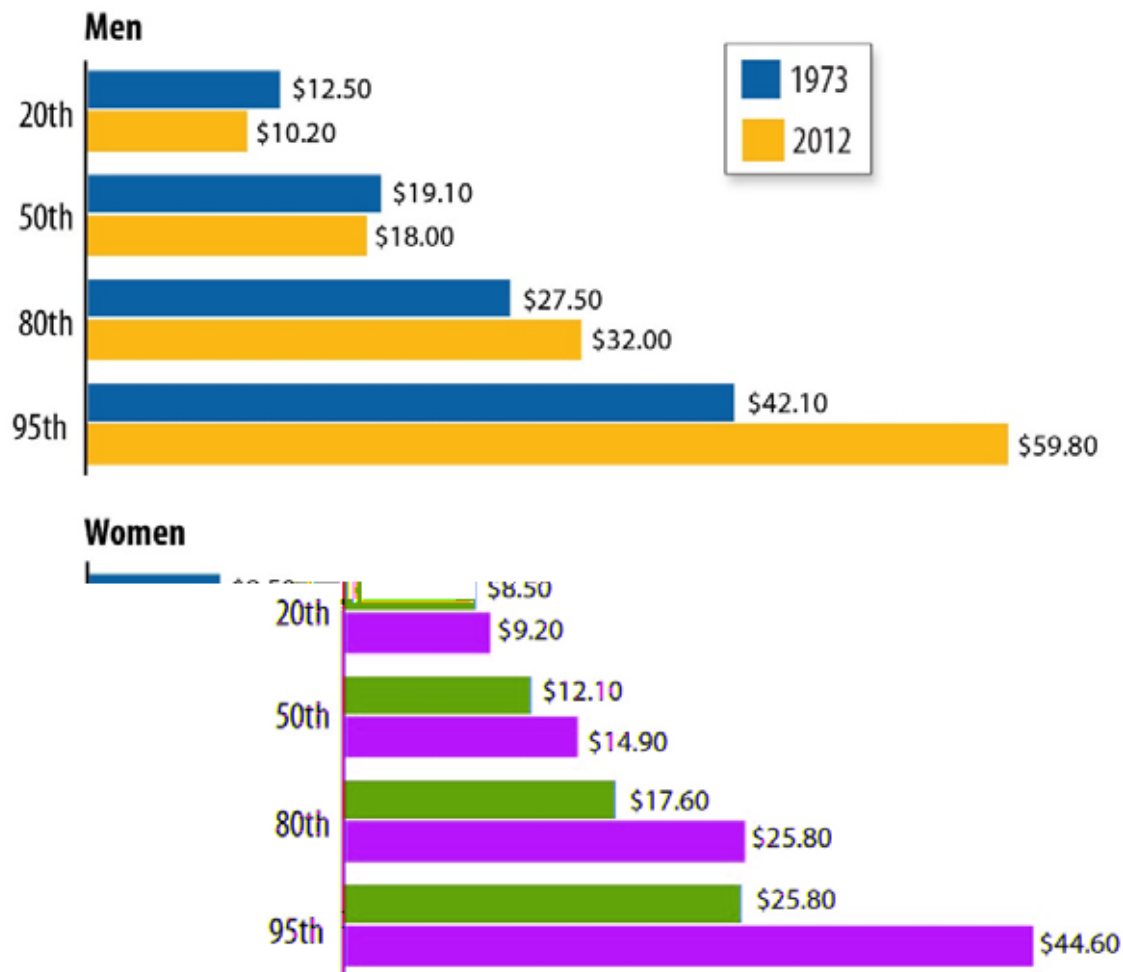
Note: A worker at the 20th percentile earns more than the bottom 20 percent of workers but less than the other 80 percent.

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Wages Have Fallen for Men at the Bottom of the Wage Distribution, Risen Only Slightly for Women

Hourly wages for men and women by wage percentile aged 18-64, in 2012 dollars



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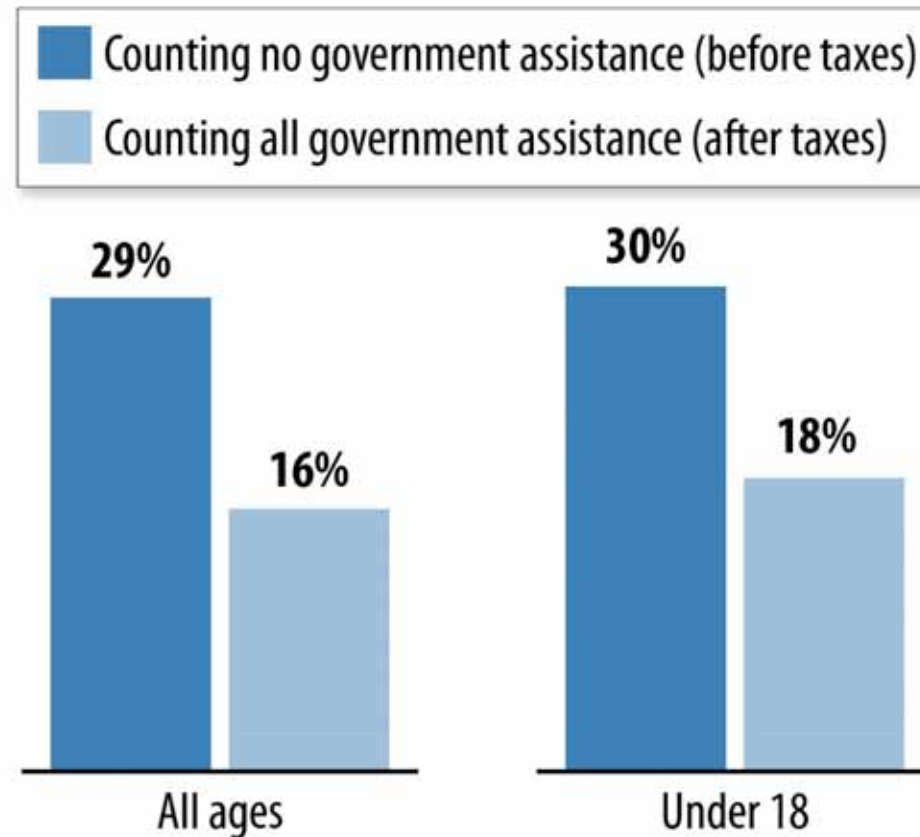
Source: Economic Policy Institute, The State of Working America 12th ed tables 4.5 and 4.6



(3) The Safety Net Today



Safety Net Today Cuts Poverty Nearly in Half



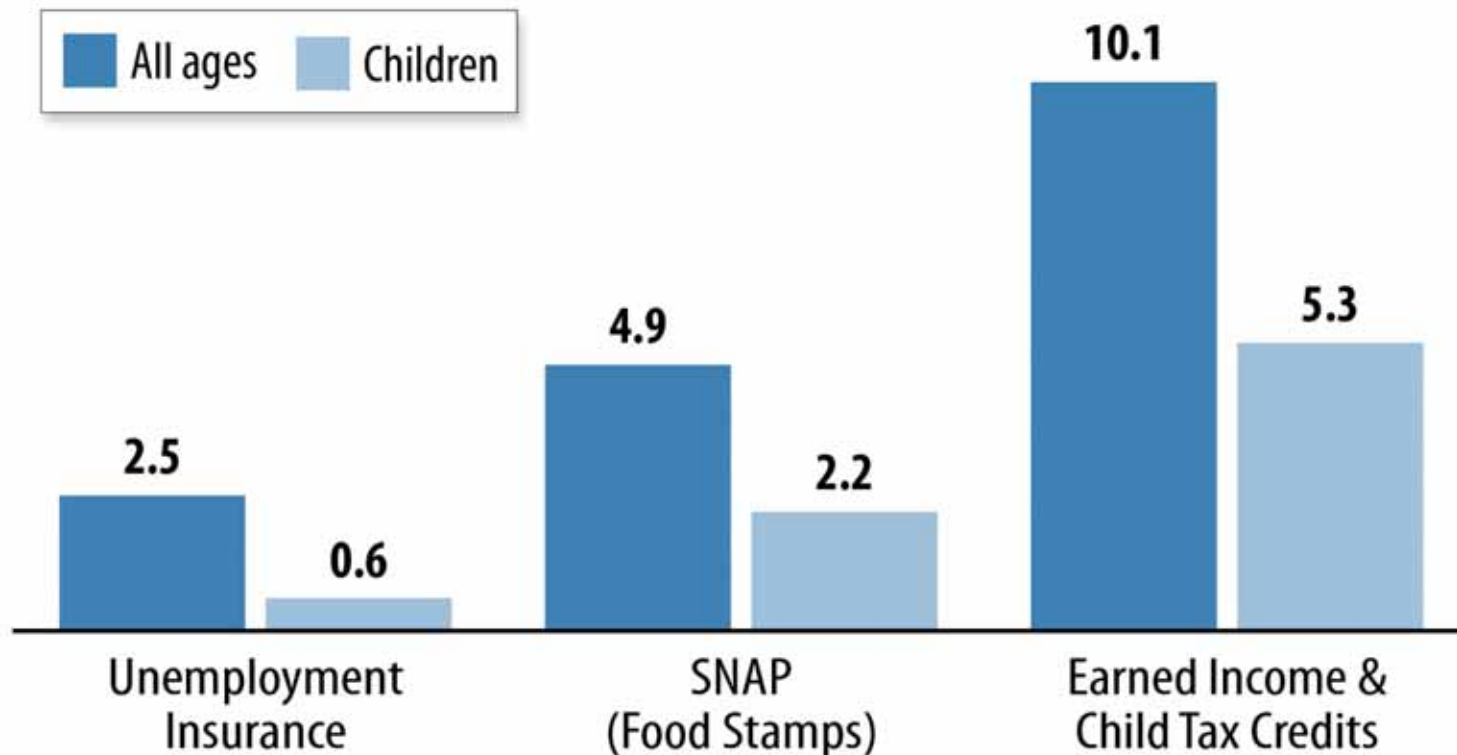
Note: Figures use the federal government's Supplemental Poverty Measure (SPM).

Source: CBPP analysis of Census Bureau data from the March 2013 Current Population Survey and SPM public use file.



Safety Net Programs Keep Millions Out of Poverty

Millions of people kept above poverty line based on Supplemental Poverty Measure, 2012



Source: CBPP analysis of Census Bureau data.



As the Early Food Stamp Program Was Rolled Out, County by County, Children's Life Course Improved

Low-income babies born in counties that offered food stamps in the 1960s and 1970s...



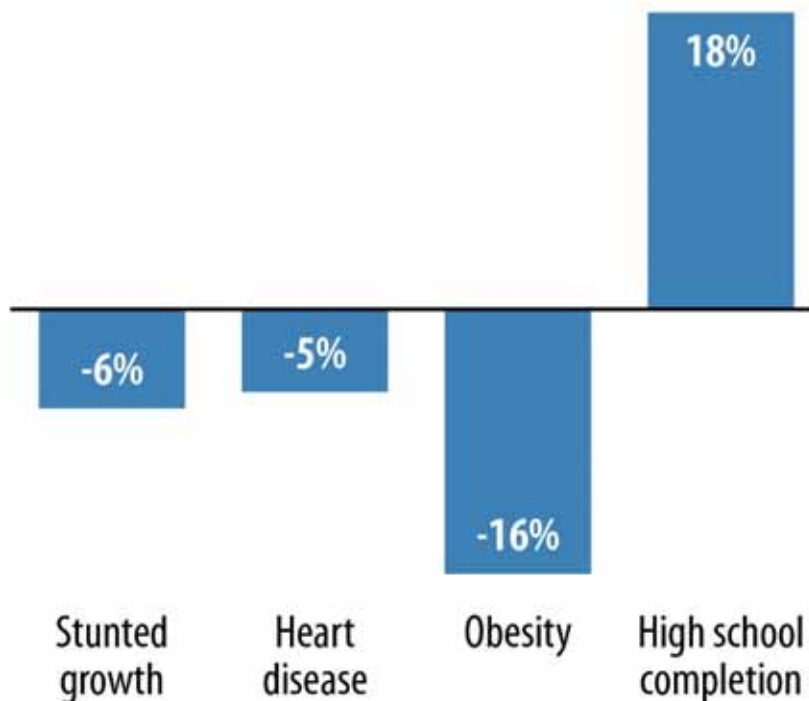
Grew up healthier and more likely to finish high school





Children With Access to Food Stamps Fare Better Year Later

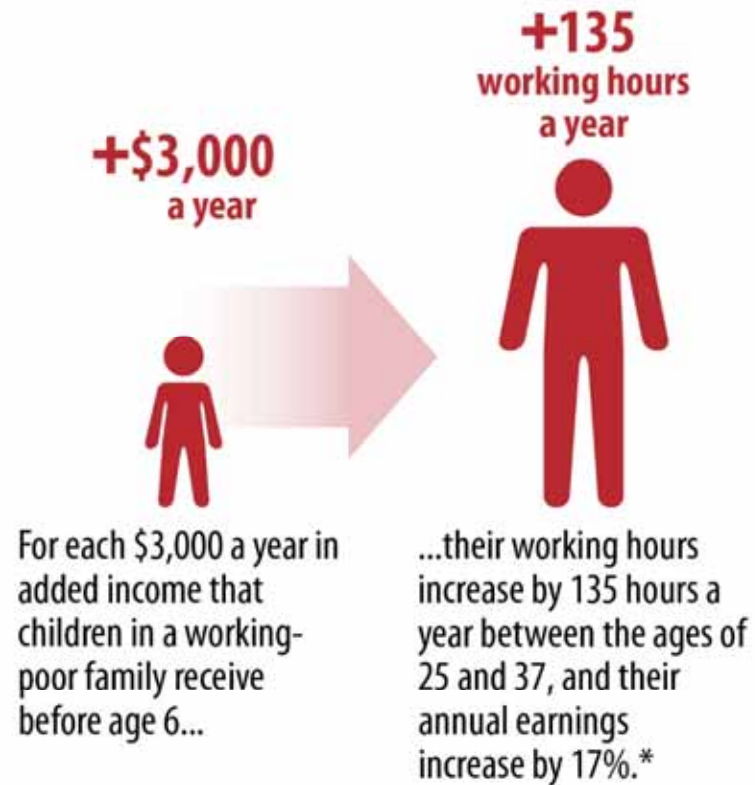
Percentage-point change for disadvantaged children by age 19 when food stamps became available



Source: Hoynes, Schanzenbach, and Almond, "Long Run Impacts of Childhood Access to the Safety Net," National Bureau of Economic Research, November 2012.



Income Assistance for Poor children Found to Increase Work Hours and Earnings Later in Life



*Note: The published paper uses a 19% figure, but the authors have indicated that this is a typographical error and 17 percent is correct.

Source: Greg J. Duncan, Kathleen M. Ziol-Guest, and Ariel Kalil, "Early-Childhood Poverty and Adult Attainment, Behavior, and Health," *Child Development*, January/February 2010.

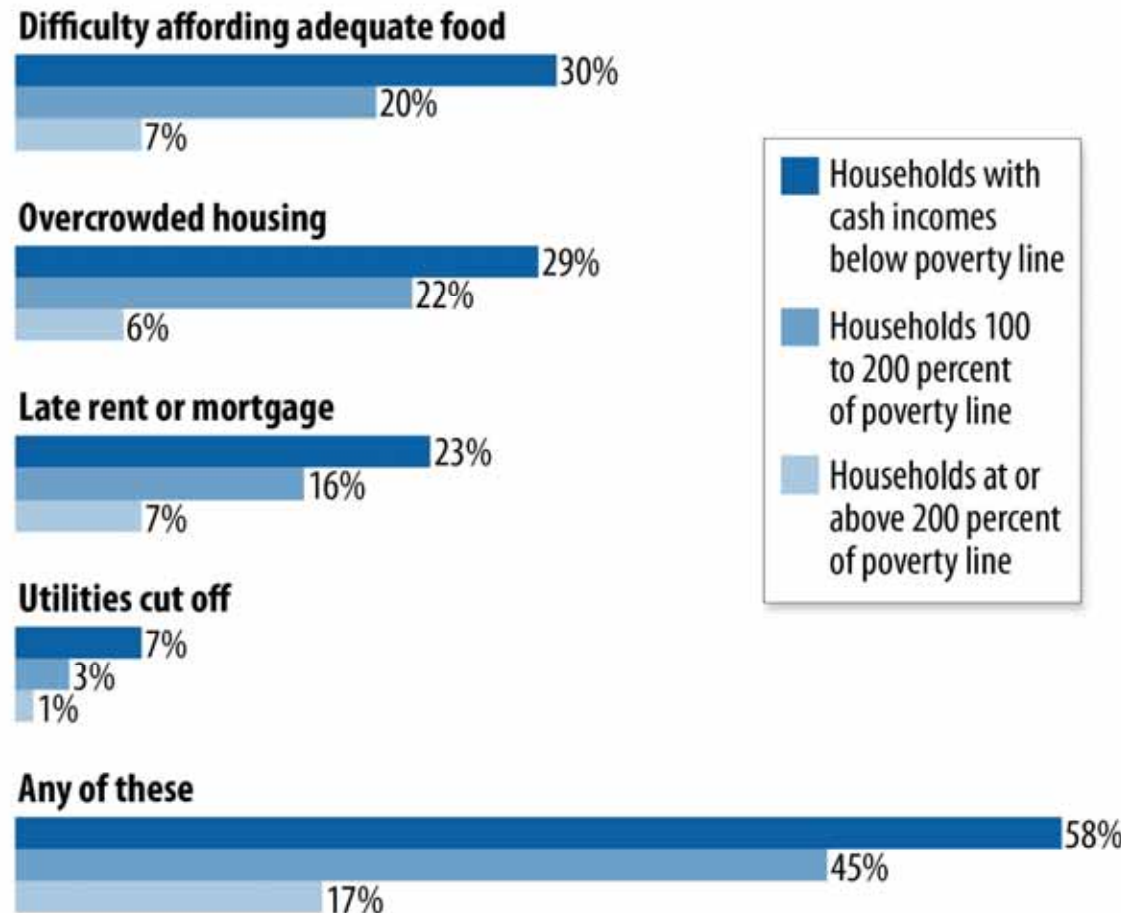


(4) Many Challenges Remain



Hardship Rates Are High For Children in Poor and Near-Poor Households

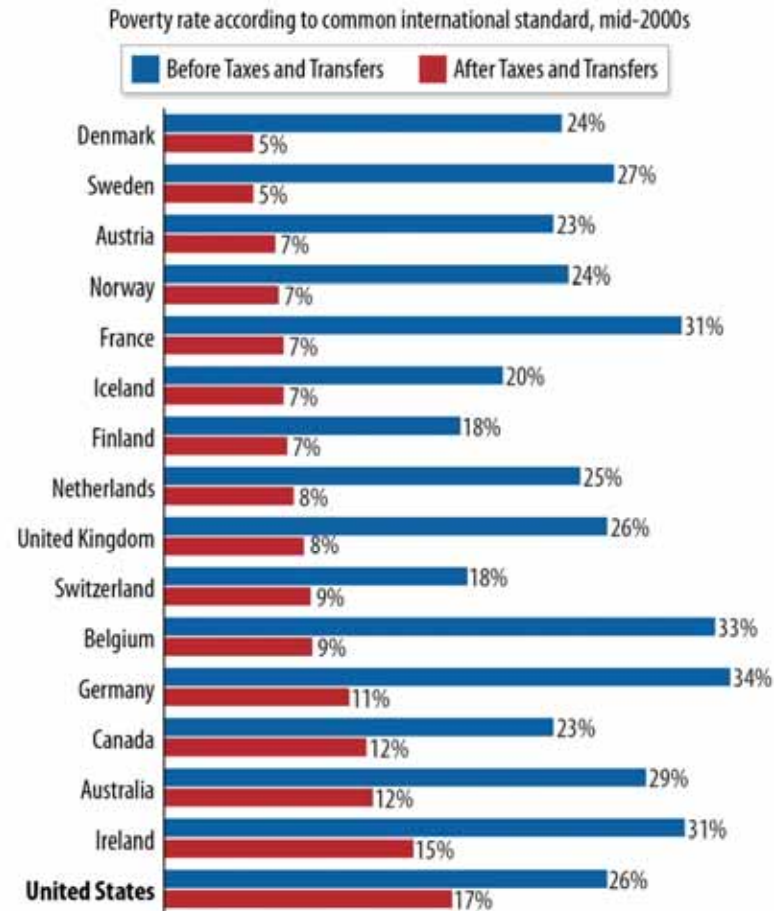
Share of children in households in different income groups with selected conditions, 2011



Source: CBPP analysis of 2008 SIPP Panel, waves 7-9 and Adult Well-Being Module



US Poverty Rate is High After Taxes and Transfers compared to Similarly Wealthy Countries*



*Note: The poverty threshold is defined as 50% of national median income, a widely accepted international standard. The comparison includes countries (for which comparable data are available) with median equivalized individual disposable incomes within 25% of US median income (\$26,990) in 2005 US dollars converted by purchasing-power parity. The lowest and highest were France (\$20,660) and the Netherlands (\$28,032).

Data reflect poverty in a year in the mid-2000s, typically 2004 or 2005.

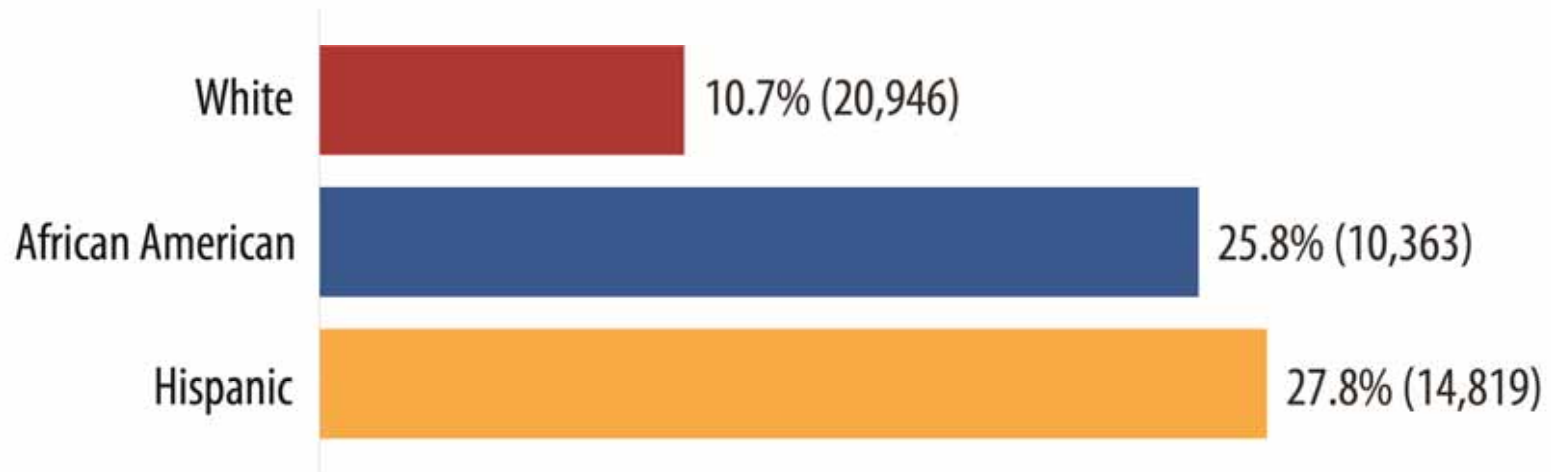
Source: OECD, *Growing Unequal?: Income Distribution and Poverty in OECD Countries*, 2008.

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Poverty is Particularly High Among Minorities

Percent of people living below 100% of the supplemental poverty measure (number of people)

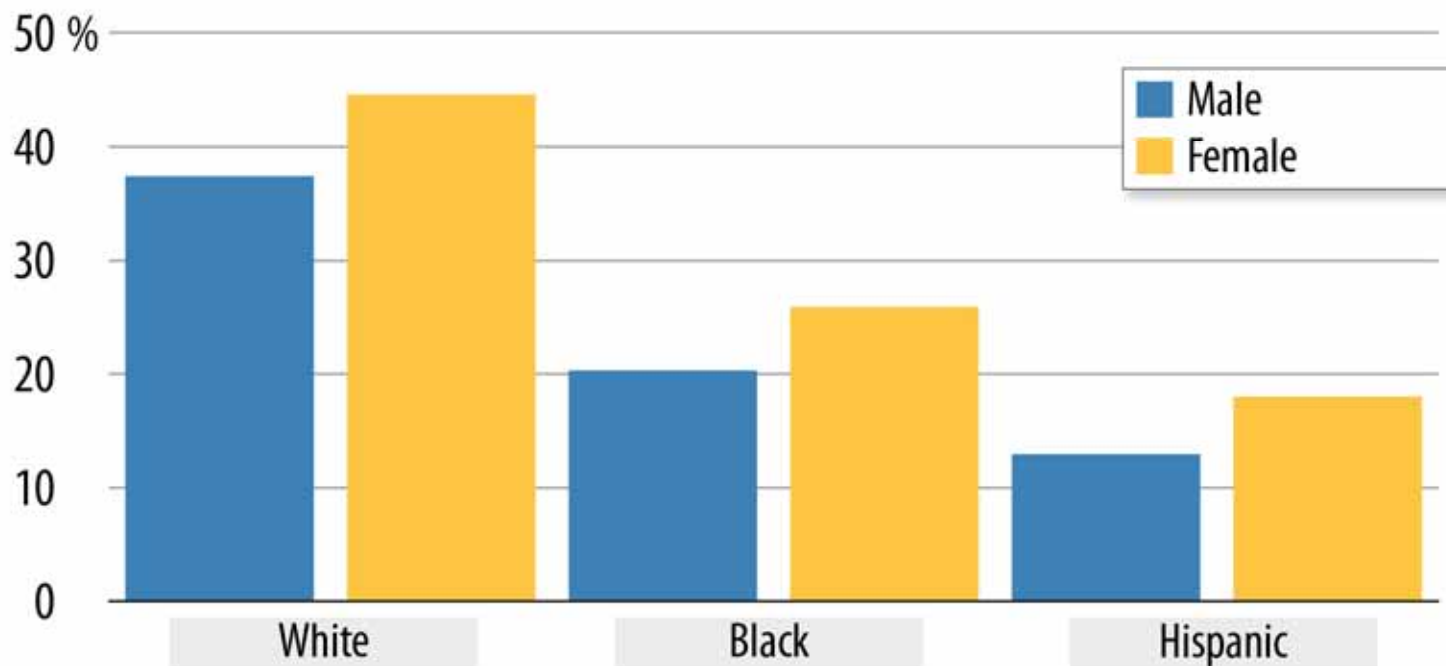


Source: CBPP Calculations of Census Bureau data from the Supplemental Poverty Measure Report, 2012



Far Fewer African Americans and Latinos Have Four-Year College Degrees

Percentage of the population ages 25-34 with at least 4 years of college, by race/ethnicity 2013



Note: Hispanic can be of any race.

Source: CBPP analysis of Census Bureau's March 2013 Current Population Survey



(5) Areas Where We Can Make Further Progress



Some places we can make progress at federal, state & local levels

- Focus on the necessary conditions for children's success
 - Income & stability: food and housing assistance, EITC, improve implementation & take up of current supports, help for very disadvantaged families (such as home visiting), etc.
- Address the education gap
 - Disparities emerge early and persist
 - Early education; K-12 success; postsecondary access and success
- Helping more people succeed in the labor market
 - Economic growth
 - Make work pay to reduce poverty and increase incentive to work for workers without children
 - Address lack of jobs for less educated workers
 - Address needs of very disadvantaged parents
- Health reform/Medicaid expansion
- Incarceration
- Immigration reform



For additional information:

- Go to www.CBPP.org and in the top bar under “Areas of Research” click on “Poverty and Income”.
 - There you will find all our recent reports including our War on Poverty Chart Book.
 - Alternatively you can also do a web search for: War on Poverty Chart Book CBPP.
 - You can also find us on Facebook, Twitter, and as of earlier this week Instagram!
 - Here’s a direct link to the War on Poverty Chart Book:
<http://www.cbpp.org/cms/index.cfm?fa=view&id=4069>
 - And here’s a link to recent testimony we prepared for a Congressional hearing on the War on Poverty:
<http://www.cbpp.org/cms/index.cfm?fa=view&id=4083>